



Airlines for America®

We Connect the World

November 4, 2024

Canadian Transportation Agency
60 Laval Street, Unit 01
Gatineau, QC
J8X 3G9

Submitted via online form at <https://formulaire-forms.otc-cta.gc.ca/en/consultation-2024-cost-recovery>

Re: Consultation on Cost Recovery – Air Travel Complaints Fee Proposal

Dear Cost Recovery Team,

Airlines for America (A4A), on behalf of its passenger carrier members that serve Canada¹, appreciates the opportunity to respond to the consultation on cost recovery - air travel complaints fee proposal.

While A4A understands that Canadian Transportation Agency (CTA) is required to establish fees or charges for eligible air travel complaints, A4A is alarmed by the CTA's proposal to charge air carriers \$790 CAD for complaints regardless of the outcome.

CTA's proposal flies in the face of the U.S.- Canada Air Transport Agreement (ATA)² which, in its preamble, sets the parties' intentions to "make it possible for the airlines to offer the traveling and shipping public a variety of service options at the lowest prices...and wishing to encourage individual airlines to develop and implement innovative and competitive prices."³ The CTA's proposal will do the opposite—\$790 CAD per complaint is an outrageously high sum which will likely drive airline ticket prices up, therefore punishing the consumers in a market that is already noted for high taxes and fees. Furthermore, U.S. airlines choose the most competitive routes available, and factors such as high taxes and fees are a key consideration for any carrier when determining entry or expansion into a marketplace.

We have recently shared with the Competition Bureau of Canada and the Transport Committee several letters detailing the cost of doing business because of the burdensome regulatory regime in Canada, the most recent attached here. Perhaps the best demonstration of those barriers is evidenced by the declining capacity to Canada from the United States. In 2019, Canada was the largest international air travel market for the United States – this is no longer

¹ A4A's passenger members that serve Canada are Alaska Air Group, Inc.; American Airlines Group, Inc.; Delta Air Lines, Inc.; JetBlue Airways Corp.; and United Airlines Holdings, Inc. Air Canada is an associate member.

² Air Transport Agreement Between The Government of the United States of America and The Government of Canada (1995), available at [114328.pdf \(state.gov\)](#).

³ *Id.* at preamble.

the case. In fact, Canada is an outlier in a general trend of increased global aviation demand with U.S. carriers having substantially increased seat capacity to markets worldwide. This will only get worse under CTA's proposal. Our members maintain that the cost of doing business in Canada is becoming too high, and this additional proposed fee by CTA threatens to diminish service levels even further.

The CTA's proposal not only violates the U.S.-Canada ATA, but it also seeks to impose a charging structure not seen anywhere else in the world. By charging airlines regardless of the outcome of a complaint, CTA seeks to impose a fee that is both arbitrary and capricious. As the submission of the National Airlines Council of Canada (NACC) notes, this is a violation of Canadian law, and it goes against global best practices and standards. Additionally, the CTA is opening the door to a massive increase in frivolous complaints. Disgruntled or dissatisfied customers can now take out their frustrations on airlines regardless of merit. This will undermine CTA's goal of efficiency in processing complaints and merely increase the CTA's workload.

To avoid these unintended consequences, CTA must reconsider and revise its proposal.

We thank you for your kind attention to our submission. Please do not hesitate to contact me if you have any questions or require further information.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Glatz". The signature is fluid and cursive, with the first name "Keith" and last name "Glatz" clearly distinguishable.

Keith Glatz
Senior Vice President, International Affairs



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August 30, 2024

Matthew Boswell
Commissioner of Competition
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Re: Market Study Notice: Competition in Canada's Airline Industry

Dear Commissioner,

Airlines for America (A4A)¹, on behalf of its members, would like to take this opportunity to comment on the Competition Bureau's market study notice on competition in Canada's airline industry. Our passenger members, including Alaska Airlines, American Airlines, Delta Air Lines, JetBlue Airways, United Airlines and associate member Air Canada, have an extensive footprint in Canada and have a vested interest in this topic.² We share our concerns regarding topics outlined in the market study notice including: addressing major barriers to entry and expansion in the Canadian market, supporting airline competition in remote regions and whether policymakers should open domestic routes to international competition.

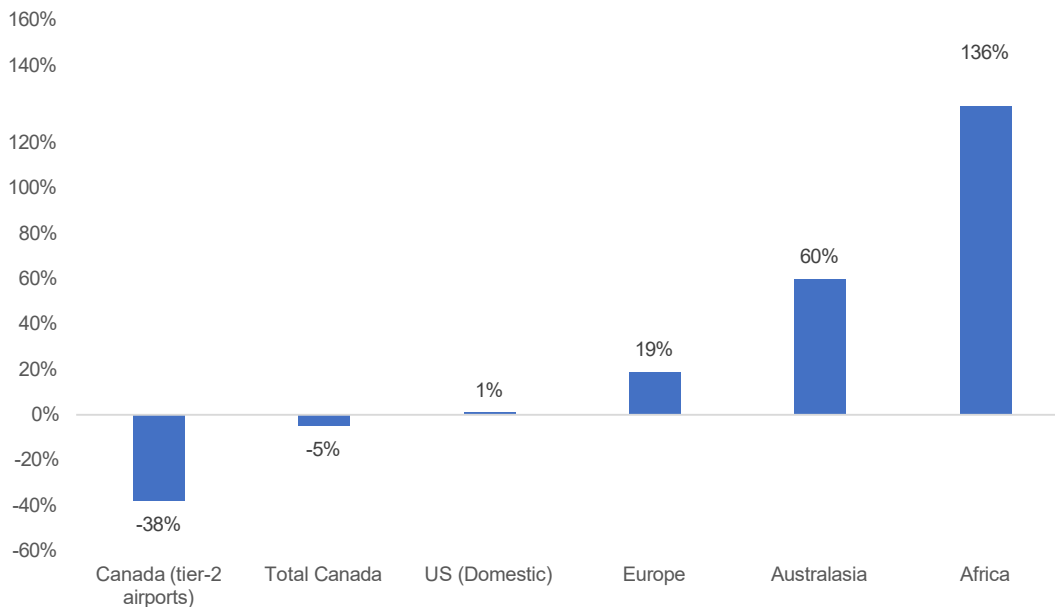
Perhaps the best demonstration that there are significant barriers to entry and expansion in the Canadian market is evidenced by the declining capacity to Canada from the U.S. In 2019, Canada was the largest international air travel market for the United States—this is no longer the case.³ In fact, Canada is an outlier in a general trend of increased global aviation demand. A4A passenger members have substantially increased seat capacity to markets worldwide and are back to 2019 levels in the U.S. domestic market. This is not the case in Canada where capacity remains well below 2019 levels and at the tier two airports outside Canada's four largest cities, as outlined in the chart below:

¹ A4A is the principal trade and service organization of the U.S. scheduled airline industry. Members of the association are Alaska Airlines, Inc.; American Airlines Group, Inc.; Atlas Air, Inc.; Delta Air Lines, Inc.; Federal Express Corporation; Hawaiian Airlines; JetBlue Airways Corp.; Southwest Airlines Co.; United Holdings, Inc.; and United Parcel Service Co. Air Canada is an associate member.

² In 2023, A4A members transported over 21.5 million passengers between the United States and Canada, with U.S. and Canadian transborder routes supporting approximately 82,000 jobs in Canada and contributing over \$6 billion to the Canadian gross domestic product. (Based on share of revenues of Canadian and U.S. based airlines from the transborder market. IATA 2019).

³ U.S. International Air Passenger and Freight Statistics, U.S. DOT December 2019 vs December 2023

% Change, Seat Capacity, Select Markets, 2024 v 2019
A4A Passenger Members



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Our members are no longer operating service from the U.S. to cities such as Saskatoon. Costs and burdensome regulatory requirements (and proposed additional regulatory requirements) in Canada can be considered among barriers of expansion and entry into the Canadian market.

The U.S. and Canada are signatories to an Open Skies Agreement which allows carriers the freedom to choose where to fly in the market. There are no restrictions on a U.S. carrier's ability to operate from the U.S. to any Canadian airport, and therefore, Canadian cities compete with U.S. cities for service. Commercial airlines have and will continue to choose the most competitively advantageous routes in a market. Factors such as high taxes and charges are a key consideration in decisions in entry or expansion.

Canada is at a distinct disadvantage from a cost perspective given their current levels of taxes and fees. For example, Canada's Airport Improvement Fee can reach \$46 CAD per flight which, when coupled with navigation fees, amount to a materially higher amount than fees in the U.S. – making the cost per passenger is therefore significantly higher in Canada.

Certain regulatory requirements also increase the cost of U.S. service to Canada which in turn compounds the competitive disadvantage particularly to small market Canadian airports and remote airports. For example, Canada's Air Passenger Protection Regulations (APPR) already exceed requirements in other jurisdictions, and Canada is proposing changes to the APPR program that will further increase costs to air carriers serving Canada.

To address concerns regarding adequate service to remote locations, we point to other foreign governments, such as the European Union and the U.S., that have instituted programs to combat this issue. In the case of the U.S., the U.S. Department of Transportation (DOT),

⁴ Cirium

created the Essential Air Service program that supports service to approximately 175 underserved small communities across the U.S.

A4A does not believe policymakers should consider opening domestic Canadian routes to international competition, essentially relaxing the rules that prohibit cabotage. The routes suggested are often not considered commercially viable for air carriers. Additionally, many foreign governments explicitly prohibit these types of operations.

We thank you for your kind attention to our submission. Please do not hesitate to contact me if you have any questions or require further information.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Glatz". The signature is fluid and cursive, with the first name "Keith" written in a smaller, more compact script and the last name "Glatz" written in a larger, more prominent cursive style.

Keith Glatz
Senior Vice President, International Affairs