

In 1984, two more air agreements were concluded between Canada and the U.S. One provided for the establishment of a new, more competitive and permissive regime to encourage more regional, local and commuter transborder services (the RLCS Agreement). In addition, an Experimental Transborder Air Services Agreement (ETAS) was also negotiated. Its objective was to encourage more transborder traffic at an under-utilized airport in Canada and the United States and to experiment with the concept of an unrestricted "market-driven" service. The point chosen in Canada was Mirabel and the point in the United States was San Jose. The Mirabel program was not successful and has expired, while the San Jose to Vancouver service continues.

This package of air agreements between Canada and the United States comprises the most lucrative, complex and comprehensive bilateral air relationship in the world. However, by the early 1980's, driven to a degree by the deregulation of the American airline industry, it was recognized that this relationship needed to be changed to reflect a more competitive, flexible environment. Indeed, throughout the last decade there were sporadic and inconclusive attempts to negotiate a new agreement. With the deregulation of the Canadian airline industry and the conclusion of the Free Trade Agreement, there has been increasing interest in both countries to reopen negotiations. As a result, the two governments announced in early October that negotiations to establish a new bilateral air transport agreement would begin in early 1991.

This Special Committee was struck in November 1990 to hold public hearings across Canada and to travel to Washington, D.C., in order to canvass the views of communities, provinces, the aviation industry, labour groups, the business community, the tourism industry, and the shipping and travelling public on the proposed Canada-U.S. air transport services negotiations. In the past, the major players in bilateral air negotiations have been government officials and the airlines. This is the first time that the government has provided for a formal public consultative process through which other stakeholders can make a contribution to the development of Canada's negotiating position.

The Committee's mandate was to assist the government in developing its negotiating strategy by providing broad objectives and guiding principles to ensure that the interests of Canada are best served. In fulfilling this mandate we travelled to Vancouver, Calgary, Edmonton, Regina, Winnipeg, Moncton, Halifax, Montreal, and Toronto and heard testimony from over 70 witnesses in those cities as well as in Ottawa. Among those witnesses were representatives from Churchill, Yarmouth and Quebec City. In addition, the Committee travelled to Washington to obtain the U.S. perspective on this matter.