

The effect of SIA's operations on Canada's European markets and Canadian markets in the Pacific is of serious concern to Canada in the absence of current reciprocal benefits for Canadian carriers.

Canada has attempted to stem the growing imbalance of benefits, particularly the further erosion of its transatlantic services, and to renegotiate a more balanced exchange of traffic rights during several bilateral consultations between government officials, airline representatives and Foreign Ministers of the two countries, but without success.

The Canadian government now believes that only by introducing a firm deadline for the resolution of this situation will serious and productive negotiations result. Consequently, on August 16, 1991, Canada served Singapore with notice of termination of the Air Transport Agreement, for effect August 16, 1992. This gives a 12-month period in which both sides will have an opportunity to find a solution.