

clauses were negated in some of the bilaterals by designation restrictions in route annexes, effectively limiting the number of designated carriers to one per country.

- A large majority of recent Canadian bilaterals (73 percent) required either carrier or governmental agreement on capacity levels, compared to only 54 percent of agreements signed between 1978 and 1986. The bilateral with the Netherlands, however, contained wording that strictly limited the right of governments to restrict capacity levels. Two of the fifteen agreements studied required commercial agreements for single-track operations.
- All of the recent Canadian agreements require both governments to approve tariffs, with two specific exemptions, one in the agreement with the Netherlands and the other in the United Kingdom bilateral. There were no exceptions to the double approval rule in the group of bilaterals signed between 1978 and 1986.
- Although a majority of the recent Canadian agreements stated that a multilateral forum is the preferred means for price-setting, there has been an increase in the percentage of agreements that provide for preferred price-setting options, including price-setting by individual carriers.
- All but one of the recent Canadian agreements limited or prohibited fifth freedom traffic by Canadian carriers. These limitations and restrictions could impede the ability of Canadian carriers to operate routes profitably either unilaterally or jointly with an alliance partner.

In summary, compared to the Canada-United States open skies agreement, Canadian overseas bilaterals, in general, do not promote competitive pricing and services on Canadian international routes, although there has been some movement towards more competitive pricing and designation arrangements. The vast majority of recent agreements contain designation, capacity, pricing and/or route restrictions that act to severely limit competitive pricing and service outcomes. Clearly, the agreements fall short of the more pro-competitive goals of the new Canadian international air policy.