
**The Impact of the New
US-Canada Aviation Agreement
At Its Third Anniversary**

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Background

The U.S.-Canada Aviation Agreement was signed on February 24, 1995. Under the agreement, Canadian airlines gained the right to serve any city in the United States. U.S. airlines also gained unlimited access to Canadian cities with the exception of Montreal, Toronto and Vancouver. For these three cities, new U.S. airline services are being phased in over a transition period. The phase-in provisions for Montreal and Vancouver expired on the second anniversary of the new aviation agreement (February 24, 1997) and the restrictions for Toronto will be removed on the third anniversary (February 24, 1998).

Highlights

- The United States-Canada market is the world's largest bilateral passenger market. Since the "open transborder" agreement was signed, significant numbers of international travelers have benefited.
- Since the agreement was signed, total US-Canada passenger traffic has increased 37.2 percent (12.1 million to 16.6 million). In the three years prior to the agreement, traffic grew 4.3 percent. On average, the yearly growth rate following the agreement was 11.1 percent compared to 1.4 percent before the agreement. (Chart 1)
- Based on preliminary data (year ended August 31, 1997 -- latest available -- compared to the year ended August 31, 1996), total passenger traffic growth in the US-Canada market in all services reached 5.1 percent (15.8 million to 16.6 million) with a growth rate of 4.0 percent in scheduled services (15.1 million to 15.7 million). Charter passenger traffic increased 26.6 percent (703,000 to 904,000). (Chart 2)
- In 1994, there were 54 nonstop markets with annual traffic of more than 50,000 passengers. In 1997, the number of markets with that level of traffic increased to 77 markets -- an increase of 42.6 percent. (Chart 3)

- In 1997, 51 transborder markets had annual traffic levels of more than 100,000 passengers. Of these 51 large markets, 17 markets received their first new nonstop scheduled. (Table 1)
- There were 33 markets with annual passenger traffic between 35,000 and 100,000 in 1997. Among these markets, 21 also gained their first new nonstop scheduled service. Thus, of the top 84 city-pairs, 38 were markets that received their first new nonstop service as a result of the new agreement.
- Between 1994 and 1997, 17 transborder markets experienced traffic increases of more than 100,000 passengers. (Table 2)

Chart 1
Comparison of Passenger Traffic Growth
Three Years Before and After the Agreement

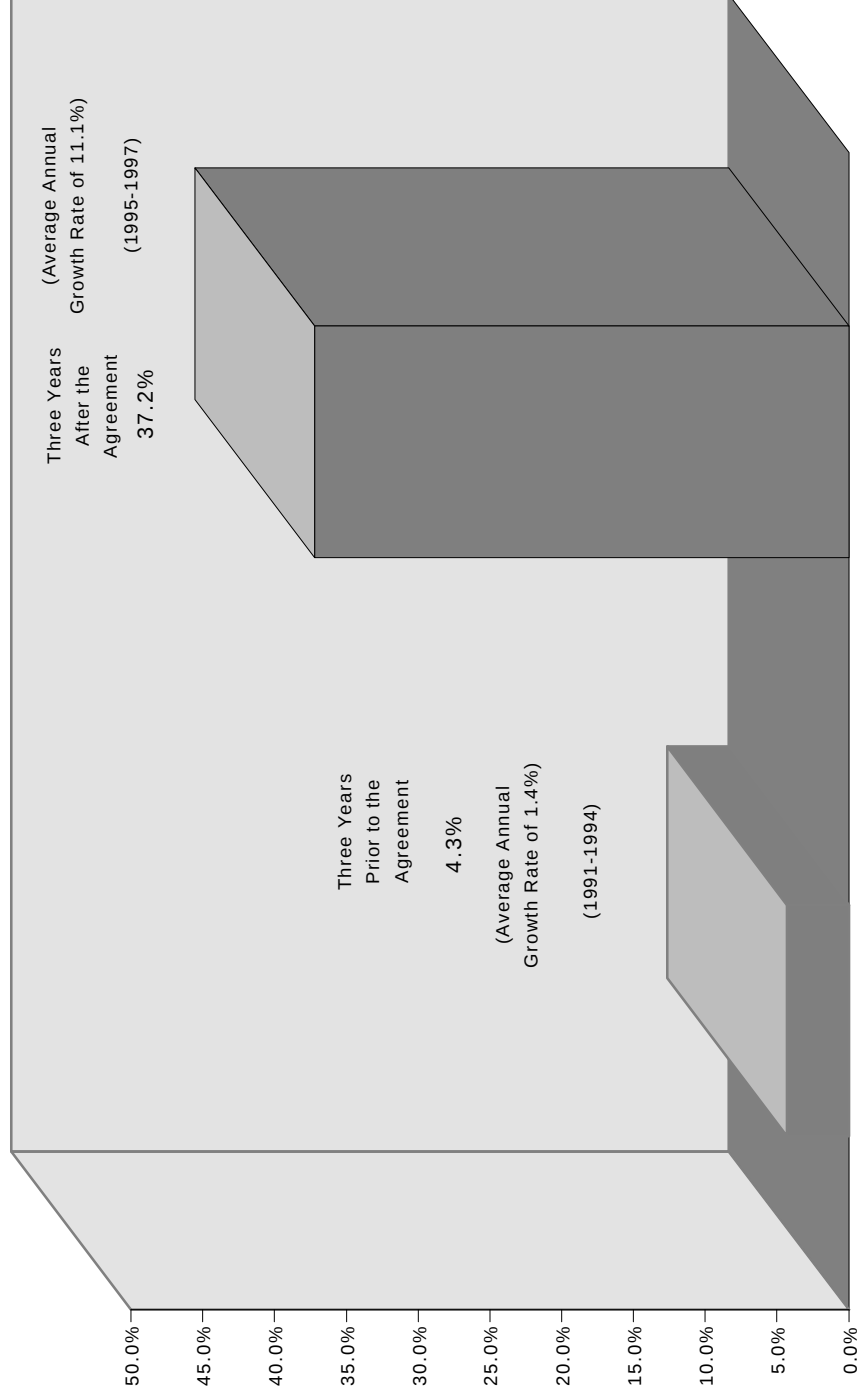


Chart 2
U.S.-Canada Passenger Traffic
Has Increased 37 Percent
Since the New Agreement

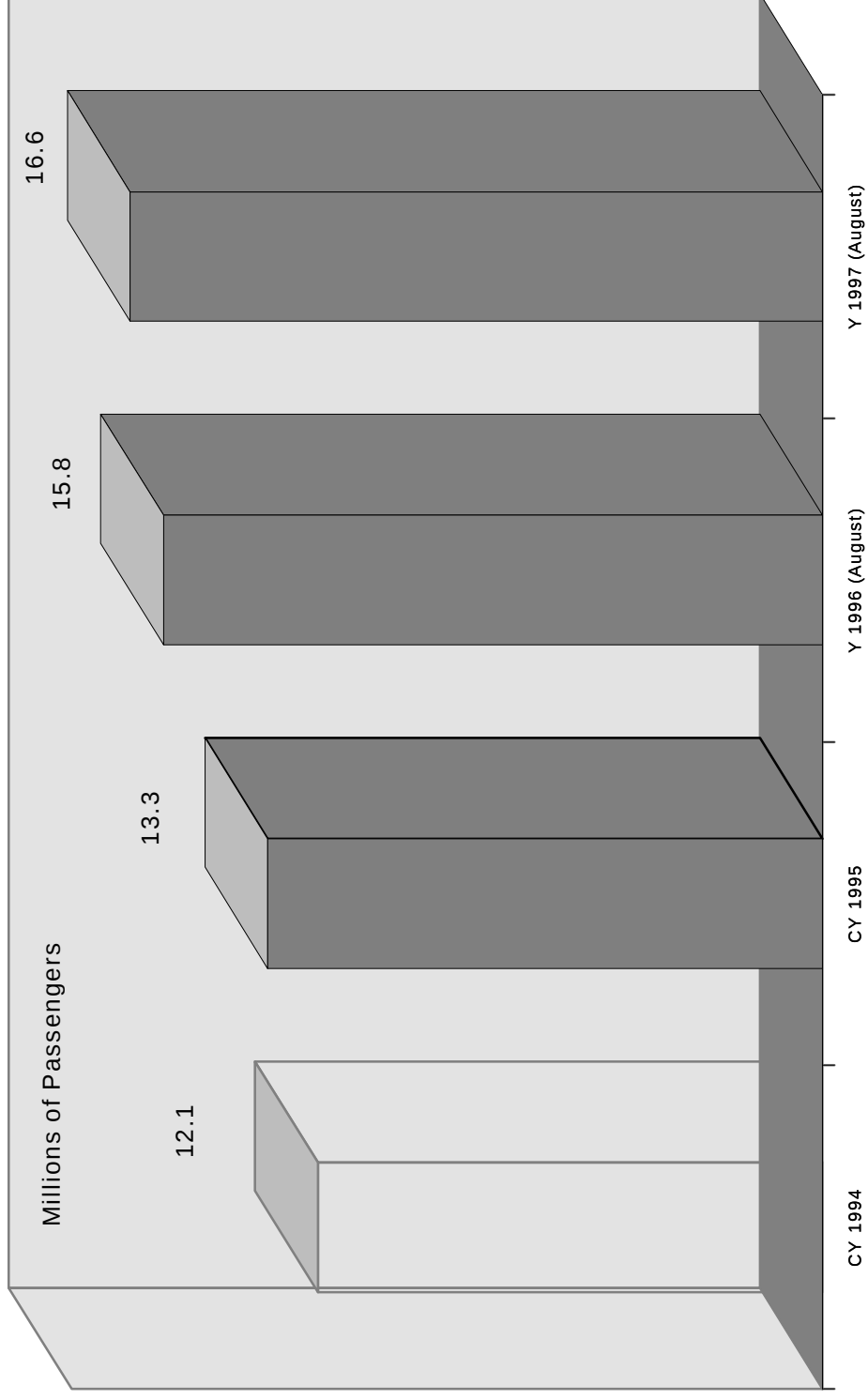
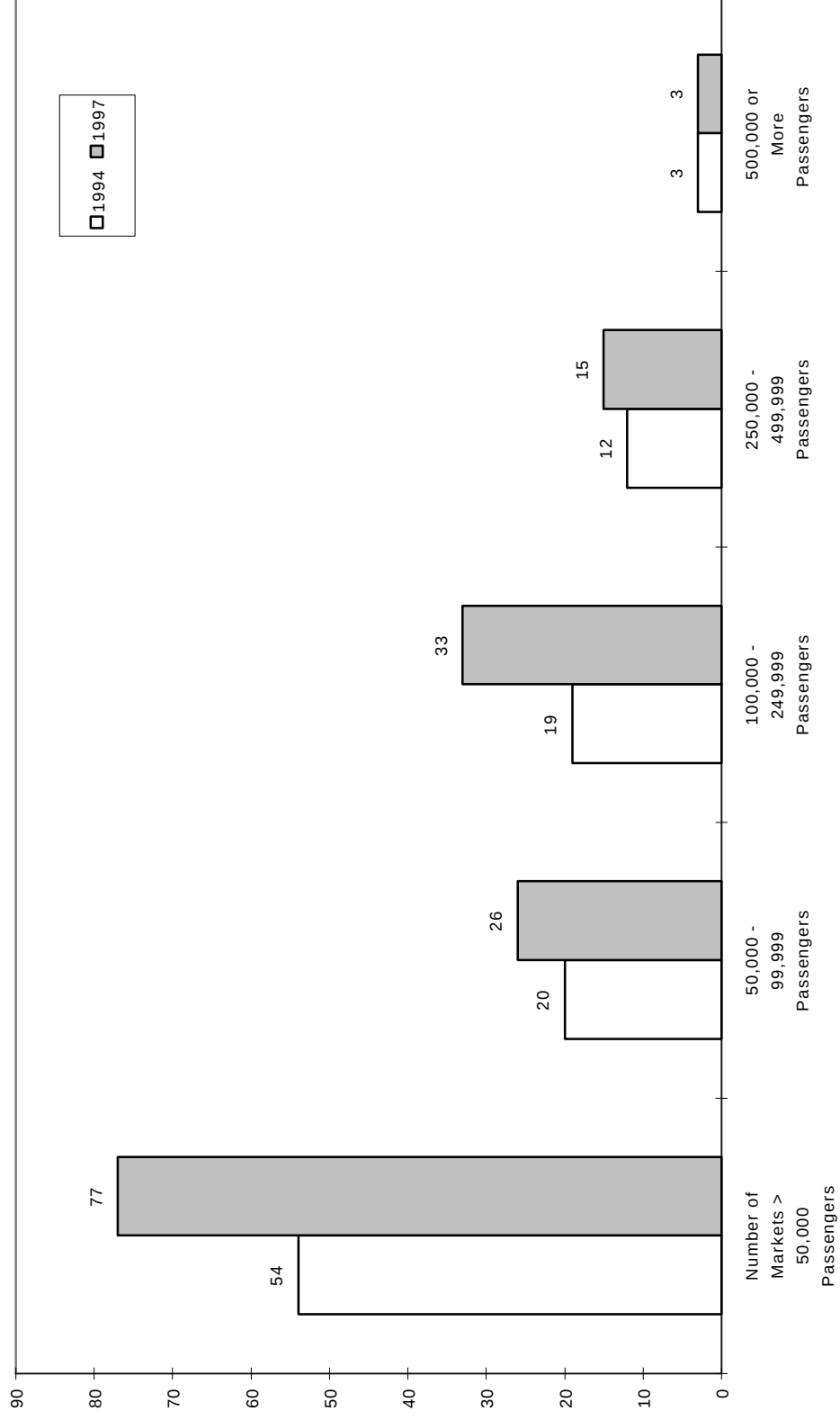


Chart 3
The Number and Relative Size of U.S.-Canada
Nonstop Markets Have Increased



In 1997, there were 51 transborder markets with annual traffic levels of more than 100,000. Of these 51, 17 have gained their first new nonstop scheduled service since the agreement. Between 1994 and 1997, 17 transborder markets experienced traffic increases of more than 100,000 passengers.

Table 1

	Canadian City	U.S. City	Month New Service Began
1	Calgary	Minneapolis	May-95
2	Montreal	Atlanta	May-95
3	Montreal	Ft. Lauderdale	Jun-95
4	Ottawa	Chicago	May-95
5	Toronto	Atlanta	Mar-95
6	Toronto	Denver	Oct-95
7	Toronto	Ft. Lauderdale	Jun-95
8	Toronto	Las Vegas	Nov-95
9	Toronto	Minneapolis	Oct-95
10	Toronto	Orlando	Jun-95
11	Toronto	St. Louis	Apr-95
12	Toronto	Washington, DC	Jun-95
13	Vancouver	Dallas/Fort Worth	May-95
14	Vancouver	Las Vegas	Nov-95
15	Vancouver	Minneapolis	May-95
16	Vancouver	Phoenix	May-95
17	Vancouver	Reno	May-95

Table 2

Rank	Canadian City	U.S. City	Increase in Passengers Since Agreement
1	Toronto	Atlanta	332,875
2	Toronto	New York	284,055
3	Vancouver	Dallas/Fort Worth	235,827
4	Vancouver	Los Angeles	225,739
5	Vancouver	San Francisco	193,649
6	Toronto	Miami	169,369
7	Vancouver	Minneapolis	165,931
8	Toronto	Washington, D.C.	164,643
9	Montreal	Atlanta	155,735
10	Toronto	Minneapolis	146,034
11	Ottawa	Chicago	129,301
12	Toronto	St. Louis	122,884
13	Vancouver	Phoenix	118,076
14	Vancouver	Las Vegas	117,962
15	Calgary	Minneapolis	113,681
16	Toronto	Denver	108,480
17	Toronto	Orlando	101,176