

# Europe and Canada Reach 'Open Skies' Pact on Air Travel

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PARIS — The [European Union](#) and [Canada](#) agreed on Wednesday to liberalize airline travel between the two regions in a pact that goes further than a similar “open skies” agreement between [Europe](#) and the United States.

The agreement allows airlines from Europe and Canada to fly point-to-point without restrictions. Previously, such arrangements were governed by bilateral agreements, which limited routes, and eight European Union countries did not have such deals.

It will also allow European Union investors over time to acquire up to 49 percent of their Canadian rivals; foreign ownership rights had previously been restricted to 25 percent. Ultimately, full ownership rights are envisaged.

The United States limited foreign ownership rights at 25 percent in its deal with the European Union, which allows American investors to take 49 percent of European carriers.

The deal “will stimulate aeronautical industrial activity, cut costs and alleviate the administrative burden in air transport,” leaders from the two sides said in a joint statement signed at a meeting in Prague.

The accord also opens the way for more code-sharing agreements, lifts most restrictions governing the setting of ticket prices and establishes a joint committee to adopt and monitor the deal. It will also avoid the need for double checks on safety and security by authorities in Europe and Canada, allowing for joint inspections.

It will take effect immediately, but the steps to open up the two markets will be carried out in four phases. No deadlines were immediately provided.

In 2007, nine million people traveled between Europe and Canada. Despite the current slump in air travel as a result of the economic downturn, the [European Commission](#) estimated that the deal could

increase that number by half a million during the first year, generating 72 million euros, or roughly \$95 million, in additional business and adding 1,000 jobs, as flights are added between the regions.

The agreement between the United States and the European Union, which came into force in March 2008, also allows airlines to serve any point-to-point trans-Atlantic route.

That agreement will allow any American carriers to fly among European cities, though not between a pair of cities within an individual country, while European airlines will not be allowed to fly between two American cities.

This accord is also being carried out in phases, the first of which will automatically end if there is no agreement between negotiators from the United States and the European Union on a second phase of the pact, which is scheduled to be in place by 2010.

At the meeting in Prague, Canada and Europe also agreed Wednesday to start talks on a broader trade pact, estimated to be worth more than \$27 billion a year, despite a looming trade dispute between the two partners over a European Union ban on seal products.

Canada and the European Union first agreed in October 2008 to seek a "comprehensive economic partnership agreement" to lift two-way trade by lowering tariffs on goods and services, and encompassing areas like investment, regulatory cooperation and rules of origin.

The two sides set a deadline of two years in which to reach the broad deal. It would be the most significant trade agreement for Canada since the [North American Free Trade Agreement](#).