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MIT's Global Airline Industry Program Releases White Paper on International Airline Liberalization

"Open Skies" Policies Could Transform Global Airline Industry

The MIT Global Airline Industry Program announces the release of a white paper entitled, *Framing the Discussion on Regulatory Liberalization: A Stakeholder Analysis of Open Skies, Ownership and Control*. This paper addresses airline ownership issues that will be the focus of the upcoming negotiations between the US and the European Union (EU). US and EU negotiators are about to begin work on Phase II of a liberalization agreement that targets the current restrictions on foreign ownership limits of airlines as part of a fully liberalized air services agreement.

Alex Cosmas, the principal author of the paper, interviewed the numerous stakeholders affected by what promises to be a debate that can reshape the industry, including communities, governments, labor unions, airlines and airports. The research explores the opportunities and costs of an open skies agreement that could unleash a new era of international competition in the airline industry. The findings suggest that US and global carriers can ultimately benefit from agreements that allow unprecedented access to foreign air transportation markets: "Regulatory liberalization will allow U.S. carriers to retire debt, consolidate services, and to enhance their competitive position globally," Cosmas writes.

Mr. Cosmas is a graduate student and Department of Defense Fellow in the Department of Aeronautics and Astronautics, working under the supervision of Dr. Peter Belobaba, Program Manager, and William Swelbar, Research Engineer with MIT's International Center for Air Transportation. Swelbar says, "With the US airline industry already experiencing re-structuring, these negotiations hold promise for an industry in need of fundamental transformation".

The paper is available in electronic form on the MIT Global Airline Industry web site, web.mit.edu/airlines.