

C. ALL CARGO/COURIER SERVICES

All cargo and courier services (letters and small packages) come under the 1966 Exchange of Notes which accompanied the scheduled air services agreement. It should be noted that there are three types of cargo/courier services offered by airlines. On scheduled services, cargo can be carried either exclusively in the belly holds of passenger airlines or in a "combi" configuration, which is a combination of cargo in the belly holds and in separate compartments on the passenger deck. The third way is on dedicated all cargo aircraft.

Of the witnesses who dealt with all cargo/courier services, most were not in favour of the status quo, which they all considered to be out of date and restrictive. Their views on a new regime ranged from some liberalization on a route-specific basis to a full all cargo open skies regime. Regarding cabotage, most expressed concerns about its impact in the Canadian market and, therefore, were not in favour of it. Furthermore, several witnesses emphasized that negotiation of an all cargo/courier services agreement should be separated from the main negotiations of a scheduled air services agreement and be put on a fast track.

All of these points were made enthusiastically and forcefully by all of the witnesses the Committee heard in Moncton; they believe that there is a great future for it as a major cargo hub with transborder links. This view was expressed in a most stimulating and interesting manner by the Honourable Sheldon Lee, Minister of Transportation for New Brunswick, and the Honourable James Lockyer, Minister of Justice, in their presentation to the Committee.

Because a great deal of cargo moves on scheduled passenger aircraft, the Committee does not believe it is possible to separate cargo/courier services from the total package of opportunities and economic benefits which will finally be negotiated. However, we do think it should be possible to separate the negotiation of all cargo/courier services from the main negotiations and give it priority, particularly if the main negotiations bog down. Therefore, the Committee recommends:

- 16. That the government give consideration to separating the negotiation of an all cargo/courier services agreement from the main negotiations and put it on a fast track.**

D. REGIONAL, LOCAL AND COMMUTER SERVICES (RLCS)

A fourth air agreement concerning regional, local and commuter services was concluded between Canada and the U.S. in 1984. The essential element in this agreement was the establishment of a new regulatory regime to encourage more regional, local and commuter transborder services (the RLCS Agreement).