agreement in that it generally requires a transfer of revenue between carriers. The commercial agreements in the two Canadian bilaterals cover "single track" operations only; single track being when the designated carrier of only one of the two governments operates on a route. The bilaterals require a commercial agreement be in place if a route is to be operated on a single track basis, ostensibly to ensure that the designated carrier not operating on the route also receives some benefits from the service.

As is the case with single designation articles in bilateral agreements, restrictive capacity clauses or commercial agreements may impede the implementation of Canada's new dual designation policy. Certainly, capacity agreements between carriers may have to be re-opened in order to accommodate a second Canadian carrier under the dual designation policy. Re-negotiations over capacity limits may be difficult, given the reluctance of existing carriers to yield flights to potential competitors, especially if they are already operating at the maximum capacity level permitted in the agreement.

V. Tariffs

An important competitive aspect of an international air transport market relates to the ability of an airline to unilaterally establish air fares. The most competitive bilateral agreements have wording in their tariff articles that promote unilateral price-setting and inhibit governmental involvement in the process. An example can be found in the pro forma "post 1977" United States air transport bilateral agreement.[28] Government intervention is limited to the prevention of predatory prices, the protection of consumers from unduly high prices due to the abuse of market power, and the protection of airlines from artificially low prices due to government support or subsidy. In the same vein, paragraph 3 states: "Neither [Governmental] Party shall take unilateral

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[28] Air Transport Association of America, "A U.S. Standard 'Post 1977' Agreement", mimeo, May 15, 1989.