

- CAI would prefer the elimination of U.S. preclearance at Canadian airports because of the structural advantage that it creates for the U.S. aviation industry.
- On international routes, a significant part of CAI's revenue is cargo. If cargo is deregulated, some routes on which both cargo and passengers are combined would become marginal. It is, therefore, not desirable to view cargo separately from passenger services.
- To compete on a globalized basis and, particularly, with the U.S. megacarriers, airlines in Canada need a level playing field. This requires that financial, cost and taxation policies of the Government of Canada be modified. Cross-border financing rules, withholding taxes and capital cost allowances should be consistent with those in the United States; user charges for landing fees and terminal fees should be reduced; excise tax on aviation fuel should be removed; and telecommunications costs should be reduced to levels comparable to those in the United States.

## **2. *Commuter and Smaller Scheduled Carriers***

- The Regional, Local and Commuter Air Services (RLCS) program should be supported and continued. Utilization of larger aircraft and longer operating distances should be permitted. Some carriers complained that no further awards of RLCS routes were being made from Pearson International Airport in Toronto because no slots were available. In the view of these carriers, route authority and slot allocation should be dealt with separately.