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Special News Report

## **Sky High Success - The Soaring Impact of Increased Flights on Canadian Trade & Investment**

A brief overview of the details surrounding a major agreement in the MENA region

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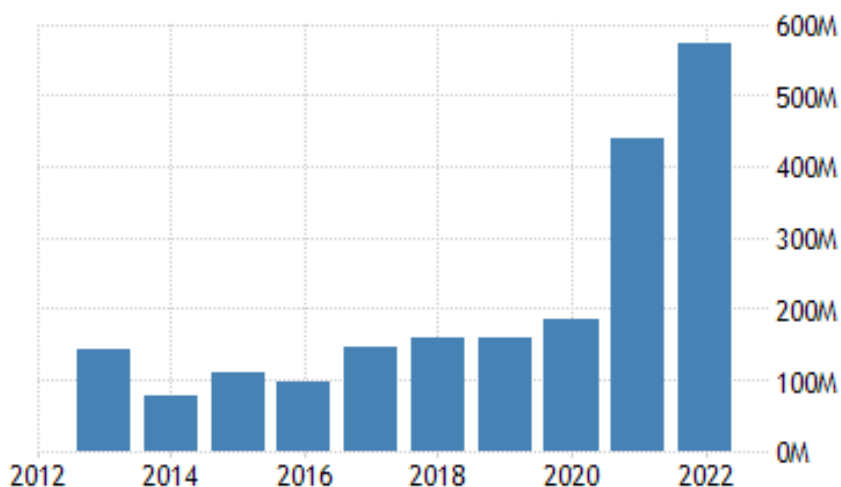
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### **Context**

- Canada's air transport agreement with the UAE was concluded in 1999, expanded in 2018, and again in April 2023.
- Expansion of the agreement with the UAE was guided by Canada's Blue Sky policy, which encourages long-term, sustainable competition and the development of international air services.



On April 5<sup>th</sup> 2023, the Minister of Transport, the Honourable Omar Alghabra, announced the finalization of an expanded air transport agreement between Canada and the United Arab Emirates (UAE), which is Canada's largest air transport market in the Middle East. The expanded agreement allows 21 flights per week for each country. This facilitates new routes and give airlines more flexibility to accommodate changes in market demand. The expanded transport agreement will also facilitate further opportunities for economic liaison for both countries, positioning them to create more value in a growing segment.

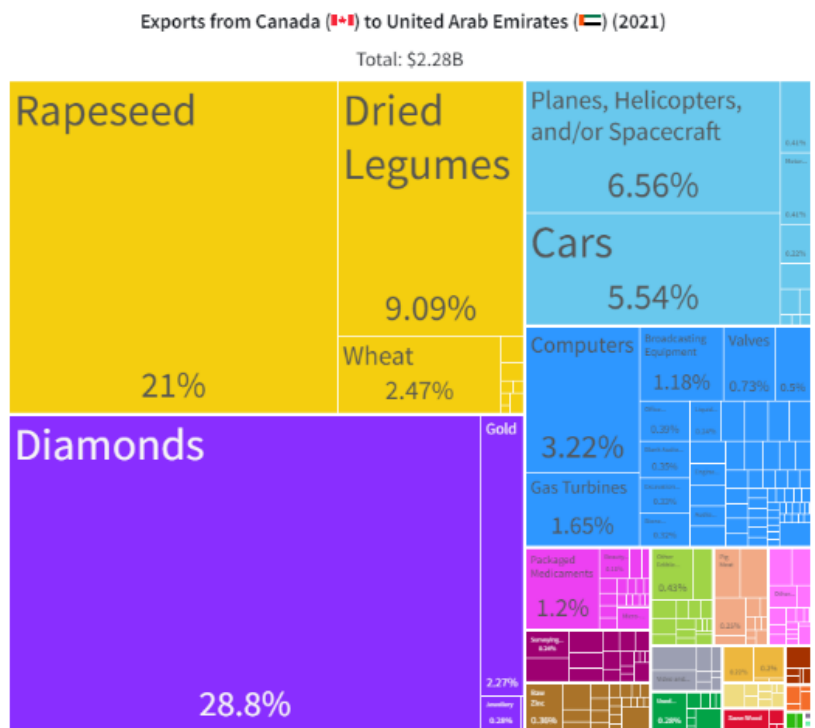


The above graph portrays the growth of Canadian imports from the UAE across the last decade or so, highlighting the continuous development of economic synergy between both countries. In December of 2022 alone, Canada exported C\$325M and imported C\$60.5M from United Arab Emirates, resulting in a positive trade balance of C\$264M. Between December 2021 and December 2022 the exports of Canada have increased by C\$23.9M (7.93%) from C\$301M to C\$325M, while imports increased by C\$11M (22.3%) from C\$49.5M to C\$60.5M. In December 2022, the increase in Canada's year-by-year exports to United Arab Emirates was explained primarily by an increase in product exports in Packaged Medicaments (C\$2.49M or 387%), and Gold (C\$2.07M or 292%). On the other hand, in the same timeframe, the increase in Canada's year-by-year imports from United Arab Emirates was explained primarily by an increase in product imports in Raw Aluminium (C\$4.39M or 7.89k%) and Jewellery (C\$2.45M or 327%).



“This expansion of the Canada-United Arab Emirates air transport agreement will improve Canada’s international connectivity and enhance people-to-people and commercial links. As we continue to support the recovery of the Canadian air industry, we are pleased that this expanded agreement will benefit a larger number of Canadian travellers, industry stakeholders, and workers in Canada’s air sector. This is good news for tourism and the creation of good middle-class jobs for Canadians.”

- The Honourable Omar Alghabra  
Canada’s Minister of Transport



We can denote that a major driver in the increased trade activity between both countries comes from commodities, such as the precious metals and agricultural markets. It is for this reason that the Government of Saskatchewan formally opened an office in Dubai in January 2022. Them, along with other provinces such as Ontario, British Columbia, Quebec and Alberta will continue to facilitate the future relations between Canada and the UAE.



As a byproduct of this announcement, Emirates said it will add two flights per week between Dubai and Toronto to serve its large number of travelers starting April 20.

Emirates' Chief Commercial Officer Adnan Kazim said the expanded agreement will allow for synergies between both countries, which are set to benefit from significant economic advancements across a number of sectors and supply chains.

"Demand arising from leisure and corporate travelers, diaspora and students has consistently outstripped the allocated capacity. This enhanced agreement represents a turning point for us in our strategy to serve our customers better by offering more choice and flexibility and meet pent-up demand across our growing network," he said.

Emirates' flagship A380 which has been operating since 2009 on this route, carries about 491 passengers per flight. Emirates has been servicing the Dubai-Toronto route since 2007. It is highly popular among travelers from India, the UAE, Bangladesh, Iran, Pakistan, Saudi Arabia and Sri Lanka.

Air Canada has also announced a partnership with Flydubai that will offer more options for travellers headed to destinations in the Middle East, East Africa, Indian Subcontinent and Southern Asia.

Under the deal, an Air Canada marketing code will be placed on nine Flydubai routes from Dubai that will give travellers the ability to travel to those markets with the issuance of a single ticket.

The agreement also includes an interline arrangement that will see customers easily connect in Dubai to more than 60 destinations served by Flydubai.

The airlines say more than 30 of those destinations are not flown to by Air Canada's other partners.