

concerted practices will not likely require legal changes to bilateral agreements. In economic terms, there would be little or no impact, as the majority of these agreements provide for a single disapproval (or double approval) regime on third- and fourth-freedom services. On fifth-freedom services within the Community, Member States are required to remove at the earliest opportunity "incompatibilities" in bilateral agreements with the Regulation, but pending such removal, the existing provisions in these agreements will stand. This would afford Member states the option to bring the bilateral tariff provisions on fifth-freedom services into line with the flexible zonal system in the Community, if Community carriers were constrained by a single disapproval regime or by restricted matching provisions. Prospects are, however, that Community carriers would prefer to retain price flexibility for themselves as possible protection against third country carrier competition. There will be certain economic effects for third country carriers in respect of third- and fourth-freedom services and fifth-freedom services within the Community. The open third- and fourth-freedom services within the Community and the ability to combine points as well as fifth-freedom points should enable Community carriers to develop and mobilize an even more efficient sixth-freedom network — or an enlarged domestic market — to supplement local passengers and enhance the payload on their international routes. Additionally, Community carriers can provide same plane service to points beyond the gateway in the Community. Canadian carriers are likely to be particularly exposed to intensified sixth-freedom operations by Community carriers because Canada's population base