

- Exchange of Notes

Of the 61 bilaterals Canada has negotiated, 20 have attached confidential instruments which can substantively affect the operation of air services or the value of the benefits negotiated. Whether confidential or not, the attached instruments for the most part deal with capacity, commercial (pooling) agreements, tariffs, fifth freedom rights, charters or the clauses on Rules of Commercial Activity.

C. Number and Importance of Canadian Bilaterals

The development of Canada's bilaterals paralleled the development of international civil aviation, starting generally in the 1940s. Over the first 40 years, Canada was able to encourage the establishment of air services to and from its territory. Over the past decade its bilateral efforts have been equally assigned to expansion of services to new destinations and to the reallocation of benefits on existing services. Between 1980 and 1990, Canada negotiated 19 new agreements and renegotiated 23 of the previous agreements, a rate of approximately four negotiations per year. Currently, Canada has 61 bilateral arrangements with other countries and over 40 foreign carriers operate scheduled services into and out of Canada. Table 1 lists the nations with which Canada has agreements, gives their current status, and indicates whether the agreement was new or renegotiated. All are governed by formal bilateral agreements with the exception of the following:

- Services between Canada and each of Antigua, the Bahamas and Bermuda are operated under the Canada-U.K. agreement.