

# Ready for takeoff: The economic case for reducing aviation costs in Canada



A February 2026 economic analysis released by Oxera and the National Airlines Council of Canada

## Unlock economic growth and make flying more affordable for **everyone**.

Canada could boost its GDP by up to \$15 billion by modernizing its outdated third party taxes, fees, charges and regulations on air travel.

Building Canada strong means setting a robust foundation for both domestic economic activity and increased trade, by unleashing affordability barriers to travel.

### Current System

Under the current system, fees and taxes can amount to almost half the total cost of an economy domestic plane ticket in Canada.

**45%**

third-party  
fees & taxes



### A modernized system that reduces taxes and fees will make Canadian aviation more competitive and more affordable:

- ▶ Up to **19% increase** in air traffic
- ▶ Up to a **\$15 billion** increase in GDP
- ▶ Up to **151,000** more jobs

Impact	Third-Party Fees				APPR	
	Case 1	Case 2	Case 3	Case 4		
	AIF, ATSC, NavCAN Fee reduction	 Sweden	 USA	 Fee elimination	 APPR	 APPR 2.0
<b>Fare<sup>1</sup></b>	-4%	-11%	-14%	-16%	-3%	-8%
<b>Traffic</b>	+4%	+11%	+14%	+19%	+3%	+9%
<b>GDP</b>	\$3.6bn	\$8.7bn	\$11bn	\$15bn	\$2.7bn	\$7bn
<b>Employment Growth</b>	36k jobs	86k jobs	112k jobs	151k jobs	27k jobs	71k jobs



**NACC**  
National Airlines  
Council of Canada

## Wider Economic Impacts

### Productivity boost:

increased productivity due to increased air connectivity

### Government revenues:

increased tax revenue through higher wages and business growth

### Trade impact:

improved air connectivity enables increased international trade



## Impact for passengers of modernizing fees:

Round trip

**Toronto** ----- **Vancouver**

Plane tickets cost for a family of four:

**\$251 less**

Round trip

**Edmonton** ----- **Montreal**

Plane tickets cost for a family of four:

**\$282 less**

## Potential reduction in domestic fares from reducing taxes and fees

Reverse fee increases since 2019 and reinvest airport rent

7% 

Align Taxes/Fee levels with Sweden

15% 

Align Taxes/Fee levels with the US

21% 

Eliminate all taxes and fees

28% 

<sup>1</sup>IATA Direct Data Solutions was queried to derive an average Discount Economy fare for Canadian domestic flights, which was then applied as a common fare across all countries analysed for domestic routes.