

Under this program, services proposed by Canadian and U.S. carriers will qualify automatically for transborder routes if they meet the following criteria:

- serve cities not currently linked by negotiated routes;
- at least one of the cities must have a metropolitan population of fewer than 500,000 in Canada or one million in the United States;
- the distance between cities is no more than 400 statute miles in central Canada and the United States and 600 statute miles in other parts of the two countries (central Canada is defined as east of Thunder Bay and west of Quebec City); and
- use aircraft of 60 seats or less.

Both governments agreed to review annually services that do not meet the criteria and there is ministerial discretion to approve such services. However, airlines will be able to serve cities included in previous agreements as long as the services meet the above criteria and operate at a secondary airport in either the U.S. or Canada. For example, a carrier could fly from Toronto to a U.S. city with a population of less than one million if Toronto Island Airport were used.

Not much was said on the RLCS agreement during the hearings other than it seemed to be working well. Indeed, it was suggested to us by a few witnesses that it could serve as a model for a mechanism under a new regime to ensure carrier flexibility and response in a rapidly changing transborder market. However, some witnesses who addressed the operation of the RLCS agreement did suggest that some of the criteria should be relaxed or removed to enable carriers to expand and establish new services under the automatic approval process.

Again, it appears to us that this agreement will be subsumed by the negotiations on a new scheduled air services agreement. Certainly, the opportunities and benefits flowing from these services will become part of the overall package. Therefore, what the Committee said regarding scheduled air services generally applies here.

## **E. SPECIALTY AIR SERVICES**

Specialty air services have not been covered by any formal transborder agreement. Generally speaking, Canadian or American carriers can only work in each other's market if there is no home carrier available which can do the work: this is known as the right of first refusal policy. These specialty services include air flight training, aerial inspection, aerial construction, aerial forest fire management, aerial spraying, aerial advertising, aerial fire-fighting, aerial sightseeing, aerial photography and survey, aerial weather altering, glider towing, helilogging, parachute jumping, and aerial transport of human organs.