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THE US OPEN SKIES INITIATIVES AND STRATEGIES FOR ASIAN CARRIERS AND GOVERNMENTS

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Abstract

This paper identifies major issues facing Asian airlines and governments when they deal with the U.S. open skies initiatives directed towards Asian countries, and suggests how they might deal with those issues strategically and practically.

In order to accomplish this objective, the paper reviews a brief history of international air services regulation including the recent US initiatives for open skies and creation of European single aviation market, identifies some key problems associated with traditional air services treaty negotiations, and draws some lessons from the 1995 US-Canada Open Skies agreement. The paper identifies major challenges that the US open skies initiatives bring to Asian carriers and governments, and suggests short-run and long-run strategies that major Asian carriers and governments can follow in order to deal effectively with the US open skies initiatives.

HISTORY OF INTERNATIONAL AIR SERVICES REGULATION

History of bilateral system

Prior to World War II, U.S. airlines negotiated directly with foreign governments for the rights to serve foreign territories. Although the State Department sometimes assisted U.S. airlines, only in 1943 did the U.S. government begin to assume responsibility for air service negotiations (Taneja, 1976, p.258). After WW- II, the U.S. emerged as just about the only nation in the world who could successfully launch commercial scale international airline services. The U.S. had aircraft, technology, trained personnel and financial ability while the war had devastated the European countries and Japan. At the 1944 Chicago Convention on International Civil Aviation, the United States pressed for an open, multilateral regime for postwar international air services. This U.S. intent was consistent with its national interest. The Convention failed to produce a multilateral agreement on commercial air transport rights for international air transport services. Since then, all commercial aspects of international air transport matters have been governed by bilateral air treaties between the countries involved. The US and UK signed the first bilateral agreement in 1946, known as “Bermuda I”, which has provided a framework for other bilaterals to follow (Kasper, 1988, p.5).

The Chicago Convention also set up the International Civil Aviation Organization (ICAO), an inter-governmental agency which provides a forum for discussion of key aviation issues and the basis for world-wide coordination of technical and operational standards and practices. Acting as a counterweight to ICAO, IATA was established in 1945 to represent the interest of airlines, and is involved in technical and commercial aspects of aviation. IATA served as an effective industry cartel for a long time.

Bermuda I was a fairly liberal agreement in that it included no capacity limit on 3rd/4th freedoms, multiple carrier designations, and substantial 5th freedom rights. However, thirty years later in 1976, the UK gave notice of termination of Bermuda I, claiming that under the terms of the treaty, the US carriers had a disproportionate share of traffic. The US was forced to sign Bermuda II agreement in 1977 which accommodates British demands to virtually eliminate multiple carrier designations, limit capacity supplied, and give up some of US carriers’ “beyond rights” to carry traffic between Britain and other countries. It was a devastating policy setback for the US (Toh, 1997).

Bilateral agreements typically regulate carrier and route designations, capacity and frequency of services, pricing, and other commercial aspects of doing business. Bilateral agreements are based on the principle of reciprocity, an equal and fair exchange of rights between countries very different in size and with airlines of varied strength. Bilateral agreements vary in form, but they generally specify services and routes to be operated between the two countries, designate airlines and capacity to be provided by each airline, stipulate fare setting mechanisms, and specify conditions under which passengers may be taken or picked up in each country and flown to third countries (fifth freedom rights). There is, at present, an extensive network of bilateral agreements. Each international airline faces a complex web of bilateral air services agreements signed by its home state. The existence of these bilateral agreements has greatly constrained the freedom of individual scheduled airlines, and limited competition in the international air transport industry (Oum and Yu, 1998, ch.3).

Towards competitive system - US initiatives

The deregulation of the U.S. domestic air transport markets in 1978 has demonstrated the advantages of competitive airline system. On international air services, Carter Administration launched the pro-competitive policy by signing the Presidential Statement on International Air Transport Negotiations in August 1978. The underlying philosophy of the policy, which became the main trust of the International Air Transport Competition Act of 1979 (United States, Public Law 96-192, 1980, 94 STAT. 34), IATCA, was that "maximum consumer benefits can best be achieved through the preservation and extension of competition between airlines in a fair market place". This broad aim was to be achieved through renegotiation of bilateral air services agreements (Dresner and Tretheway, 1987). A series of crucial bilateral negotiations were thus conducted over the period 1977-82, resulting in the liberal bilateral agreements signed between the United States and 23 countries including the Netherlands, Germany, Belgium, Israel, Singapore, Thailand, Korea, and the Philippines (Haanappel, 1983). The effect of these liberal bilaterals was dramatic expansion of the number of airlines operating, the total scheduled capacity offered in those markets, and the number of US gateway points with direct services to European or Asian destinations.

The new US aviation policy also directly affected IATA's price-setting activities. In June 1978, the US Civil Aeronautics Board (CAB) issued an order requiring IATA and associated parties to show cause why CAB should not withdraw its approval of, and consequently anti-trust exemption for, IATA's Traffic Conferences and other related agreements (United States, Civil Aeronautics Board, Order 78-6-78, June 12, 1978.). Without exemption from anti-trust legislation, airlines participating in pricing agreements would risk being taken to U.S. court when flying to the United States. The immediate short-term effect of the Show Cause Order was the withdrawal of all US airlines from IATA membership. Over 40 percent of IATA member airlines' international traffic was to and from the United States, so the potential threat to IATA was considerable. Although the Show Cause Order was subsequently abandoned amidst protests from governments worldwide, it undoubtedly seriously undermined IATA's influence in the industry.

In March 1992, the United States offered to negotiate transborder "open skies" agreements with all European countries. The first US "open skies" deal was signed in September 1992 between the U.S. and the Netherlands. In February 1995, US and Canada signed an open skies agreement with a three year phase-in provision. In May 1995, open skies agreements were signed between the United States and 9 European countries including Switzerland, Sweden, Norway, Luxembourg, Iceland, Finland, Denmark, Belgium, and Austria. According to Air Transport Association of America (1995), the United States signed new liberal agreements or amendments with 16 countries in 1995. One year later, an open skies agreement was signed between the U.S. and Germany (Kayal, 1997). The U.S. also signed a phased open skies agreement with the Czech Republic in December 1995, the first such pact with a former Eastern bloc country. Talks between the US and UK over an "open skies" accord are underway as a prerequisite for approval of the proposed BA-AA alliance. The United States has made open skies a condition for approving codeshare alliances. In all, about 40% of Europe-US traffic flies under open skies (Hill, 1997).

Following the successes in Europe, the U.S. started to shift the focus of its international aviation policy to Asia. The U.S. Open Skies initiative in Asia was announced in summer 1996, and by April, 1997, Singapore became the first country in Asia to sign an open skies agreement. During the 1997, Brunei, Malaysia, Taiwan and New Zealand have also agreed on open skies accords with the United States (US DOT News 91-97).

Towards competitive system - European initiatives

The European Union has been active in deregulating its internal market through the adoption of the three packages for liberalization (Tretheway, 1991, and Marin, 1995). From April, 1997, the EU created a

single aviation market similar to the US domestic market. Any EU-registered carrier has the right to run domestic services within any of the EU's 15 member countries, as well as in Norway and Iceland. The single European aviation market thus became the world's largest single aviation market with more than 370 million potential passengers. National ownership rules have been replaced by EU ownership criteria. Airlines have been given freedom to set fares, with safeguards against predatory pricing through competition rules.

So far, these changes do not apply to extra-EU agreements. Negotiation on foreign carriers' access to EU member states presently remains with individual members of the community. Many of its Member States have been pursuing liberal bilateral air services agreements with non-EU states, including "Open Skies" agreements with the US (Button, 1997). However, the European Commission opposes independent negotiation by individual states, and is making efforts to negotiate air treaties on behalf of member states as a bloc. The EU transport ministers recently decided to authorize the Commission to negotiate a multilateral aviation agreement with the United States (Barnard, 1996). The Commission is promoting a deal with the United States as a model for EU-wide accords with third countries.

BILATERAL AND MULTILATERAL APPROACHES FOR LIBERALIZATION

Flaws in current bilateral process and proposed solutions

In many countries, flag carriers are allowed to influence bilateral negotiation process. This is especially true when a country has only one airline. Carrier interests are bound to dominate the bilateral negotiation process while consumer interests tend to take a back seat. In this environment, although consumers gain, governments would not agree to increase competition unless their flag carriers can also win. This definitely is one of the reasons why the countries with competitive carriers are pro-liberalization while other countries oppose liberalization. This bilateral process is, therefore, unworkable unless liberalization offers win-win situation to the carriers of both countries involved. It is inherently flawed because increased competition usually makes some players to win and some to lose.

In order to make the bilateral process to work, aviation should be included in the negotiations for the broader goods and services trade. This would offer a better chance for striking a compromise between countries. This would allow the theory of comparative advantage takes its course in determining winning industries of each country. It is arguable that the European countries were able to form a single European air services market because the aviation was included as a part of the whole economic integration among the EU member states. It was possible to agree on a single aviation market despite the fact that some countries will eventually lose their airlines and much of the associated employment base.

There are two additional ways to improve the bilateral air negotiation process. First, as countries deregulate their domestic markets, new entrants will emerge. Sooner or later, some of these new entrants will be allowed to enter international markets. This will tend to reduce the influence of flag carriers in the bilateral negotiation process as the governments need to deal with conflicting interests between the competing carriers, and it needs to be seen to play fair to the multiple carriers. There is also a strong empirical evidence that countries with multiple carriers make efforts to increase competition via multiple designation of carriers. In addition, deregulation of domestic airline markets has positive effects for increasing competition in international markets. Secondly, economic advancement tends to enhance consumer power and encourage consumer movement. This will likely add to the weight for consumer benefits of increasing competition relative to the weight given to the carrier interests.

Multilateral approach

There is no obvious reason why international aviation matters should be handled any differently from other international trade matters. Especially, telecommunications services have been included in the General Agreement on Trade in Services (GATS) framework. Multilateral fora give better chances for liberalization on a regional or global scale. Eventually, international air transport matters should move towards multilateral fora which can strike package deals among participating countries. It is nearly impossible for countries to agree on a multilateral liberalization package on air transport without the opportunities to tradeoff with other sectors of economy. Therefore, ICAO would not be an effective forum to discuss liberalization of air transport because liberalization of air transport will always create winners and losers. WTO, APEC and/or ASEAN stand a better chance of liberalizing air services along with other goods and services because most countries will be able to find some winning industries.

LESSONS FROM THE SUCCESS OF THE US-CANADA OPEN SKIES AGREEMENT

Until WTO and/or APEC become an effective multilateral fora to negotiate air services liberalization, the aviation industry is stuck with bilateral air treaty process. Liberalization between like-minded countries are probably the only option in the short run. In this case, US-Canada open skies agreement signed in February, 1995, serves as a successful example with some useful lessons.

Prior to February 1995, the US and Canada had one of the most restrictive bilateral air services agreements although they share the largest bilateral air services market in the world. Experts agreed that, in the event of an open skies agreement, Canadian carriers would be structurally disadvantaged as compared to the major US carriers. Canada's fear was based on the following reasons. First, US carriers have well developed continental services network supported by large population and strong and defensible hubs. Second, since the majority of transborder travelers originate from or destined to eight major cities in Canada, the US carriers would be able to reach over 80% of Canadian transborder market cost effectively by extending their spokes to these Canadian cities from their US hubs. Third, Canadian carriers may not be able to access landing slots, gates and counters at some congested U.S. airports, so they may not be able to initiate new services or provide high frequency services.

Although there were disagreements on the extent of these problems, both sides agreed that these problems existed. In order to remedy the situation and create a level playing field, the two countries agreed on the following measures. First, US carriers' entry into major Canadian markets were to be phased in over a two-year period in Montreal and Vancouver, and over a three-year period in Toronto, while allowing Canadian carriers into the US market from day 1 without any limitation. Second, the U.S. guaranteed that Canadian carriers get some additional airport slots and gate spaces at the congested US airports such as Chicago and LaGuardia in New York.

In addition to these efforts to create the level playing field, there were several important factors which helped conclude the open skies agreement. First, both of the two major Canadian carriers (Air Canada and Canadian Airlines International) had alliance relationship with at least one major US carriers. Air Canada had the alliance with United (it also had a 28.5% ownership of Continental), while Canadian had an equity alliance with American Airlines (American owns 33% equity shares of Canadian) (Oum and Park, 1997). These alliance relationships reduced some fear of Canadian carriers. Second, shortly before the open skies agreement with the U.S., Canada transferred the operating rights of four major airports (Vancouver, Montreal, Edmonton, Calgary) to the local airport authorities. These airport authorities representing the local business interests played an important role in lobbying vigorously for the open skies agreement. Third, the negotiation on the open skies air services was conducted taking into account the overall economic and political relationships between the two countries. These other relationships were taken into account indirectly because President Clinton and Prime Minister Chretien

appointed their respective special negotiators. At this high level of negotiation, other economic and political factors could play an important role at least indirectly.

The three-year anniversary report on US-Canada open skies agreement, published by the US DOT (1998), indicates that Air Canada has done outstandingly well and Canadian has also done very well during the last three years. The total US-Canada transborder passenger traffic has increased by 37.2% (12.1 million to 16.6 million). The most important lesson learnt from the US-Canada open skies agreement is that it is possible to create level playing field even if the flag carriers of the two countries are not equally competitive. For example, if airlines in China feel insecure about liberalization of bilateral agreement with, say, Korea. Koreans may be able to offer significant concessions such as doing codesharing alliance with the Chinese flag carriers via which they can pool traffic and/or revenue. Even though these measures may be construed as an anti-competitive behavior in western industrialized countries, the opening up of Chinese aviation market itself increases competition and thus benefit air travelers.

CHALLENGES POSED BY THE U.S. OPEN SKIES INITIATIVES ON ASIAN CARRIERS AND GOVERNMENTS

The US Open Skies initiatives

The U.S. government announced its Open Skies initiative in Asia in summer 1996. In January 1997, Singapore became the first country in Asia to sign an open skies agreement with the United States. Since then the U.S. government has accomplished open skies air service agreements (ASAs) with Brunei (January, 1997), Taiwan (February, 1997) (US DOT News 48-97), Malaysia (June, 1997), and New Zealand. Similar agreements were signed with six Central American Countries during the same month (US DOT News 82-97). Most of these agreements allow airlines from both countries fly between any point in the U.S. and any point in that country with no restrictions on capacity or frequency. The agreements also provide unlimited beyond traffic (5th freedom) rights to both countries' carriers. In addition, at least the agreements between the U.S. and Singapore and Brunei includes Seventh Freedom traffic rights on cargo (hubbing rights in foreign territory). The latter provision is intended to help Federal Express and UPS to set up mini-hubs in Asia.

The U.S. government has started to work on other countries including (South) Korea and Thailand. In particular, the U.S. was seeking change of gauge rights (change of aircraft size) as a very important element for doing Open Skies agreement with Korea. The main reason is that the U.S. carriers who already have extensive 5th freedom rights in Korea wish to operate small aircraft on their intra-Asia routes to/from Seoul while taking advantage of economies of larger aircraft size in transpacific markets. On the other hand, the Korean side was concerned about "past imbalance" in the US-Korea ASA and was very reluctant to allow the change of gauge. The US and Korea has since signed the open skies agreement which allows the change of gauge rights to the U.S. carriers. Korea will also need to worry about potential retaliation by Japan if Korea allows US carriers the change-of-gauge rights. This is because U.S. carriers would be able to take away a significant portion of the Japan's international travellers from the struggling Japanese carriers, and route them via Seoul.

Mr. Mark Gerchick, Deputy Assistant Secretary of State for Transportation, said in his interview published in *Orient Aviation* (June/July, 1997 issue) that the U.S. government approach to Asia does not include a strategy of "divide and conquer", designed to pressure the toughest target of all, Japan, into U.S. liberalization demands. Despite his denial, the progress in Asia parallels the U.S. approach in Europe, where a series of open skies treaties with "soft targets" eventually led Germany into signing a deal. The U.S. is now working on the U.K. and France. In Asia, it appears that Washington's strategy

includes forcing Japan to liberalize. Of course, in this approach Korea holds a key to the U.S. policy given its proximity to Japan and somewhat liberal attitude on international air transportation matters. Although Japan signed a fairly liberalized agreement with the U.S. in January 1998, it has not changed Japan's basic stands of regarding the bilateral with the U.S. as being 'unfair' and 'unbalanced'. In the new four-year deal, Japan recognizes the unlimited beyond rights to the three U.S. carriers (United, Northwest and Federal Express). It also allows All Nippon Airways increased access to a number of U.S. cities in exchange for increasing opportunities for the U.S. MOU (Memorandum of Understanding) carriers on 3rd/4th freedom markets between the two countries. The new US policy toward Asia has shifted away from focussing directly on Japan to working with the rest of Asian countries because successes with other Asian countries will later pressure Japan to sign a truly open skies bilateral.

Undoubtedly, the U.S. government will have open skies or nearly open skies treaties with a number of Asian countries within a few years. Since many of these open skies agreements may include extensive fifth freedom and some seventh freedom rights (hubbing or change of gauge rights), U.S. carriers may be in a position to set up intra-Asian services more freely than most Asian carriers can. This can happen because bilateral agreements between Asian countries have quite restrictive 3rd/4th freedom traffic rights. For example, most of intra-Asian ASAs apply the "equal benefits" principle for determining capacity and frequency of services while the U.S. carriers could have complete freedom to set their flight frequency and prices in the same markets. Because the potential negative consequences of such an anomaly has caused enough worry to some countries, the ASEAN transport ministers have established a group to study this problem and to develop a competitive air services policy as a prelude to an eventual open skies regime in ASEAN.

Dismantling restrictive Intra-Asian bilateral agreements

Although the US has open skies agreements with many European countries, the EU countries can deal with the situation without much difficulty because they formed a single unified aviation market from April, 1997. In other words, European carriers would enjoy more freedom in the intra-European markets than any US carriers. However, the situation could get serious in Asia if US carriers start to take full advantage of the open skies agreements in Asia, and set up efficient intra-Asian network. The Asian carriers would not be able to compete effectively with the US carriers in their own continent because what they can do is limited by the restrictive bilateral agreements with their Asian neighbors. They will need to persuade their governments to dismantle those restrictive bilaterals.. Therefore, if enough number of Asian countries sign open skies agreement with the US, this would lead to a situation where the restrictive bilaterals between Asian countries will need to be dismantled wholesale.

STRATEGIES FOR ASIAN CARRIERS AND GOVERNMENTS

Intra-Asian open skies first

Ideally, open skies should occur first among the Asian countries, and then, with countries outside of Asia. Creation of the open skies continental air transport market is in the interest of Asian carriers and consumers. Although, open competition may lead to failure of some carriers and changes in the industry structure and carrier networks, such a pro-competitive policy will help Asian carriers in several ways. First, it will allow the Asian carriers to compete effectively with the US carriers in their back yard. Second, it will allow major Asian carriers to set up an efficient multiple hub network covering the entire Asian continent effectively. Since none of the Asian airlines has effective coverage of entire Asian markets, a U.S. or European carrier seeking partners in Asia aligns with more than one competing Asian carriers. Therefore, they will be able to play one Asian carrier against another in order to extract better

alliance conditions. Intra-Asia open skies will help put Asian carriers in equal status as the US and European mega carriers in forming global alliance service networks (Oum, 1997). Third, Asian carriers based in the countries where input costs are rising fast would be able to shift their significant cost bases including employment to the countries which enjoys low input costs. This will lengthen the period in which the Asian carriers can enjoy unit cost advantage vis-a-vis US and European carriers.

Practical measures

Since it is impossible to achieve consensus among all Asian carriers and governments, liberalization among like-minded countries should be negotiated first. This would demonstrate benefits of liberalized air transport regime as well as illuminate the threat of traffic diversion from the protective countries. From the earlier discussions, the following measures may be fruitfully applied for liberalization within Asia.

Linking air bilateral with the negotiation on goods and services trade issues

As discussed previously, this increases opportunity for compromise because each country may find some winning industries. This may require a significant change in institutional structure of governments involved. Currently, in most countries the Ministry of Transport personnel are the main people who control negotiation process for air bilaterals. This should be changed accordingly if trade-offs between air transport and other goods and services trade matters are to be made.

Compensating for differential competitiveness of carriers

If carriers in a certain country are less efficient or structurally disadvantaged than other countries' carriers, it may be desirable to devise a method of compensating those carriers. This is important especially when dealing with China and India because their flag carriers are not competitive. For example, Chinese carriers are less competitive than other major Asian carriers such as Singapore or Korean Air. It is possible for Singapore or Korea Air to compensate the Chinese carriers in such a way that the benefits from the liberalized markets be shared nearly equally with Chinese carriers. Another way of compensating the disadvantaged carriers is to adopt some safeguard measures to protect those carriers for some time. For example, when the US-Canada Open Skies agreement was signed, the U.S. carriers were allowed in the three major Canadian cities only on a gradual basis (3-year phase-in) while Canadian carriers were allowed in the US market unlimited from Day 1.

Setting a time table for achieving open skies

It is helpful to set a specific time schedule for liberalization and eventually achieving open skies even though the dates may be far into the future. This helps prepare both the carriers and governments for the eventual open skies.

Liberalize easier items first

It is easier to liberalize the following items first.

- Relaxing foreign ownership limit on the second level flag carriers
- Relaxing charter and freight services.
- Relaxing scheduled services to and from secondary and local airports
- Relaxing third and fourth freedom schedule services rights
- Move towards multiple designation of carriers

SUMMARY AND CONCLUSIONS

The U.S. open skies initiatives targeted towards Asian countries appear to have two clear objectives. First, it recognizes direct benefits for the U.S. carriers of having open skies agreements with Asian economies whose aviation markets are expected to grow very rapidly in the future. Second, despite the U.S. denial, the U.S. strategy appears to include a “divide and conquer” strategy for forcing Japan to the open skies regime. Despite Japan’s repeated threat to repeal its “unbalanced” 1952 Air Services Agreement with the U.S., it is not possible for Japan to take that course of action because of its fear of U.S. retaliation in the areas of general goods and services trade. Given the fact that Japanese international carriers are not cost competitive relative to the U.S. or other Asian carriers, the rational policy for Japan is to postpone the US-led open skies initiatives as long as possible. In addition, it is premature for either the Chinese government or Chinese carriers to even consider open skies with the U.S. This leaves some breathing room for Japan to fend off the threat of the U.S. open skies initiatives in the region.

Unlike the U.S. or European carriers, none of the Asian carriers has efficient traffic collection and distribution network covering the entire Asian continent effectively. Essentially, each Asian airline has a fairly extensive network to and from its own capital city, but does not have any hubs in other parts of Asia. Therefore, major US or European carriers looking for Asian alliance partners have an incentive to align with more than one Asian carrier. Since these Asian carriers are mutual competitors in Asian market, they are at disadvantage in joining a global alliance network such as STAR Alliance. When two or more Asian carriers join a global alliance network, other senior partners in the global alliance network may be in a position to play one against another Asian carriers and thereby extract better conditions for alliance.

The recent U.S. open skies initiatives directed to Asian countries pose a major threat to Asian carriers. The U.S. wishes to negotiate for unlimited freedom for setting up hubs (star-burst operations) in Asian countries so that the U.S. carriers can provide high frequency services using smaller aircraft in the intra-Asian markets while enjoying economies of larger aircraft in the trans-Pacific routes. Since most Asian countries already have far more liberal bilateral agreements with the U.S. than among themselves, if one or two countries situated in strategic locations in Asia (such as Korea, Taiwan and Hong Kong) agrees to give unlimited seventh freedom rights or change of gauge rights to the U.S. then this will lead to dismantling of the system of restrictive bilateral agreements among Asian countries. This would happen because Asian carriers would be far more constrained in their own intra-Asian markets than the U.S. carriers. Most bilaterals between Asian countries have restrictions on seat capacity and/or frequency and pricing even on the third/fourth freedom traffic.

Therefore, it is better for Asian countries to create open skies bloc (or substantially more liberalized air transport region) before allowing the U.S. carriers to do hub (or star burst) operations in Asia. This will induce the major Asian carriers to set up an efficient multiple hub airline network covering the entire continent. This will also enhance their status in global alliance networks. In addition, this would allow the Asian carriers based in the countries where input costs are rising fast to shift their significant cost bases to the countries which enjoy low input costs. This will help prolong the period in which Asian carriers will have unit cost advantage vis-a-vis the U.S. or European carriers.

Since it is impossible to achieve consensus among all Asian carriers and governments, liberalization among like-minded countries should be negotiated first. The following measures may be fruitfully applied for liberalization within Asia.

- Linking air bilateral with the negotiation on goods and services trade issues.

- Attempt to compensate the losses to the carriers' in developing countries who are expected to be disadvantaged in an open skies environment and/or to build in temporary safeguards for protecting those carriers.
- Setting future timetable for achieving open skies to get carriers and governments prepare for the eventual open skies.
- Liberalize easier items first such as freight, charter, services to/from secondary airports, foreign ownership of secondary carriers, etc.

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