

IATA Opening Remarks Aviation Day Canada by Doug Lavin, IATA's Vice President Member & External Relations, North America

- Good morning and I join Jeff in welcoming you to Aviation Day Canada, a day dedicated to highlighting the incredible contributions of commercial air transport to Canada and to all Canadians.
- I am pleased to have the opportunity to spend a few minutes with you this morning to share IATA's perspective on the Canadian commercial aviation market and to highlight the immense benefits that air transport generates.
- Commercial aviation is the lifeblood of our globalized world, connecting people, cultures, and economies.
- According to the World Travel and Tourism Council, travel and tourism contributed a staggering \$171.9 billion to Canada's GDP in 2023, supporting over 1.7 million jobs. Air travel directly enabled the majority of these benefits.
- However, our industry can contribute even more.
- Today, airlines serving the Canadian market face significant challenges stemming from government policies that put Canada out of step with peer countries where aviation is rightly treated as an economic enabler rather than cash cow.

- More specifically, the Canadian market is characterized by high taxes and fees that are either directly imposed by government or are the consequence of government policies.
- These fees and taxes include airport improvement fees, security fees, federal and provincial taxes and excise taxes which, together, represent a significant portion of an airline ticket in Canada.
- This limits choice for travelers as the current market conditions are not conducive to the growth of the Canadian commercial aviation market.
- According to the World Economic Forum's 2024 Travel & Tourism Competitiveness Index, Canada ranks 11th among 116 countries. However, its price competitiveness is alarmingly low, ranking 101st.
- The high costs are not just numbers on a balance sheet; they impact the ability of airlines to expand their networks and make necessary investments, particularly when the global net margin of airlines today is around 2.7%.
- Airports in Canada today pay over C\$400 million in rents annually to the Federal Government, with only 9% reinvested into airport infrastructure.
- This reduces the ability of airports to serve the traveling public and increases the cost of doing business for airlines, ultimately resulting in higher fares for consumers.

- In 2015, the Canada Transportation Act Review highlighted the need for increased competition in the air transport market.
- It concluded that Canada is unique among its competitors in charging onerous rents and taxes that undermine competitiveness.
- The review recommended phasing out airport rent and reducing the Air Travelers Security Charge among other measures.
- Unfortunately, this report fell largely on deaf ears here in Ottawa.
- Instead, fees are increasing. For example, the government increased the Security Charge by 33% in 2024 and many airport improvement fees have increased beyond inflation. Nav Canada rates also increased by almost 24% since the onset of the pandemic.
- We urge government to review its approach toward aviation and implement policies that support growth and affordability while promoting this incredible economic engine.
- In addition, the importance of collaboration between all industry stakeholders and the government is absolutely critical, with a shared accountability approach in mind. Together, we can address the challenges and seize the opportunities that lie ahead.

- By doing so, we can make Canada a more attractive market for air transport, benefiting not just the industry but every Canadian.
- The good news is that Canada's international routes and seats surpassed 2019 levels in September. The bad news is that domestic connectivity has not fully recovered since the pandemic, in part because Canada is one of the few countries where most international travel taxes and charges are less than those imposed domestically.
- We clearly need to move to the next phase of commercial aviation in Canada and make the sector more cost competitive.
- Today's event is bringing together influential decision makers, representing airlines, airports, aviation stakeholders, and government to discuss a range of topics impacting the Canadian aviation system.
- From the CEO roundtable to consumer rights, sustainability, and accessibility; we can expect some great discussions.
- But let us focus on identifying key action items that we must tackle together as an industry so that at the next Canada Aviation Day, we can look back with a sense of accomplishment of having achieved positive changes for our sector.

- Let us also remember that the power of air transport lies not just in numbers but in the stories and experiences it creates.
- To truly understand the value of air transport in Canada, I believe that images speak louder than words.
- In that regard, please enjoy this video that showcases the profound impact of air transport on Canada, its economy and its people.
- Thank you and I hope you enjoy the day.