

This is an introduction to a large subject. It is also complex and rather technical but fascinating. The Community's air transport policy and its impact on bilateral air services agreements cannot be considered in the abstract. It must be seen in the broader context of the movement towards deregulation of air transport which started in the USA in 1978. This movement is spreading world-wide. The greater play of market forces has led to increased competition, new products, cheaper fares and an exponential increase in air travel. The development of computer reservation systems and frequent flyer programmes are all part of the progress of deregulation. Globalization — trans-national alliances, mergers and agreements between and among airlines — may be seen as the logical extension of market-driven deregulation world-wide towards "open skies" and the market determination of fares, routes, capacity and ownership and management of airlines.

The development of the Community's air transport policy in turn may be seen as part of the movement of deregulation — liberalization of national rules and of intra-community air agreements within an internal market in process of integration.

In their different and separate ways, each with its own dynamic, these developments impinge on and challenge the concept and role of national sovereignty over air space and the national ownership and designation of airlines, as well as the regulation of fares, capacity and routes. These have been the fundamental underpinnings of bilateral air agreements which have