

choice and on the carrier's assessment of market conditions. For example, paragraph 1 of the pro forma post 1977 U. S. bilateral agreement clearly states: "Each Party shall allow prices for air transportation to be established by each designated airline based upon commercial considerations in the marketplace".³³ Other, less liberal agreements, state the preferred means of price-setting is by agreement among the designated carriers, or through multilateral tariff coordination, perhaps under the auspices of the International Air Transport Association (IATA). An example of preferred multilateral coordination can be found in Canada's bilateral with Argentina:

The tariffs ... shall be agreed upon between the designated airlines of the Contracting Parties; such agreement shall be reached, whenever possible, through the rate-setting procedures of the International Air Transport Association.³⁴

The preferred means of tariff-setting was examined in the fifteen bilateral agreements entered into force between 1987 and 1993. Five of the agreements specifically mentioned IATA as the preferred forum for establishing prices while three others mentioned the use of an international body or multilateral body as the preferred means for tariff-setting, indicating that a majority of the agreements (53 percent) favor multilateral price-setting. The remaining seven agreements present options to the designated carriers for the preferred price-setting means. The Australian and Saudi Arabian agreements³⁵ specify mutual agreement among the designated carriers with the option of multilateral coordination as the preferred means. The Jordan

³³ Air Transport Association of America, *op. cit.*, Article 12, Paragraph 1.

³⁴ Canada, "Commercial Air Transport Agreement Between the Government of Canada and the Government of the Argentine Republic", *Canada Treaty Series*, 1987, No. 4, Annex Section IV, Paragraph 2.

³⁵ Canada, "Air Agreement Between Canada and Australia (with Annex), *op. cit.*; Canada, Agreement Between the Government of Canada and the Kingdom of Saudi Arabia on Air Transport (with Annex), *Canada Treaty Series*, 1991, No. 20.