

OTTAWA TO EASE COMPETITION RULES FOR AIR CANADA AFTER CSERIES PURCHASE

News / Airlines, Manufacturer



The government will ease rules that constrain Air Canada’s ability to compete, after the country’s largest air carrier settled a dispute with Quebec and agreed to buy jets from Bombardier Inc.

Transport Minister Marc Garneau told reporters in Ottawa Wednesday the government will seek to “clarify” the Air Canada Public Participation Act to allow the airline “to respond more effectively to changing market conditions.” The air carrier resolved a legal dispute with the Quebec government, which had been suing the company under the act for closing a Montreal maintenance unit.

Garneau announced the changes on the same day Air Canada unveiled its agreement to purchase 45 C Series jets from Bombardier with a list value of about US\$3.8 billion. Garneau said the federal government didn’t pressure Air Canada to purchase the jets.

Changes to the act won’t affect requirements to keep Air Canada’s headquarters in Montreal or comply with the country’s language laws, said Marc Roy, a spokesman for Garneau.

Air Canada has long been asking for the legislation, which was enacted in 1988 at the time of the company's privatization, to be repealed. In a submission to government last February, it said repealing the act would level the playing field for all Canadian airlines.

The act requires, among other measures, the airline to keep its headquarters in Montreal, submit to the Official Languages Act and keep maintenance facilities in Vancouver, Winnipeg, Toronto and Montreal.

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