

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

In relation to the government's proposed negotiations for a new bilateral air transport services agreement between Canada and the United States, the Committee's mandate was to assist the government in developing its negotiating strategy by providing broad objectives and guiding principles to ensure that the interests of Canada are best served. Consequently, the Committee has made the following observations and recommendations:

OBSERVATIONS:

1. We can only conclude that, not only have the Americans got the best of the current deal, but our two national carriers have faced very tough competition under the existing agreement and will certainly face a formidable challenge under a new, more pro-competitive agreement. *(page 8)*
2. We agree that, for all the reasons stated by the witnesses, the status quo is not acceptable and endorse the government's decision to initiate negotiations to establish a more liberalized bilateral air transport agreement. *(page 9)*
3. We have reached the conclusion that we are not in a position to recommend a specific negotiating option to the government. *(page 11)*
4. We would encourage our negotiating team to explore the feasibility of obtaining exclusive cabotage rights for our Canadian carriers. *(page 12)*
5. We strongly endorse a phased-in approach and consider it to be a vital and necessary safeguard for our airline industry. *(page 12)*

RECOMMENDATIONS:

1. That a primary objective of these negotiations is to improve and expand transborder air services; *(page 9)*
2. That any new agreement must redress the current revenue imbalance for Canadian carriers and provide for a fair and balanced exchange of economic benefits and opportunities for the carriers of both countries; *(page 10)*
3. That a third overriding objective of the negotiations must be to ensure the continued viability of our two national carriers and our domestic airline system and industry; *(page 10)*