

**Pro-Competitive Regulatory Reforms
in the EC Air Travel Sector**

Measures Adopted	Implications	Date of Implementation
Cost-based fare approval	Member States are required to base their approval of air fares on the costs of the relevant airline.	November 1, 1990
Automatic Fare Zone System	Carriers authorized to serve routes between Member States will be able to adjust fares within predetermined discount zones. The extent of discount that may be offered varies according to the nature of the service being provided.*	To be fully implemented by November 1, 1990; will remain in effect until December 31, 1992.
Relaxation of Capacity Sharing Restrictions	Carriers authorized by a Member State to serve a route will not, with certain exceptions, be prevented from increasing their capacity share by 7.5% or less per season. Capacity sharing restrictions are to be abolished.	November 1, 1990 Scheduled for implementation before January 1, 1993
Multiple Designation of Carriers on Routes	Member States will be able to unilaterally designate more than one carrier on Major European city-pair routes (i.e. routes having more than 100,000 passengers or 600 return flights per year).	To be fully phased in by January 1, 1992
Limited Fifth Freedom Rights	Community-based airlines will be able to devote up to 50 percent of their capacity to routes on which they can pick-up and drop-off passengers at three destinations in different Member States.	To be fully implemented by November 1, 1990

Sources: See Council Regulations (EEC) No 2342/90 and No 2343/90 of July 24, 1990 superseding Council Directives (EEC) No 87/601 and 87/602 of December 14, 1987.

*There are three fare zones allowing for discounts of up to 70%. These discounts are permitted, however, only if certain conditions are met relating to return travel, advance booking, length of stay, age of passengers and other characteristics of the travel being provided.