

CAI predicts \$40-million revenue dip from smoking ban

Canadian Airlines International Ltd. expects to lose between \$40-million and \$45 million in revenue this year as a result of Canadian legislation to ban smoking in international flights.

Canadian Airlines said the restriction includes \$11 million of lost business class revenues on its Japan Canada route and \$14 million to \$20 million from other international routes, mainly to destinations in South America and Europe. The ban takes effect July 1.

About 56 per cent of the \$2.7 billion of annual revenue of the parent company, PWA Corp., is generated from Canadian's international flights, a Canadian Airlines spokesman said.

Canadian said more than 80 per cent of its Japan Canada traffic originates in Japan, and about 33 per cent of these passengers are smokers. They view smoking differently from North Americans, the spokesman said. "It's part of their culture." On Canadian Air-

lines routes to France and West Germany, smokers make up about 72 per cent, the company said.

The spokesman said the effect of Canada's foreign-route smoking ban "is like taking on the competition with one arm tied behind your back, because the foreign airlines are not bound by this legislation."

Canadian said a recent survey of its Pacific routes indicated there would be a net loss of 11 per cent of its passengers as those wishing to smoke would move to other carriers.

Air Canada spokesman Brent Stewart said "we can't be as definitive as Canadian has been as to the effect on revenues of the ban."

Air Canada has not made specific calculations, Mr. Stewart said, and other factors would have to be taken into account, such as the impact of an economic downturn, especially on leisure travel.

Last winter, however, the Air Transport Association of Canada, of which Canadian and Air Canada are the major members, made a quick calculation that the interna-



Domestic no-smoking policy might cost a total of \$100 million in lost revenue, he said.

Canadian said it seeks a more "gradual" implementation of the legislation. But spokesmen for anti-smoking groups say airlines in Canada are still trying to overturn a pending smoking ban on almost all flights, rather than using it to attract new business, spokesmen

for anti-smoking groups said yesterday.

The airlines have reacted to the ban in bad faith and instant-
"We found our response overwhelmingly positive," Mr. Stewart said. "I've seen some smokers say they enjoyed the non-smoking flights."

The airlines have asked federal Transport Minister Doug Lewis to drop the ban brought in by his predecessor, Proby Houchar. Mr. Mahmud said the government must stand up to the airlines' demands.

A spokesman for Mr. Lewis said he had met both sides and is still "considering the economic arguments of the non-smoking groups."

The ban was to have gone into effect Dec. 31, but was delayed for six months to let the airlines notify customers and market the non-smoking plan.

They did neither, Mr. Mahmud said.

"The airline was recently breaking an 18-year smoking ban for after July 1," he said. "They've wasted six months of marketing time and say losses from the ban

will be self-inflicted." They didn't try to attract new customers."

He added that several groups were prepared to help market the smoke-free flights.

Anti-
"I'm not a spokesman for the flight attendants union," she said. "I've seen the 3,000 members of her group are looking forward to improved working conditions under the ban. She said smoke on some overseas flights is an thick it's hard to see the length of the cabin."

Non-smoking groups say Virgin Airlines is doing a brisk business on smoke-free flights between New York and London and plans to add other destinations.

The Air Transport Association of Canada says it would like the government to negotiate agreements with other countries to ban smoking on international flights, rather than putting the Canadian carrier at a disadvantage.

It also says the ban would be most impossible to enforce on airlines flying into Canada.

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