

Routes: This may prove the most difficult and complex issue. A clear definition will be required as to what routes constitute third- and fourth- and fifth-freedoms. This will help determine how acquired rights can be maintained. Additionally, will the Community become a cabotage area for third countries? If so, there is the issue of fifth-freedom traffic rights. The Commission has stated in its February 1990 Communication that third country fifth-freedom traffic rights under existing bilateral agreements with Member States will be safeguarded, but that the Community will want to redress its perceived imbalance in better reciprocity, i.e. "you may retain your fifth-freedom rights and exercise them as cabotage, but you owe us!" Third countries, such as Canada, would maintain that these rights have already been bought and paid for, and the value added by conversion to cabotage remains to be seen. Where there may be real value added however, is in the complementary operation of services by third country carriers between points in a Member State, i.e. the extension to third countries of cabotage rights to be exchanged between Member States in 1993. If prospects are for a liberalized Community market for third country carriers, there will be a need for a change of aircraft provision for increased fifth-freedom (or cabotage) operations.

Signature and Entry into Force: Who will sign the Agreement? The twelve Member States plus or minus the Commission?