



Foreign Affairs and
International Trade Canada

Affaires étrangères et
Commerce international Canada

Canada



Blue Sky Policy

Chief Air Negotiator Perspective

*British Columbia International Open Skies Summit
September 25, 2009
Vancouver, British Columbia*

Negotiating Context

- Framework for international air transport largely remains a bilateral/reciprocal exercise
- Approach has evolved; liberalization is now the norm, although circumstances differ country to country
- Stakeholder community to which governments respond has grown; more interests in the mix
 - Air carriers
 - Airports (i.e. tourism; economic development)
 - Trade/investment agenda

Shared Federal Responsibility

- Officials from Transport Canada, Department of Foreign Affairs and International Trade (DFAIT) and the Canadian Transportation Agency meet regularly to develop the proposed calendar of negotiations.
- Well positioned to balance a variety of interests:
 - Canadian airline and airport priorities and interests (identified through regular consultations)
 - Likelihood and extent of new services
 - Size/maturity of the air transportation market and potential for future growth
 - Foreign government requests
 - Foreign policy considerations
 - Trade and tourism objectives
 - Bilateral disputes/issues
- Proposed negotiating calendar is continually evolving and requires flexibility.

Stakeholder Consultations

- Canadian airports and airlines are consulted regularly in the context of:
 - Establishment of future negotiating priorities
 - Negotiating mandate development
- All consults are issued via correspondence, and all interested stakeholders issue written submissions in response.
- Traditionally, airport input encompasses a broad range of views including those of their community, province/territory, as well as their primary users (i.e., consumers and business).
- Government of Canada has other consultation mechanisms through which additional input can be received.



Mandate Process

- A mandate is necessary for every negotiation; supported by a detailed market assessment.
- Developed by Transport Canada, in close collaboration with the Chief Air Negotiator and the Canadian Transportation Agency.
- Approval and signature by both the Minister of Transport and the Minister of International Trade is necessary.
- Used by the Chief Air Negotiator.
 - No latitude to move beyond the jointly agreed objectives

Preparation for Negotiations

- Good advance work can reap benefits:
 - Intervention of Canadian embassies abroad and meetings with foreign embassies in Ottawa.
 - Canadian carriers working with foreign partners to determine negotiating interests or obtain intelligence.
 - Consultations (face-to-face, via correspondence or phone conversations, ICAO Assembly, general bilateral meetings).
 - Exchange of model texts and policies beforehand.
 - Pre-meeting before negotiating sessions, when possible.

Negotiating Process

- Chief Air Negotiator leads the negotiating team accompanied by officials from Transport Canada, DFAIT and the Canadian Transportation Agency.
 - Delegations limited in size for cost and efficiency reasons
- Canadian airlines are invited to attend as “observers” given the immediate impact the decisions taken can have on their services.
- Canadian airports are invited to attend as “observers” for the more extensive, larger market negotiations (i.e., US and EU) given their broad scope and the potential impact for their overall operations.

Transparency

- Canada's agreements are legally binding international treaties.
- News releases follow each negotiation, but usually a delay between the negotiation of an agreement and public release of text.
- As with all of our international agreements, the specific provisions of Canada's air transport agreements are confidential until ratification.
 - Often applied on an administrative or provisional basis prior to ratification
- Federal team is open to examine ways to increase transparency

Negotiators Perspective

- Not all of Canada's partners are viable candidates for Open sky liberalization because:
 - Some are not ready to liberalize at the same pace as Canada;
 - Interests of some differ greatly from those of Canada;
 - Limited bilateral market size;
 - Minimal growth potential for “true” direct air services necessitating a heavy reliance on 3rd country traffic;
 - Unused bilateral capacity by foreign partners rendering additional rights of questionable immediate value;
 - Global economic downturn has seen network-wide service cutbacks by some foreign airlines both in Canada and in other countries, including Open Skies partners

Negotiators Perspective

- Air Transport Agreements are international treaties and have long-term economic consequences.
- Market access is a two-way street
 - It is important to manage one's negotiating leverage carefully (a fact recognized in the Blue Sky Policy).
- Air transport agreements relate to bilateral markets, each of which can have its own peculiarities
 - Canada's approach to air liberalization is on a case-by-case basis (not a one-size-fits-all like the U.S.)
- International partners often make linkages between air transport negotiations and other bilateral issues
- Importance of communication – transparency; composition of delegation



Going Forward

- The air transport negotiating team will:
 - Work with stakeholders to continue to represent the variety of interests of Canadian stakeholders to deliver the Blue Sky policy approach of progressive air transport liberalization
 - Move ahead with signature and ratification of Canada-EU agreement (legal scrub and Treaties in Parliament) and agreements with other key markets
 - Continue to manage international air relations related to ATAs
 - Continue to seek input from stakeholders, including at events such as this, to inform future negotiating priorities

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