

## V. CONCLUSION

Almost all of the witnesses said that the status quo was not acceptable. They recognized that change was necessary to improve and establish new transborder air links, stimulate investment and tourism, and take advantage of the opportunities presented by the Free Trade Agreement. In addition, some recognized the advent of airline globalization and the need for our national carriers to be able to respond to this phenomenon. Most thought that negotiation of a more liberal agreement was long overdue.

However, many of these same witnesses expressed concern about whether our two national carriers will be able to compete and, indeed, survive the transition to more open skies and the globalization of air markets. Frankly, we are not sure either. But we think we have struck a fair and reasonable balance between the public interest and the needs of the carriers through our proposed objectives and safeguards for the negotiations.

We had a particularly difficult time with the issue of cabotage. We agree with many of the witnesses that expressed the fear that giving cabotage rights to American carriers might well deal a devastating blow to our airline industry. Under these circumstances, we are not persuaded that cabotage is in Canada's best interests. However, we have recognized that the government must be given the maximum negotiating latitude and that limited cabotage exclusively for our carriers may be an advantage in the negotiations.

Given the circumstances, we believe we really have no choice but to go forward. The challenge for the government is to negotiate an agreement which achieves a balance between these competing interests. We appreciate that the final outcome of negotiations must be a total package containing a fair and reasonable balance of opportunities and benefits for both countries. We recognize that this will not be an easy task, but what is at stake may well be nothing less than the continued strength and stability of our airline industry.