

more Canadian points. While U.S. carriers have access to a number of Canadian points, route authorities are nevertheless restricted.

Designation. In its 12 largest international markets (excluding the U.S.), Canada has obtained the right to designate more than one carrier in all but one case, although the practical use of that right could be impeded by capacity restrictions in the case of Hong Kong, Japan and Australia, while France and Italy would require agreement between the carriers. Switzerland is the only large European market where single designation is required. Canada is free to designate additional carriers, without capacity restrictions to the UK, Germany, Netherlands, Jamaica, Mexico and Trinidad. In fact, Canada has used the right to designate more than one carrier to the first three countries.

Capacity. An important aspect of a bilateral agreement is the existence and nature of controls on the capacity which carriers may offer. The most restrictive regimes require agreement between the designated airlines and approval by both national aeronautics authorities. Thirty-six of Canada's bilaterals have these requirements. In almost all markets where the Origin and Destination traffic carried on scheduled services is less than 100,000 per year, the capacity is either predetermined or subject to the agreement of the carriers of both countries. (A major exception is the Canada-U.S. market which has no capacity restrictions.) Canada has negotiated less restrictive *overall* bilateral regimes with European countries, but with respect to capacity, conditions are restrictive, except for the U.K., Germany and the Netherlands. Services to most other areas of the world are generally subject to tightly controlled capacity. A notable exception is the Caribbean, where capacity is not so tightly controlled, because most of the traffic is Canadian origin and the other country has an overriding interest in encouraging inbound tourism rather than protecting its carrier.