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Saskatoon Chamber Asks Watchdog to Examine Air Service Changes *Air Canada decision amounts to net loss of competition, customer choice*

SASKATOON, SK – January 17, 2023 – The Greater Saskatoon Chamber of Commerce today called on Canada's Competition Bureau to examine Air Canada's decision to terminate air service from Saskatoon to Calgary's regional hub, and the implications for travellers who now face less choice and higher costs because competition has been harmed.

"Air Canada has not adequately explained its 'business decision' to disregard strong and growing demand and eliminate a route that has been consistently profitable for over 30 years," said Jason Aebig, CEO of the Saskatoon Chamber, noting forecasts that predict strong economic and population growth for Saskatoon and Saskatchewan in the years ahead. "If Air Canada is unwilling to explain its decision to its customers and stakeholders, it can explain its decision to its regulators."

He continued: "We believe in profitability. We believe in competition. This decision doesn't make sense and all of it needs a closer look."

The Chamber's 11-page submission to the Bureau contends that Air Canada's cancellation of service from Saskatoon to Calgary amounts to a net loss of competition and choice for business and leisure travellers, leaving its closest, direct competitor as the sole provider of comparable service to Saskatoon and Saskatchewan. WestJet will be the only airline offering direct service between Saskatchewan and Calgary now that Air Canada's route cancellation has taken effect, giving it an anticompetitive monopoly.

Route changes through 2022 suggest that Air Canada and WestJet took steps to soften competition in the oligopolistic Canadian airline industry. Air Canada withdrew competition from the traditional home-turf regional routes of WestJet, and WestJet did the same in the traditional home-turf regional routes of Air Canada.

The Chamber has asked the Bureau to determine whether the air carriers either expressly or tacitly came to an agreement to allocate markets, contrary to the conspiracy provisions, or the civil competitor collaboration provisions, of the Competition Act.

Even if the conduct falls short of being an "agreement" between the airlines, it amounts to an abuse of dominance by Air Canada and WestJet where the airlines have engaged in conduct intended to harm competition, thereby improving their respective positions in the market.

"Generations of taxpayers have supported the operation of our airlines and national air services system with the expectation that they work for the benefit of all Canadians, in every province and region," says Aebig. "They have a responsibility to the country, and specifically the travelling public, to account for decisions that are clearly undermining competition and choice."

The Chamber believes softened competition between Air Canada and WestJet has been to the detriment of the Canadian travelling public and the Canadian business community with Saskatoon and Saskatchewan as the latest victims.

"Air Canada's route cancellation means that Saskatoon-based businesses will spend more time and more money to connect with the people and markets they serve," said Aebig. "Compared to neighbouring provinces, Air Canada's decision creates unnecessary barriers for Saskatoon's current businesses, research institutes and residents, as well as those wishing to visit, study or do business here."



The Chamber believes Air Canada's decision to abandon a longstanding and profitable domestic route, and cede ground to its closest direct competitor, is concerning and warrants the Bureau's intervention.

"We trust the Competition Bureau to clarify the issues," said Aebig. "What is clear is business confidence is strong, our economic horizon is bright, and growing numbers of people are eager to visit, learn and work in Saskatoon and Saskatchewan."

The Conference Board of Canada is forecasting Saskatoon's economic growth to outpace nearly every other Canadian city. These trends are attributable to Saskatoon's impressive population growth, world class resource mining and processing facilities, thriving agri-food and research clusters, and burgeoning tech hub.

The full text of the Chamber's submission to the Bureau is available at <https://saskatoonchamber.com/issues/>.

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The Greater Saskatoon Chamber of Commerce is Saskatoon's voice for business, representing a powerful network of community-minded businesses, organizations and leaders who want the best for their city. Learn more at saskatoonchamber.com or follow on all social media using handle @TheChamberYXE.

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