

Makivik Corporation and Inuvialuit Development Group respond to Competition Bureau report on the merger of First Air and Canadian North

OTTAWA, February 26, 2019 – The ownership groups of First Air and Canadian North today issued the following statement in response to the Competition Bureau’s report regarding a merger between the airlines:

“While we acknowledge the Competition Bureau’s mandate to provide input to the Minister of Transport for his public interest review of the merger between First Air and Canadian North, its artificially restricted findings in this matter are of limited value and suggest a superficial understanding of the Inuit organizations proposing this solution for sustainable northern transportation.

“Our Inuit communities are surprised and extremely dismayed by the report and it is our sincere hope and expectation that the Minister will pursue his mandate of reconciliation and acknowledge that the very organizations proposing this merger have a constitutional mandate to represent the rights and interests of Nunavik and the Inuvialuit Region.

“The Bureau abandoned its usual practice of considering efficiencies associated with a merger of this nature. By neglecting to consider the overwhelming financial and non-financial benefits to northerners that will be generated, the Bureau’s assessment fails to recognize that a merger is necessary to sustain air travel to the North and relieve the substantial financial burden currently shouldered by Inuit Land Claim Organization (LCO) owners. This process is representative of southern-led institutions’ continued ignorance of northern businesses and we disagree with the Bureau’s decision to ignore the overwhelming and substantial positive impacts this transaction would have for northerners.

“The Bureau’s narrowed focus also ignores the economic realities (i.e., significant inefficiencies due to overlapping routes, insufficient demand and redundant schedules servicing small and sparsely settled remote communities over vast distances) which are driving the parties – who otherwise face the risk of being driven out of business – to do this deal. A merger will allow us to realize operational efficiencies that are needed to bridge the service gap and continue to be financially viable. Contrary to what the Bureau has written in its report, our airlines already face direct competition and the constant possibility of new competitors every day. Our steadfast goal is to provide customers with quality, sustainable air services at competitive prices as a strong, single airline.

“The Makivik Corporation and the Inuvialuit Regional Corporation have been tasked by our Inuit beneficiaries, stakeholders and all Inuit to bridge the gap between northern and southern living conditions. Currently, exorbitantly high costs of living – in part due to the challenging and high-cost nature of operating businesses in the North – result in sub-standard living conditions for our peoples. Before Inuit can be meaningful participants in the national economy, they must be meaningful participants in the northern economy; an efficient Pan-Arctic airline is the only long-term, viable answer that will provide immediate benefits.

“Our Inuit-led solution came about through hundreds of hours of discussion among Inuit and northern-elected leaders. The incomplete analysis in the Competition Bureau’s report demonstrates a lack of understanding of the northern reality which disproportionately and negatively impacts Inuit. We are reminded that the federal government has bailed-out southern national carriers, while northern airlines see continual increases in regulation and fees. The Government of Canada must not ignore Inuit autonomy, elected Inuit leaders and LCOs; continuing to do so only sacrifices the short and long-term socio-economic condition of all northerners.

“Both corporations urge the Minister of Transport to exercise his authority under the Canada Transportation Act to evaluate this merger holistically, cognizant of the long-term needs of northerners and giving appropriate weight to the overwhelmingly positive impacts on certainty and flexibility of service, connectivity, safety, environment, and self-determination of our peoples. We also ask the Minister to take into account that the new airline will act as an economic driver in the circumpolar region as one of the North’s largest private-sector employers. Any meaningful analysis of the merger would consider these significant benefits.

“We will continue working with Transport Canada as it completes its full analysis of the public interest promoted by this merger and considers the important economic, social and environmental factors that the Competition Bureau did not. We are confident that the merger between First Air and Canadian North will emerge as utterly essential to the public interest.

“Upon the completion of Transport Canada’s review and the receipt of all applicable regulatory approvals, we intend to finalize the merger. Until that time, we will continue providing our northern communities with access to safe and reliable air travel services at the financial expense of our Inuit beneficiaries.