

and which have become entrenched in the complex system of bilaterals which has evolved ever since.

The Bermuda formula introduced capacity regulation through the adoption of post facto reviews of traffic, the requirement for fair and equal opportunity, unilateral designation of carriers by each country, and a system of precise route definition. In addition, the agreement established a model for determining rates and fares, which was carried out through the IATA rate setting mechanism. The agreement did much to legitimize and entrench the IATA rate setting function during the 1946-77 period.

IATA. Because of the emergence of a complex system of 2000 bilateral air services agreements, an informal practice emerged with an international multi-carrier body, the International Air Transport Association (IATA), to provide reference fare levels for application on all international routes. This association of carriers, which had loosely formed the International Air *Traffic* Association in 1919, was formalized in 1945 through its Articles of Association, producing the IATA we currently know: the International Air *Transport* Association. It is a private international organization, much like a trade association, made up of the world's airlines. Initially only scheduled international carriers were represented, but over time nonscheduled carriers and domestic carriers were allowed.

IATA has made significant advances in standardizing approaches to the conduct of air transportation, notably in matters of security, technical development and data collection. Invariably IATA is thought of in connection with the role it has played in the determination of international rates and fares.