

As well, Canada gains the right to serve beyond London 4 times weekly to 3 points in Asia (excluding China, Japan, Hong Kong, and Indonesia) which means that Air Canada retains its route via London to Bombay and Singapore with flexibility regarding extra points in Asia which could be served. Additional frequencies would be permitted subject to the agreement of the aeronautical authorities of both sides.

A new route to Bermuda has also been agreed to, with rights for airlines in both countries to operate under the same "open skies" regime that applies across the Atlantic.

In exchange, the British gain reciprocal rights to operate beyond Canada to the continental United States, the Caribbean Islands, Central America, Mexico (excluding Toronto-Mexico) as well as twice weekly beyond Vancouver to points in the Pacific (Honolulu, Tahiti, New Zealand).

The agreement also breaks new ground with a very progressive tariff regime which is open to innovative and low-cost fares across the Atlantic. The airlines will be free to set prices at very low levels. Travellers will benefit from fewer restrictions on booking requirements for discount fares. Shippers will be able to take advantage of the total deregulation of Canada-UK air cargo rates. "The new arrangements reflect the highly competitive, market-oriented aviation policy which both Governments are seeking to foster", noted Mr. Crosbie.

As part of the negotiations, the two countries also established a separate, new air agreement between Canada and Hong Kong. Both Canadian Airlines International and Cathay Pacific gain the right to operate as many flights as they wish between Vancouver and Hong Kong with increased opportunities for the Canadian carrier to serve other points in Asia and for the Hong Kong carrier to operate beyond Vancouver to Chicago and New York.