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# ECONOMIC REGULATION OF THE AIR TRANSPORT MARKET

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## Outline of presentation

- 1 - The regulated period
  - 1-1 International traffic
  - 1-2 The domestic US market
  - 1-3 Europe
- 2 - The deregulation years
  - 2-1 The US deregulation
  - 2-2 International traffic
  - 2-3 The European single market
- 3 - An evolving situation

# 1- The regulated period : a historically regulated industry

- Domestic traffic in the USA regulated until 1978
- European "Domestic" traffic liberalized between 1987 and 1997
- International traffic still regulated by bilateral agreements between countries
  - limited competition : some freedom in prices and frequencies but limitations in numbers of airlines



# 1-1 International traffic

- 1918-1939 : the era of absolute national sovereignty
- 1944-1978 : the era of regulation : the Chicago-Bermudas organization
- 1978 … : gradual liberalization of international relations

## The era of absolute national sovereignty (1918 – 1939)

- Paris conference in 1919 : principle of national sovereignty
  - airspace above a country belongs to that country
- International relations based on reciprocity
  - much haggling (commercial bargaining)
  - much distrust and political considerations
  - little efficiency
- System not favorable to the development of international trade



## The era of regulation : 1939-1978

- The Chicago conference (November 1944)
  - organized a standard framework for international aviation
- The bilateral agreements
  - The UK-US agreement "Bermuda" in 1946
  - How it worked until 1978
- IATA and the price fixing conferences
  - International Air Transport Association (IATA) created in 1945

# The Chicago conference : conflicting positions

- The USA propose a bilateral framework for negotiations
  - in a liberal context (prices, frequencies…)
- The UK proposes a world authority to allocate traffic rights and manage all regulations
  - economic regulation (prices, frequencies…)
  - other areas (security, standards…)
- Choice made of a bilateral framework
  - with possibilities of regulating prices and capacities

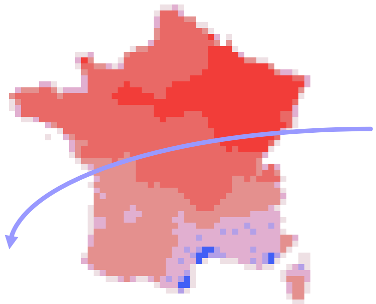


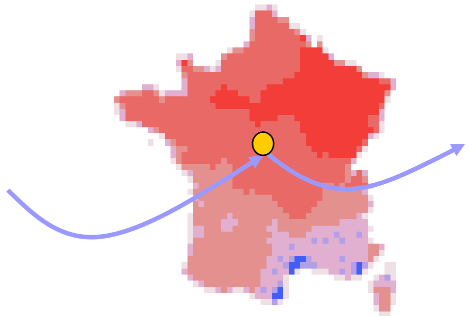
# The results of the Chicago conference

- Creation of ICAO
  - world authority, establishing standards in terms of transport, security, air traffic control…
  - no powers of economic regulation
- Definition of "freedoms of the air"
  - "exhaustive" list of what kind of routes an airline can do
  - definition of 5 "freedoms"
- Framework of bilateral agreements

# The technical freedoms

- First freedom : right to fly over a territory
  - The British carrier BA overflies France
- Second freedom : right to make technical stops in a foreign country
  - BA stops in France without taking passengers



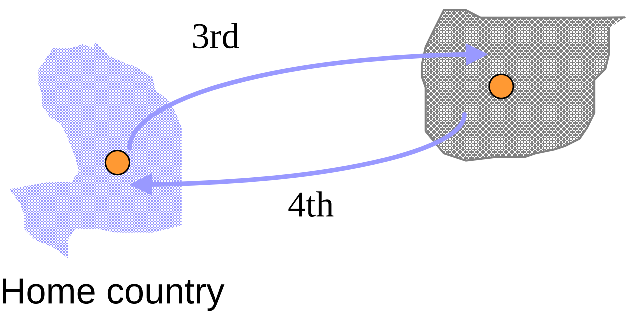




# The commercial air freedoms

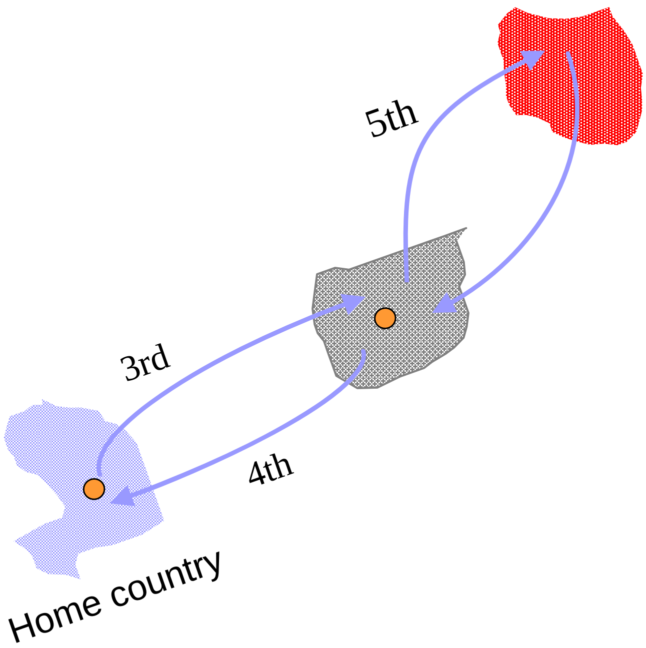
- 3rd freedom : right to disembark passengers in a foreign country when coming from home state
- 4th freedom : right to embark passengers in a foreign country and take them to home country

- Air China flying from Beijing to Tokyo (3rd), and taking passengers in Tokyo back to China (4th)



# The commercial air freedoms

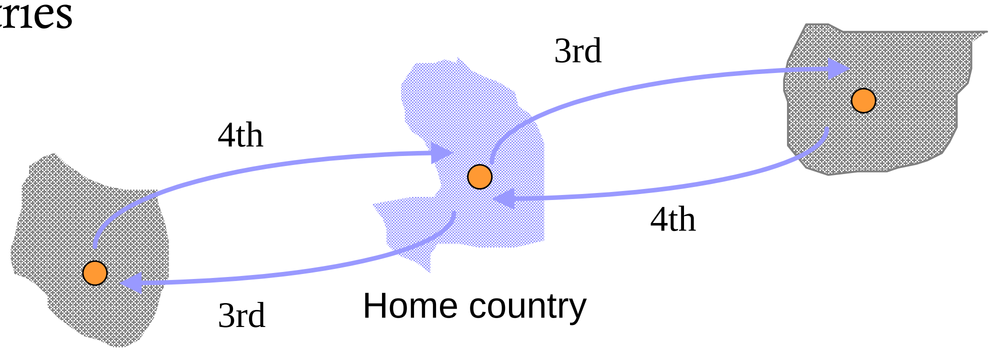
- 5th freedom : Continue service of 3rd or 4th freedom to third country.
  - Air China flying from Beijing to Tokyo and then on to Los Angeles and taking passengers in Tokyo





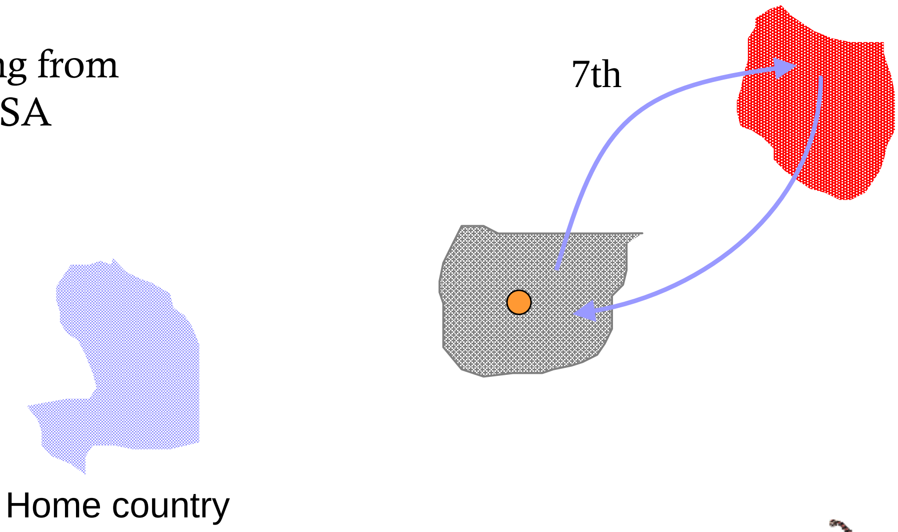

# The additional freedoms

- 6th freedom*: combine 3rd and 4th freedom rights, to open a service between two foreign countries
  - Example : Air China flying from Paris to Tokyo through Beijing



# The additional freedoms

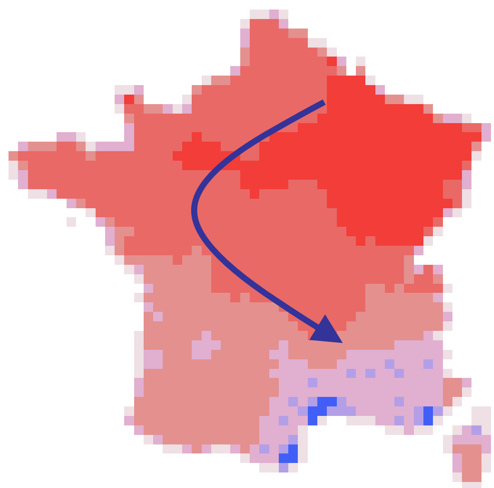
- 7th freedom : 5th freedom without restrictions
  - Air China flying from Japan to the USA






# The additional freedoms

- 8th and 9th freedom : “cabotage” with or without restrictions : right to fly inside a foreign country
  - British Airways flies inside France
  - Air China flies inside Japan



# The Agreements

- The Transit Agreement : 97 countries over 159 in Chicago, agree to sign this agreement to exchange technical freedoms. Many signed later on.

- The Transport Agreement :  a second agreement was proposed in Chicago, to exchange commercial freedoms. It was however not signed, and never came into effect



# Framework of bilateral agreements

- Points of entry between countries
  - Different from routes opened!
- Freedom exchanged (3-4-5)
- Designated carrier(s) for each country
  - carriers designated by name
- Capacities (fixed or not)
  - 50/50 if fixed
- Pricing rules

# IATA : International Air Transport Association

- Created in 1945 as an association of airlines
- Role of IATA :
  - Organize price fixing conferences
  - Organize cooperation between airlines : interlining, pooling agreements.
- Counter-power to the governments
- Today most major airlines and others…
  - about 230 members worldwide



# IATA members : North America

- Air Canada
- Air Transat
- Alaska Airlines
- American Airlines
- Atlas Air
- Cargojet Airways
- Continental Airlines
- Delta Air Lines
- FedEx
- Hawaiian Airlines
- JetBlue
- United Airlines
- UPS
- US Airways

Who is missing ?

# The bilateral agreements

- First agreement signed between the US and the UK in 1946 : The Bermuda I agreement
- How it worked until 1978 : principle of reciprocity
  - Exchange of entry points (3rd and 4th freedom) and fifth freedom
  - mono-designation
  - equal share of capacity
  - very restrictive rule until 1978 : double approval rule
- No competition on international routes !



# 1-2 The domestic US market

- 1925 - 1938 : Beginnings of commercial aviation with the Air mail Act
- 1938 - 1978 : The era of regulation under the Civil Aeronautics Board
- 1978 … : liberalization of domestic aviation with the "Airline Deregulation Act"

# The beginnings : 1925 – 1938

- Air Mail Act signed in 1925
  - Postal service entrusted to private carriers
  - Generous contracts from federal government : efforts to develop postal air services
- Important development of air transport even for passengers
  - In 1926, 13 airlines, 2 millions of RPKs
  - In 1930, 38 airlines, 137 millions of RPKs



# 1934 – 1938 : Crisis years

- In 1934 federal subsidies are questioned and contracts cancelled
  - The Post Office Department (POD) and the airlines are under suspicion of “complicity”
  - The POD is accused of protecting the airlines
- The system is not economically sound
  - Airlines use subsidies for mail to transport passengers
  - Prices are linked to costs neither for post nor for passengers
  - bankruptcies and incidents are multiplying

# 1938 : A global regulation (1)

- Aim:
  - promote development of air transport : air transport seems particularly promising in this large territory protect the industry from bankruptcy and the public against abusive prices
- Tool: government agency regulating the market
  - as exists in other transport industries (railroads, 1887, roads : “motor carrier act” 1935)
  - In the USA public services regulation began with transport modes



# Global networks and cross subsidies

- In a global network, some routes are more profitable than others
- One means of developing such a global network is to use cross-subsidies :
  - use profits from profitable routes to subsidize non profitable ones
  - possible only if there is no price competition on routes, when airline is in monopoly situation on the network or when prices are regulated

## 1938 : A global regulation (2)

- Why use regulation of the market?
  - there seems to be economies of scales : no competition possible
  - Fragile industry: protection from destructive competition
  - the objective is to develop a small number of large airlines and a global US network covering many cities
- How to do it :
  - by protecting airlines from competition,
  - by subsidizing them
  - by promoting cross subsidies



## 1938 : The civil Aeronautics Act

- Creation of CAB : Civil Aeronautics Board
  - Federal agency (at first Civil Aeronautics Authority)
- CAB regulates all economic aspects of air transport
  - Entry on the market: certification of trunks, locals
  - Traffic rights on each route
  - Tariffs
  - Agreements and mergers between airlines
  - Subsidies for small routes
- After 1940, the CAB regulates also safety aspects

# The policies of CAB (1)

- Allow very little or no entry on the markets
  - by certification of airlines : certification of trunk airlines in 1938 (19 trunks), no certifications of trunks thereafter. Certification of local airlines(23 locals) in 1940
- Allow little or no competition on routes
  - by restricting routes to one or two airlines (depending on traffic)
  - by forbidding price competition : CAB regulates prices
  - but no control over frequencies or capacities



# The policies of CAB (2)

- Regulates mergers
  - prevents bankruptcies by allowing some mergers
  - try to prevent monopolization of markets by preventing others
- Subsidizes small routes
  - in 1938 subsidies are one third of revenues for airlines
  - later CAB encourages cross-subsidies (by authorizing high prices on profitable routes) : after 1959 no subsidies for trunks
  - until 1978 still some subsidies for small routes

# The effects of regulation : the US air transport system

- Important development of traffic
  - x 300 between 1938 and 1978
- Services to medium sized markets
  - Thanks to CAB subsidies and cross subsidies
  - the longest routes subsidize the shortest in the sixties (CAB study)
- Development of large (profitable) airlines
  - 11 trunks in 1978 dealing with all continental traffic, 13 locals, many smaller airlines (the commuters)
- Safe activity



# The effects of regulation : the perverse effects

- No price competition, but frequency competition
  - too many flights, bad load factors (50% in 1976)
  - high costs (flying empty costs the same as flying full !)
  - high tariffs (airlines asked CAB for higher prices)
- Airlines are too well protected :
  - no incentives to reduce costs : at the end of the seventies, the trunks are called "the dinosaurs"
- The public is faced with too high prices
  - air transport still largely reserved to business travelers

# 1-3 Europe before liberalization

- Until the mid 80th, international traffic is ruled by (non liberalized) bilateral agreements
  - no competition : the aim is to protect the national airlines
- The canvas :
  - one "main" airline for each country
  - capacity is shared equally (and revenues can be shared)
  - prices are fixed by IATA
  - double approval rule



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# 2 - The deregulation years : from 1978 until today

- Domestic traffic in the USA deregulated in 1978
- International agreements evolve towards more competition since 1978 between the USA and the rest of the world
  - gradually more price freedom since 1978
  - new "open skies" agreements proposed since 1992
- European "Domestic" traffic liberalized between 1987 and 1997
  - a largely free European market



# 2-1 The US deregulation

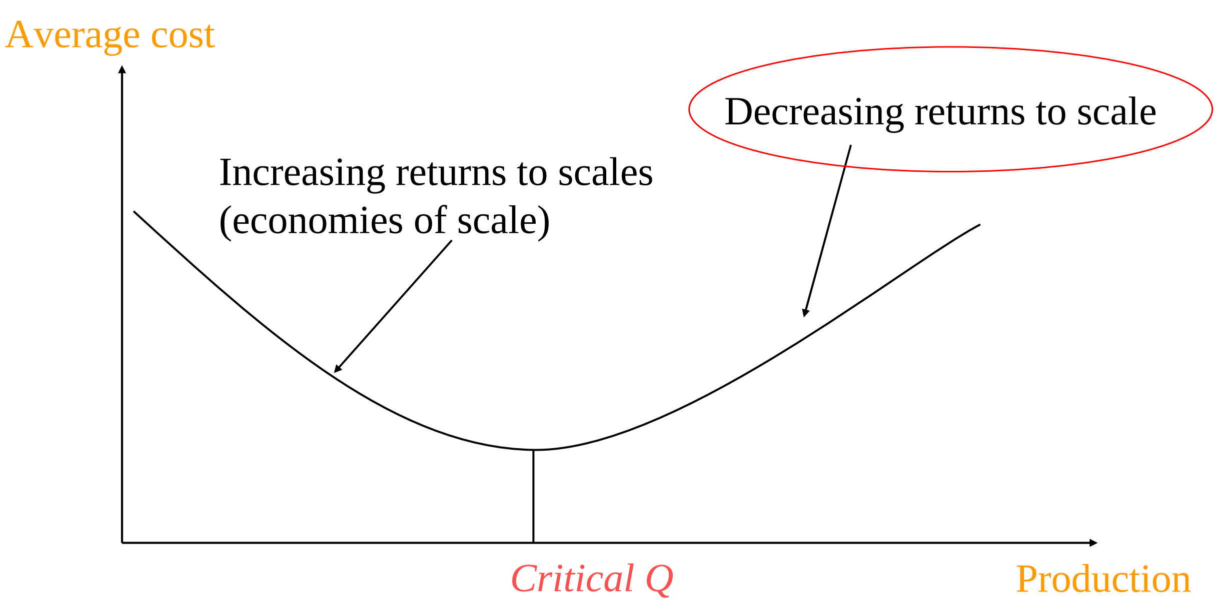
- Context and objectives
- The Airline Deregulation Act
- What happened ?
  - Market structure
  - Networks
  - Prices
  - Airlines
- The results

# The US deregulation: the context

- Politic context
  - Liberal policies: “Markets do better than the government”
  - Many deregulations to come in all sectors of the economy (the Reagan era: 1980-1988)
- Economic context
  - Profitable industry (very few subsidized routes)
  - Large (and inefficient) airlines
  - Potential oligopolistic competition
  - Skepticism about economies of scales



# Returns to scale



# The objectives of the US deregulation

- The first step is to introduce more competition by deregulating
- Competitive pressure will then give airlines incentives to lower their costs
- More competition and lower costs should result in lower prices and better services
- Lower prices will then lead to a faster development of traffic and a higher social welfare
  - more people will have access to air transport



# The Airline Deregulation Act (Oct. 1978)

- After a short transitory period, the market become «free» for all airlines (old and new) to access and serve
- Access to the market
- Traffic rights (after 3 years)
- Prices (after 4 years)
- Mergers and agreements ruled by the Department of Justice (DOJ)
- Subsidies allocated by auctions (Essential Air Services)

# What happened ?

- Difficult to really know the pure effects of deregulation!
  - The industry would also have evolved without deregulation
  - It is very sensitive to the economic environment
- Short term and long term effects on:
  - The structure of the market
  - Networks : development of the hub and spoke
  - Prices
  - Airlines



# The structure of the market : 1978 - 1983

- The first post deregulation period is one of intense competition
  - New airlines are created (about 120)
  - Existing small airlines (commuters) enter the nation-wide market (about 80)
- Severe competition between new and old airlines
  - Price competition (price wars)
  - Aggravated by the 1981 crisis of overcapacity (oil shock)
  - In 1983 bankruptcy of Branif, ending this period

# The structure of the market : 1983 - 2007

- Progressive concentration of the market
  - Bankruptcies and mergers, few new entrants
- Development of « mega carriers » with an extensive network, owning smaller subsidiaries
  - The large 1978 airlines have either disappeared (Pan Am, TWA, Eastern Airlines, Branif…)
  - Or they have turned into « mega carriers » (American Airlines, United, Delta, Continental)
- A new model of airline has been developing: the low-cost airline (following Southwest)



# The US majors : from 1978 to 1998

**1978**

| Trunks | |
|---|---|
| **Airline** | **Market Share** |
| *United* | 21,9% |
| *American* | 13,6% |
| *Eastern* | 12,2% |
| *Delta* | 11,0% |
| *TWA* | 9,6% |
| *Western A.L.* | 5,2% |
| *Continental* | 4,6% |
| *Braniff* | 3,9% |
| *National* | 3,6% |
| *Northwest* | 2,7% |
| *Pan Am* | 1,2% |
| *Total* | 89,4% |

**1998**

| Majors | |
|---|---|
| **Airline** | **Market Share** |
| *Delta* | 17,1% |
| *United* | 17,0% |
| *American* | 16,1% |
| *Northwest* | 8,2% |
| *USAir* | 7,9% |
| *Continental* | 7,8% |
| *Southwest* | 6,8% |
| *TWA* | 4,3% |
| *America West* | 3,4% |
| *Alaska* | 2,2% |
| *Total* | 91,0% |

# The US market in 2011

- From the post deregulation new actors, only 2 large remain (Southwest, US Airways)
- The market is more concentrated than in 1978
  - Several mega-carriers have been merging
    - US Airways + America West
    - Delta + Northwest
    - United + Continental
- The low-cost market is a dynamic and profitable «niche»
  - And another merger : Southwest + Airtran



# Networks : the hub and spoke system

- Looking at the European airlines, the US airlines invent the hub and spoke network :
  - Network centered on a main airport : the hub,
  - With routes (nearly) all going to and from the hub
  - Add the idea of optimizing the connection times (banks of arrivals and departures)
- They choose hubs in un-congested airports, in large cities (Denver, Atlanta, Dallas…)
- All large airlines choose this type of network and abandon the point to point network

# The effects of deregulation on prices

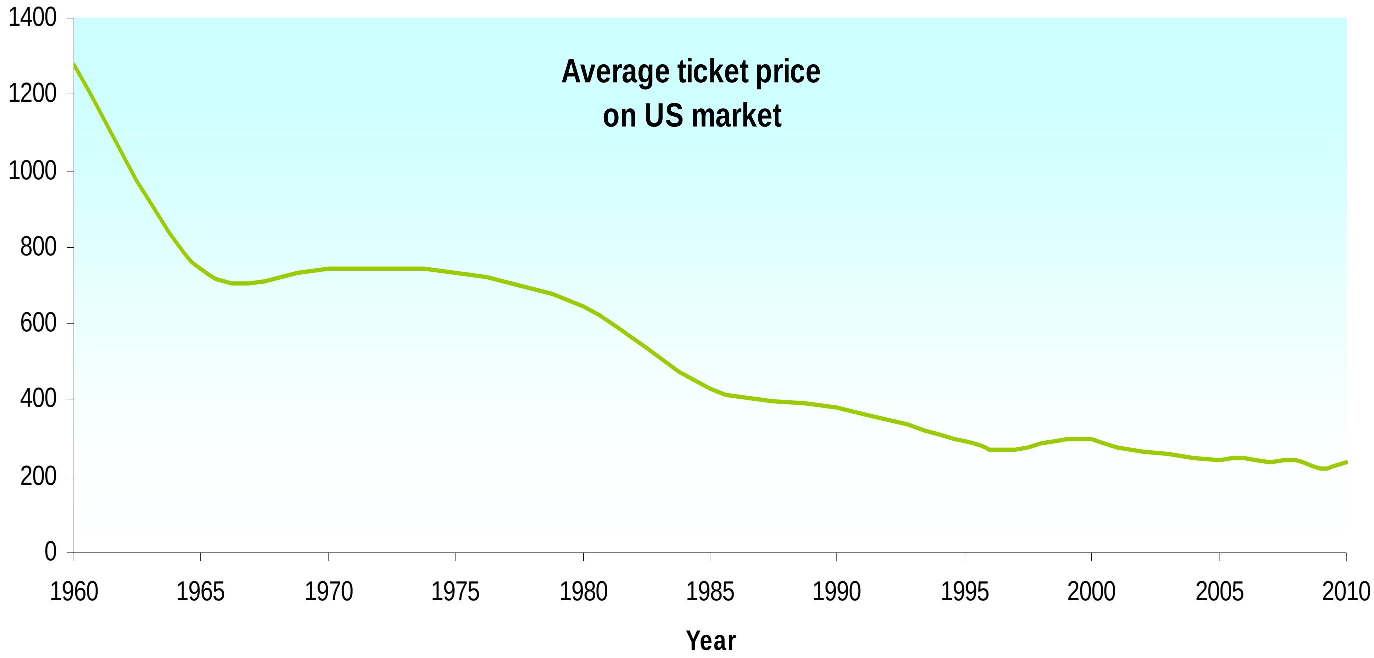
- Old price structure :
  - 2 prices + 2 discount prices
  - prices based on distance : p = a x distance + b
- New prices :
  - several discount prices with restrictions
  - prices based on competition and revenue optimizing (development of revenue management)
  - price wars



# Have prices gone down ?

- A sure decrease in prices on average
  - A study (G. William) concludes that prices are 15% lower than they would have been without deregulation
- but differences due to competition level
  - Other studies (GAO) show that prices are higher (+30%) on non competitive routes than on others

# Evolution of prices on the US market





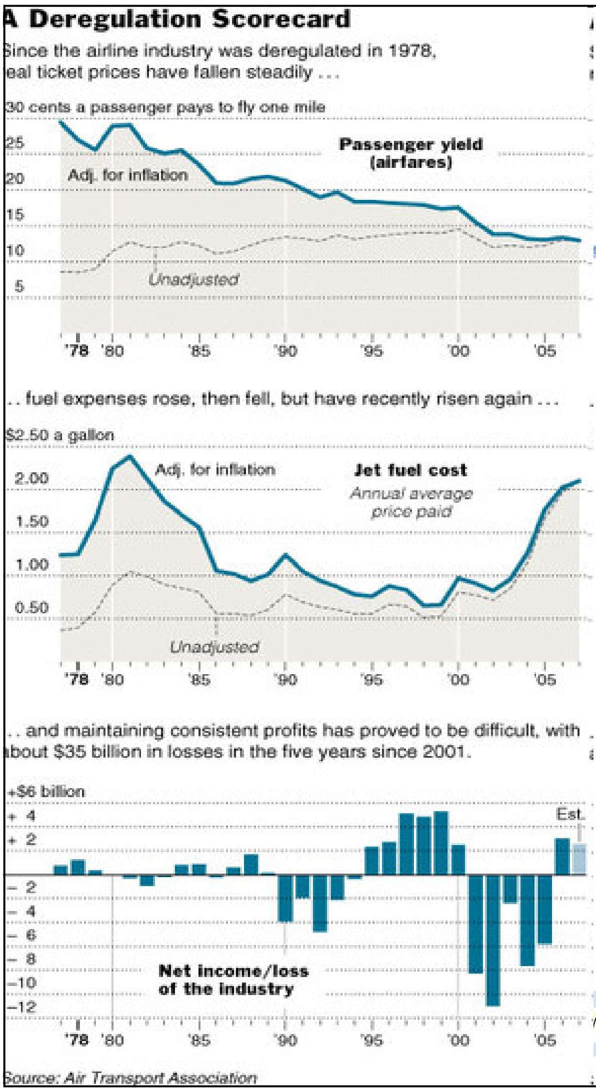

# The effects of deregulation on airlines

- Restructuring of existing airlines
  - costs reductions
  - productivity increases
  - fleet restructuring (hubs !)
- Development of new management and commercial tools :
  - Computerized reservation systems (CRS)
  - Frequent Flyers Programs (FFP)
  - Revenue (or Yield) management
- New concept of airline : the low-cost airline

# The results : 30 years later

- Important increase of traffic
  - larger access to air transport
  - better services, lower prices
  - with the negative effect of congestion
- No safety problems
- Concentration of the market and profitability problem for majors
  - competition from "low cost" airlines
  - Majors too dependent on the domestic market






# Results of deregulation in the USA

## 2-2 Deregulation of International traffic

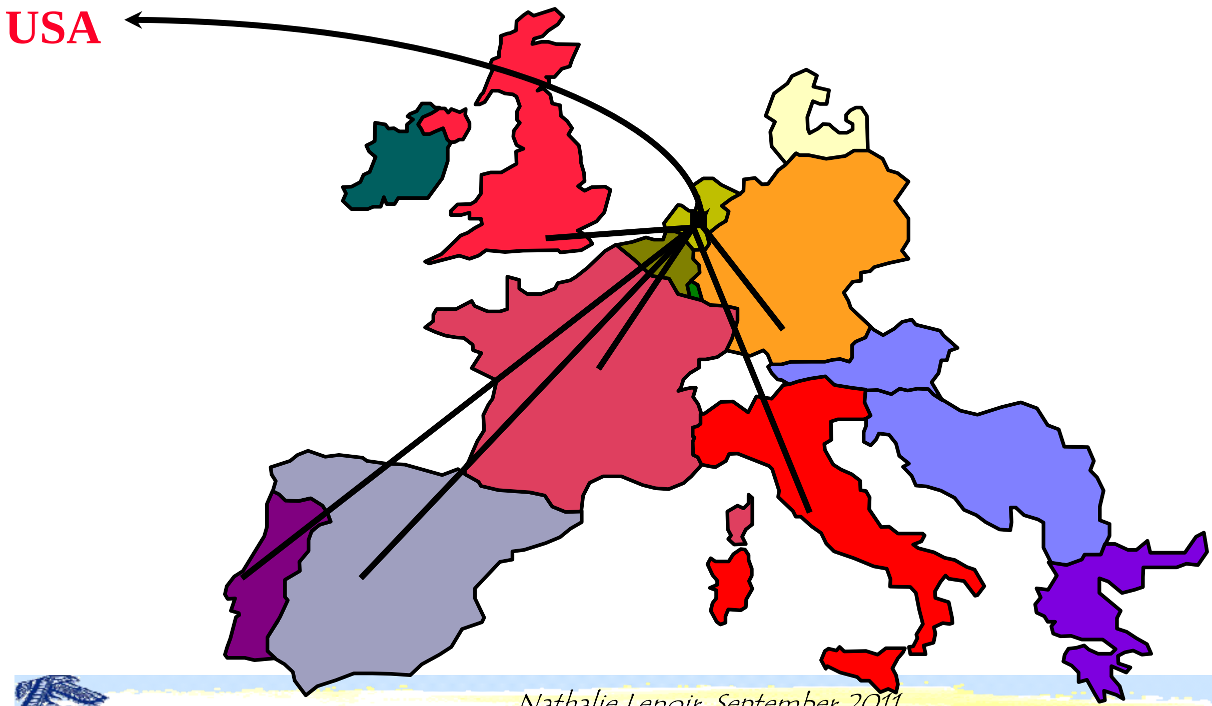
- Trend initiated by the USA
  - liberal context
  - "bad" re-negotiation of the Bermuda agreement (Bermuda II, 1977)
  - domestic deregulation in 1978
- The USA will try to impose more competition between airlines in all their bilateral agreements
  - they think that competition is better for everybody
  - but especially for the US airlines



## Re-negotiation of bilateral agreements 1978 -1985

- Agreement in 1978 between The USA and the Netherlands
  - Double disapproval rule : free prices (or nearly free)
  - In exchange for the Netherlands cooperation : 2 new entry points in the USA for KLM
- The result is diversion of European traffic towards the Netherlands
  - The other European countries are obliged to renegotiate (1978 -1985)
  - Same strategy in the Pacific area (with Singapore)

# The traffic diversion of 1978






# The effects of the first steps of liberalization

- Traffic growth : x3 between France and the USA between 1982 and 1994 !
  - Falls in prices
- Disappearance of charter traffic on the North Atlantic routes
- The US airlines increase their traffic shares on some markets (France, Germany, …) but loose on others
  - overall the market is divided rather equally
- Price wars

# The North Atlantic market 1982-1993

| Compagnies : | 1993 US | 1993 Europe | 1982 US | 1982 Europe | % croissance du trafic |
|---|---|---|---|---|---|
| **USA/France** | | | | | |
| *Passagers (000)* | 2 419,6 | 1 176,9 | 675,9 | 666,1 | *168,0%* |
| *Part de marché* | 67,3% | 32,7% | 50,4% | 49,6% | |
| **USA/Royaume-Uni** | | | | | |
| *Passagers (000)* | 4 995,2 | 6 563,8 | 3 090,6 | 2 210,1 | *118,1%* |
| *Part de marché* | 43,2% | 56,8% | 58,3% | 41,7% | |
| **USA/Allemagne** | | | | | |
| *Passagers (000)* | 3 289,7 | 2 369,1 | 1 103,2 | 1 235,9 | *141,9%* |
| *Part de marché* | 58,1% | 41,9% | 47,2% | 52,8% | |
| **USA/Total** | | | | | |
| *Passagers (000)* | 14519,27 | 16867,6 | 6815,9 | 8301,5 | 107,6% |
| *Part de marché* | 46,3% | 53,7% | 45,1% | 54,9% | |



# 1991, a difficult year

- The Gulf war, and its effects on air transport:
  - higher fuel prices,
  - economic slowdown,
  - reductions in demand
- Over-capacity on the markets
  - Aircraft deliveries
  - American, United and Delta arrive in Europe
  - Leading to new price wars on the North Atlantic
- The USA want to review their bilateral agreements

# 1992, the "open skies" agreements

- The USA want more competition on the markets
  - no limits on capacity
  - no restrictions on price
  - more 5th freedom rights
- They need to give something in exchange
  - entry points !
- New type of agreement "proposed" by the USA
  - same strategy as in 1978 to impose their view
  - first country to sign agreement : the Netherlands in 1992



# Structure of an "open skies" agreements

- No restrictions on frequencies and capacities
- Permission to operate between all points of both countries without restrictions
- No restrictions on price
- All possible 5th freedom rights are automatically granted
- Possibility of signing code sharing agreements with US airlines
  - a compensation for the absence of cabotage rights in the USA

# 2-3 The European single market

- Steps of European liberalization
  - The three packages
- Consequences of liberalization
  - Airlines
  - Infrastructure
  - Passengers
  - International traffic



# The steps of the European liberalization

- 1957: Treaty of Rome
- 1986: Single European Act
- 1987: first package of European liberalization
- 1990: second package of European liberalization
- 1992: third package of European liberalization
- April 1997: end of transitory period, full effects of liberalization laws

# 1957 : Treaty of Rome

- Creates the European Economic Community
  - ...to promote...a harmonious and balanced development of economic activities… the raising of the standard of living and quality of life...
- The means (among others):
  - the abolition of obstacles to the free movement of goods, persons, services and capital
  - a common policy in the sphere of transport
  - a system ensuring that competition in the common market is not distorted



# The first steps

- 1983 : inter-regional air services liberalized
- 1986 : single European Act
  - creation of the single European market (01/01/1993)
  - decision to include air transport in the common market
- 1986 : the "Nouvelles Frontières" ruling
  - decision of the European court of justice in favor of "Nouvelles Frontières"
  - The European commission encourages competition

# The first package (1987)

- Extension of 1983 law on regional services
- Prices : 2 pricing areas
  - reduced prices : between 65 and 90% of full fare
  - very reduced price : between 45 and 65% of full fare
- Routes : Multi-designation on routes of more than 250000 passengers
- Capacity shares : from 50/50 to 60/40
- Limited 5th freedom rights
  - with restrictions: one airport is not a first category airport



# The second package (1990)

- Final extension of 1983 law
  - all 3rd and 4th freedom right liberalized
- Prices : 2 pricing areas
  - reduced prices : between 80 and 94% of full fare
  - very reduced price : between 30 and 79% of full fare
- Routes : Multi-designation on routes of more than 140000 passengers
- Capacity shares : from 60/40 to 25/75
- More 5th freedom rights and limited cabotage rights

# The third package (1992)

- Free prices (01/01/1996)
- Capacity shares : no limitations
- 5th and 7th freedom rights liberalized (01/01/1995)
- Cabotage liberalized (01/04/1997)
- Free access to the market for all airlines from the community
  - new legal concept



# Consequences of liberalization : the airlines

- Restructuring of major European airlines
  - privatization of most public national airlines
  - costs reductions, search for efficiency
  - more cross-border restructuring to come…due to new bilaterals
- New entrants : the low-cost
  - Following the model designed by Southwest
  - Main ones are : Ryanair, Easyjet
  - low-cost, low fares

# Consequences of liberalization : infrastructures

- Old and new hubs
  - large hubs have been re-organized : scheduling of flights more efficient in order to minimize connection time
  - new hubs are appearing : medium size hubs mostly
- Traffic increase and smaller planes
  - pressure on airports and airspace
  - problem of the slot allocation on major airports : barrier to entry for competitors



# Consequences of liberalization : the passenger

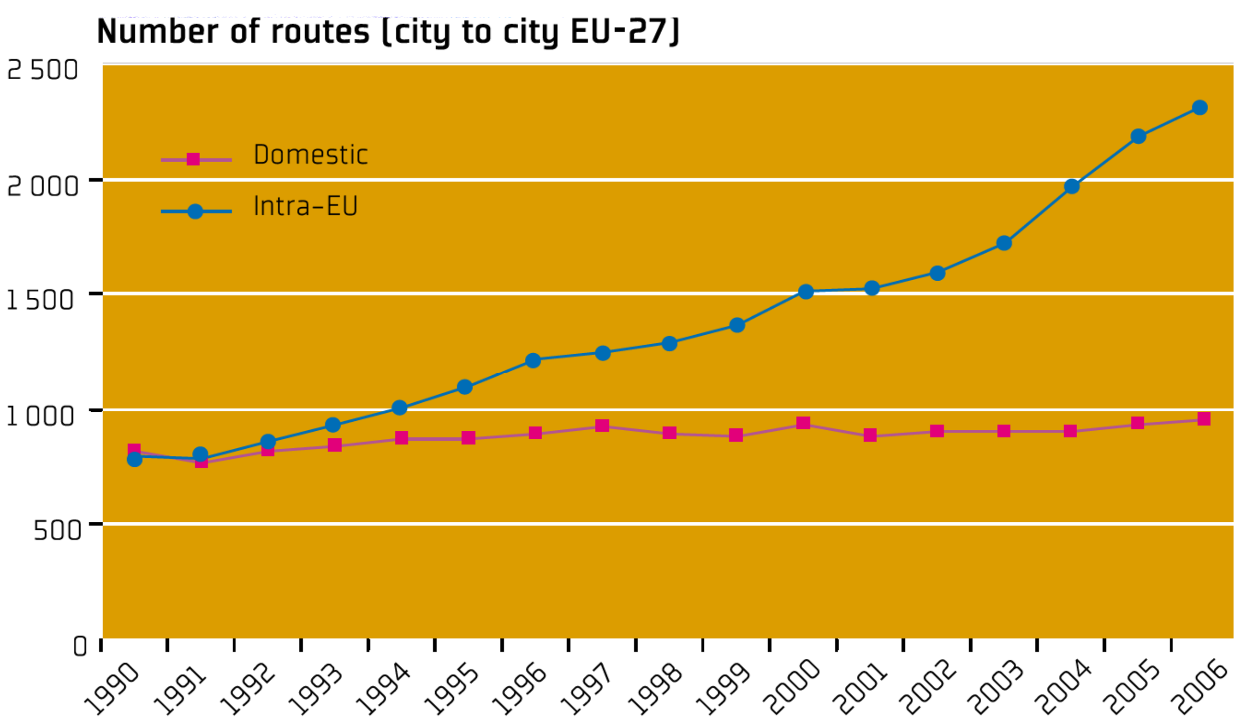
- More frequencies and more destinations
  - consequence of the increase in traffic
  - and of the shuttle system
  - and of the new organization of hubs
- Lowered fares
  - more competition on domestic routes
  - but most international routes are still operated by only 2 carriers
  - Fares difficult to measure (lack of statistics)

# Consequences of liberalization : International traffic

- International traffic inside Europe liberalized for European airlines
  - New routes opened, new airlines operating them
  - Only restrictions are airports slots at busy airports
- International traffic with the rest of the world
  - Old bilateral agreements challenged by EC
  - Nov. 2002 ruling by European Court of Justice: “the open skies judgments”
  - It led to new rules and new agreements



# New routes opened !




*Source:* OAG schedules, European Commission

# The open skies judgments

- With old bilaterals, European carriers had only access to international routes from their home countries
- The EC considered this as a distortion of competition between EU airlines and went to court over 8 agreements with the USA.
- The ruling stated that these agreements were contrary to the EU Treaty.
- As a consequence, all of the bilateral agreements between EU Member States and other countries contained illegal elements and had to be modified



# International traffic: new rules

Two options:

- Let countries revise bilateral to include non-discrimination
  - 114 agreements corrected*
- The European Commission negotiates new "horizontal agreements" with foreign countries
  - changes with 35 partner states and one regional organization with 8 member states*, representing formerly 615 bilateral agreements
  - Australia, Canada, India, New Zealand, Singapore, USA…

*Source European Commission,may 2008

# International traffic: the case of US-EU negotiations

- Negotiations June 2003-march 2007
  - Several conflicting points
  - Agreement reached in march 2007: new agreement came into force in march 2008
- Three problems to address :
  - ✓ European airlines have international access only from their home country
  - US airlines can only be owned by foreigners up to 25% (49.9% for European airlines)
  - ☹ No access to the US market for European airlines (US airlines do have a large access to the European market!)



# The European Common Aviation Area (ECAA)

- Integrate neighbor countries inside European aviation area
  - 8 countries from south east Europe (Balkans)+ Iceland and Norway have signed
  - Second group : Mediterranean countries
    - Morocco has signed
  - Third group : Russia and neighbors
- Benefits :
  - Same market operation rules, improving security, safety, air traffic, environmental protection
  - development of markets: economic benefits

# Outline of presentation





# 3- An evolving situation today (1)

- For better or for worse, air transport has been largely deregulated
  - USA
  - Europe
  - International markets
- This trend will go on, and more markets will become deregulated, or more lightly regulated
  - Trend strongly encouraged by the USA except on domestic market, and by Europe (ECAA)

# An evolving situation today (2)

- As a result, more and more competitive markets
  - Inside deregulated areas (US market, Europe)
  - Between those areas : North Atlantic market, US-pacific market
- At odds with an old regulatory structure which limits airlines freedom
  - The bilateral system still holds
  - Ownership restrictions : system of national airlines in a world of multinational companies because of bilateral agreements



# The "old" bilateral system

- Prevents airlines from restructuring over borders, for fear of loosing traffic rights
  - maintains small, unprofitable "national" airlines (Asia)
  - Partly solved in Europe by the new rules at European level
- Leads them to an alliance policy, inadequate substitute to restructuring
  - Is questioned by IATA and ICAO
  - evolutions in the years to come

# Possible evolution of bilaterals

- The ownership clause could be replaced by an activity clause
  - an airline having its operations in one country(airport base, employees, management) instead of having its capital owned by nationals, would be considered as a "national airline" in bilateral agreements
  - this airline would be controlled by the country's authorities (to prevent flags of convenience)
- This would enable cross border restructuring
  - and maintain high level of control (safety, finances…)



# Or no bilaterals ?

- Creation of large « free »area like ECAA : important degree of freedom inside those areas
  - No need of bilaterals inside
- If ECAA is successful, it could be enlarged, or copied elsewhere…

# Remaining role of the Authorities

- Monitor the markets :
  - traffics, prices, airlines financial situation…
  - give actors in the industry a fair access to information
- Look for anti-competitive practices and prevent them as far as possible
  - monitor competition conditions
  - make sure airlines have access to the markets
- Monitor partnerships and mergers
  - in order to avoid monopolization



# Remaining questions

- Internationalization of airlines
  - On what conditions: safety and security aspects, social aspects…
- What Authorities ?
  - In a global airline industry, there is a need for a "global" Authority, even if local ones remain useful : ICAO ?
- Some countries may want to stay aside
  - In order to "keep" the domestic market for national airlines (China ?)