

The witnesses emphasized that these operational constraints would severely restrict our carriers in their ability to introduce, add or expand service. They insisted that one of the major preconditions of a new agreement must be equal and fair access to major American airports. The Committee agrees, and sees this as another essential safeguard that must be part of any new agreement. Therefore, we recommend:

- 8. That a new air agreement must guarantee equal and competitive access for Canadian carriers to essential airport facilities in the United States.**

The Committee appreciates that there has to be reciprocity regarding access to essential airport facilities and realizes that we have a serious congestion problem at Pearson and a growing one at Vancouver and Dorval. Several witnesses expressed concern about this and emphasized that the airport infrastructure must be put in place to cope with the inevitable increase in transborder traffic that would occur under a new agreement. We acknowledge that the government is taking action at Pearson and Vancouver to alleviate these problems. Nevertheless, we feel it is such a key issue that we wish to recommend:

- 9. That the government ensure that the appropriate and necessary airport infrastructure be provided in Canada to accommodate the increase in traffic flowing from a new transborder regime.**

c. Commercial Safeguards

i. Preclearance

Many witnesses acknowledged that preclearance provides American carriers with a significant competitive advantage. However, even the airlines were loath to recommend that preclearance be abolished. Everyone recognized how convenient it is because of postclearance congestion at U.S. airports and how popular it is with the Canadian public.

We appreciate that this is a very difficult issue for Canada. We understand how popular and convenient preclearance is for the travelling public. Nevertheless, there are significant marketing and commercial benefits for American carriers from preclearance which have undoubtedly contributed to the current revenue imbalance. Consequently, we believe that, in developing a negotiating strategy, the government must reexamine the question of whether to retain preclearance or eliminate it. Therefore, we recommend:

- 10. That Canada explore whether to retain preclearance and, if retained, that the benefits derived by American carriers be paid for in some other way.**

Several witnesses suggested that, as an alternative to eliminating preclearance, Canada should establish Canadian preclearance facilities at major U.S. airports. Others advocated an improvement and streamlining of postclearance facilities in both countries, including the consideration of the European red door/green door system for customs