markets and demand for new services. A few witnesses also proposed that the current RLCS regime, with its automatic approval process, could serve as a model for such a mechanism.

We believe that all of these suggestions are worthy of serious consideration for inclusion in a new agreement. Moreover, we would note that there is provision in the *National Transportation Act, 1987* for annual reviews of its operation and impact to be conducted by the National Transportation Agency. A report is published each year and we think a similar approach should be adopted here as well. Therefore, the Committee recommends:

4. **That consideration be given, during the negotiations, for the provision of an annual review to determine the impact of the agreement on services and carriers;**

5. **That consideration be given, during the negotiations, to the inclusion of a sunset clause in the agreement;**

6. **That consideration be given, during the negotiations, to the establishment of a mechanism to respond quickly to new and expanding service opportunities in the transborder markets; and**

7. **That consideration be given, during the negotiations, to a phase-in mechanism based upon a market share formula or some sort of capacity regime.**

b. Operational Safeguards

Several witnesses, including all of the airlines, expressed great concern about access at major American airports. In order to establish a competitive service in a new market, a Canadian airline will require access to essential airport facilities such as landing and take-off slots, passenger gates, ticket counters and baggage handling. At most major American airports the dominant carriers serving that airport own and/or control the terminal facilities. It was pointed out by one witness that a recent report of the U.S. General Accounting Office (GAO) indicated that 88% of the gates at the 66 largest American airports are leased to airlines, most of which are for their exclusive use. Moreover, 87% of the leased gates at large and medium sized U.S. airports are leased on a long term basis.

As far as slots are concerned, again, the dominant carriers control most of the peak period slots. Generally speaking, additional slots can only be obtained through a lottery process with a starting price of more than $1 million U.S. or traded among incumbents as opposed to new entrants. Furthermore, as a result of a High Density Rule there are slot restrictions at four U.S. airports: LaGuardia, Kennedy, Chicago (O'Hare) and Washington National.