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*The Ambassador of the United States of America to the Secretary of State
for External Affairs of Canada*

Ottawa, May 8, 1974.

No. 77

SIR:

I have the honor to refer to the notes of today's date amending the Air Transport Agreement between our two Governments and to propose, on behalf of the Government of the United States of America, the following understanding relating thereto:

Both Governments acknowledge that part of the operating environment under the Air Transport Agreement is the continuing existence of preclearance. Accordingly, should one Government find it necessary to terminate the Agreement on Air Transport Preclearance, the two Governments will, upon the request of either, hold consultations for the purpose of reaching agreement on what, if any, route adjustments should be made as a consequence of the termination of the Agreement on Air Transport Preclearance. In addition, should one Government find it necessary to make adjustments in the preclearance arrangements in a way which impairs the operating rights under any route covered by the Air Transport Agreement, without prejudice to the rights of the other Government to take corrective action to protect its interest, the two Governments will, upon the request of either, hold consultations for the purpose of reaching agreement on what, if any, route adjustments should be made as a consequence of the adjustment in the preclearance arrangements.

It is recognized that, if agreement in such consultations cannot be achieved, termination by one Government of the Agreement on Air Transport Preclearance would be reasonable cause for notice of termination of the Air Transport Agreement by the other Government.

I should be grateful to receive confirmation from you that the Government of Canada accepts the understanding set forth in this note.

Accept, Sir, the renewed assurances of my highest consideration.

WILLIAM J. PORTER

The Honourable Mitchell Sharp,
Secretary of State for External Affairs,
Ottawa.