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Air Transport Deregulation in the EU:
Study from the Europeanization Perspective

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Over the last 20 years there has been a revolution in the economic and regulatory landscape of air transport in Europe.[2] (J. Barrot, Vice-President of the European Commission, with responsibility for Transport)

Introduction

European aviation markets were traditionally protected, fragmented and highly regulated by states. Hitherto, the content of regulation varies in different periods and among European states.

However, that situation was to change in order to create a single market for air transportation in the mid-1980s. The European Union (EU)[3] liberalised the air transport sector in three stages, which are

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[2] Directorate-General (D-G) for Energy and Transport, European Commission, *Flying together: EU Air Transport Policy*, Office for Official Publications of the European Communities, 2007, p.1.

[3] The term EU is new compared to the term previously used such as European Communities (EC). Though the EU has replaced the EC since the bringing into the effect of the Maastricht Treaty (1993), this paper uses the EU as an integrated

known as the first, second, and third packages. In April 1997, about fifty years after the entry into force of the Chicago Convention[4], the EU completed a regional integration of the common airspace of its member states into a single aviation market. The single market was subsequently extended to neighbouring countries, such as Iceland, Norway, and Switzerland.

The aim of this paper is to examine the governance transformation of the EU by assessing past trends including deregulation in the EU air transport policy. This study begins by looking at the role that the air transport sector plays in European integration. The reason why this paper concentrates on the sector is that air transport policy has tended in the past to have been politically neglected. Air transport has not only been the subject of major economic regulatory reforms but also the theme of political dynamics. Therefore, in this paper the author tries to shed light on the air transport sector in the view of political approach.

Before the discussion of the situation, the nature of air transport policy should be clarified: European air transport policy is firstly a part of EU regulatory mode, and secondly a category of 'negative integration'[5].

Wallace (2005) identifies the five policy processes of the EU, a classical Community method, the EU regulatory mode, an EU distributional mode, the policy coordination mode and intensive transgovernmentalism.[6] Air transport policy would be included in Wallace's category of the EU regulatory mode. This type of categorization is similar to Majone's regulatory policies.[7]

The air transport policy is also seen as a part of 'negative integration.' Though air transport is originally categorized as a pattern of European 'negative' integration, recent developments at the EU air transport policy show a trend toward 'positive' integration: reregulation. In this paper the author outlines the growing role of the regulatory power of the EU in the following chapters.

In order to analyse air transport deregulation in the EU, there is a need to clarify what deregulation means when applied to the air transport policy. Although there is much variety in the literature regarding the meaning of deregulation, the author shall follow Brown's (1987) definition of deregulation in commercial aviation as the simultaneous termination of a regulatory instrument and adoption of a nonregulatory form of intervention.[8] In addition, he added the meaning of deregulation as it is both an end and a beginning. By using this definition, in this paper there is discussion regarding what is an end and what is a beginning through the experiences of the European Common Air Transport policy.

The first chapter of this paper contains a review of the literature on governance and Europeanization approaches towards air transport policy studies. The second chapter is an evaluation of the air transport deregulation and reregulation of the EU. The third chapter focuses on its analytical description of the transformation of the European governance in the field of air transport policy. Finally, general conclusions about the impact of the European air transport deregulation are presented along with a discussion of the processes of Europeanization.

term for the reason of simplicity.

[4] The Chicago Convention means the international meeting in 1944 that established the framework for international agreements in the field of civil air transport.

[5] Scharpf posits that 'negative integration' means measures increasing market integration by eliminating national restraints on trade and distortions of competition. See Scharpf, F.W., "Negative and Positive Integration in the Political Economy of European Welfare States" in Marks, G., Scharpf, F.W., Schmitter, P.C. and Streeck, W., *Governance in the European Union*, Sage Publications, 1996, pp.15-39.

[6] Wallace, H., "An Institutional Anatomy and Five Policy Modes" in Wallace, H., Wallace, W. and Pollack, M.A. (eds.), *Policy-Making in the European Union*, 5th edition, Oxford University Press, 2005, pp.49-90.

[7] Majone, G., "The European Community between Social Policy and Social Regulation," *Journal of Common Market Studies*, Vol.32, No.2, 1993, pp.153-170.

[8] Brown, A.E., *The Politics of Airline Deregulation*, The University of Tennessee Press, 1987, pp.27-28.

1. State of the art

Background and objectives of this study

There are several different accepted approaches to air transport studies. Such approaches contain regime analysis, governance approaches and an Europeanization perspective.

As an example of the regime approach in the air transport policy, Jönsson (1981) estimated the politics of international aviation by using the concept of an international regime.[9] Though an international regime was useful during the era of bilateral agreements at the beginning of 1980s, the changes actually occurred after that period. Jönsson does not tell the whole story by using the regime theory.

After the regime description, governance approaches have emerged. EU air transport governance is well understood as part of 'single market governance' (Armstrong and Bulmer) or as an example of 'supranational governance' (Stone Sweet and Sandholtz). Armstrong and Bulmer (1998) show the air transport case study as an example of 'single market governance' by advancing an institutional approach. This is the research of `rule-making' in the Single European Market.

Stone Sweet and Sandholtz (1996) tried to theorise and assess the institutionalization of the European Community. They propose a theory of European Integration, focusing on the process through which supranational governance has developed.[10] By governance, Stone Sweet, Fligstein and Sandholtz (2001) posit the authority to make, interpret, and enforce rules in a given setting.[11] Regarding air transport liberalisation, Stone Sweet and Sandholtz posit that supranational organisations, in complicity with business and consumer groups, were gradually able to overcome the resistance of member-states' governments that has been hostile to deregulation.

By developing the governance approaches, the literature of the Europeanization is observed in terms of policies and politics. For example, Risse, Cowles and Caporaso (2001) define Europeanization as the emergence and development at the European level of distinct structures of governance.[12] From the Europeanization perspective, Kassim examines the impact of EU action on the content and dynamics of national policy making in the field of air transport policy.[13] As Leibfried and Wolf (2005) observe, Europeanization goes beyond simple liberalisation,[14] however, the Europeanization literature contains inconsistent definitions and lacks the benefit of several case studies. Further research would be necessary to clarify the scope of the Europeanization.

The analytical framework used in this paper is based on Risse, Cowles and Caporaso's Europeanization advanced through the institutional approach. The aim of this paper is to evaluate the Europeanization of the European air transport policy through the experiences of its dere-

[9] The institutional regime is defined as a "network of rules, norms, and procedures that regularize behavior and control its effects" in Keohane, R.O. and Nye, J.S., *Power and Interdependence*, Little Brown, 1972, p.19 and Haas, E.B., "Why collaborate? Issue-Linkage and International Regimes," *World Politics*, Vol.32, April 1980, p.358.

[10] Stone Sweet, A. and Sandholtz, W., "Integration, Supranational Governance, and the Institutionalization of the European Policy," in Sandholtz, W. and Stone Sweet, A. (eds.), *European Integration and Supranational Governance*, Oxford University Press, 1998, p.1.

[11] Stone Sweet, A., Fligstein, N. and Sandholtz, W., "The Institutionalization of European Space" in Stone Sweet, A., Sandholtz, W. and Fligstein, N. (eds.), *The Institutionalization of Europe*, Oxford University Press, 2001.

[12] Risse, T., Cowles, M.G. and Caporaso, J., "Europeanization and Domestic Change: Introduction," in Cowles, M.G., Caporaso, J. and Risse, T. (eds.), *Transforming Europe: Europeanization and Domestic Change*, Cornell University Press, 2001, p.3.

[13] Kassim, H., "Air transport" in Kassim, H. and Menon, A. (eds.), *The European Union and National Industrial Policy*, Routledge, 1996, pp.106-131, and Kassim, H., *Air Transport and the European Union: Europeanisation and its Limits*, Palgrave Macmillan, 2009, forthcoming.

[14] Leibfried, S. and Wolf, D., "Europeanization and the Unraveling European Nation State: Dynamics and Feedback Effects," *European Foreign Affairs View*, Vol.10, 2005, p.480.

gulation and beyond. The first step is to identify the relevant Europeanization processes―formal and informal norms, rules, regulations, procedures, and practices―at the European level. The author will try to capture this by describing the rule systems at the EU level.

2. European air transport policy since late 1970s

2.1. American air transport deregulation and its impact upon Europe

While there has been a Common Transport Policy since the signing of the Rome Treaty in 1957, air transport was initially excluded from Common policies. The main internal competence for transport is laid down in Article 80[15] in the EEC treaty. Since Article 80 (2) leaves it to the discretion of the Council, the field of air transportation, as well as sea transportation, was left out of the agenda of the Community for a long time. European countries regulated their own domestic aviation and established a bilateral system of agreements, which evolved from the Chicago Convention of 1944. Within the EU, overlapping philosophies of economic regulation extended into the supply of aviation services and made the creation of a unified policy difficult.[16] Besides, the regulatory "patchwork"[17] created by the member-states of controls existed over such matters as market entry, fares, conditions of operations and air traffic management.

The problem was cost-performance of European airlines and structural strictness of the air transport market in Europe: the European airlines costs were much higher than American airlines, and there were strict regulations posed on fares, and market access. European airlines operated under a firm system of regulation―single airline designation, tight capacity agreements on market access, and IATA-fixed fares.[18]

The first deregulation in air transport emerged in the United States during the decade of the 1970s. In 1978, President Carter of the US signed the Airline Deregulation Act, which restricted the authority of the Civil Aeronautics Board (CAB) to regulate commercial aviation for the first time since 1938. When the American deregulation began, the impact upon the European situation was immediate with discount fares emerging, new carriers entering the market, and many services being offered. In this sense, changes came to EU air transport and it came in several ways. In 1978 when the US Congress adopted legislation to deregulate the American domestic air transport industry, a British study found productivity per staff member among US airlines to be nearly 50 per cent higher than in Europe. (See table 1)

Table 1 Staff productivity of US and European Airlines 1978

		Staff	Tonne Kilometers (millions)	Tonne Kilometers per staff member	Passengers per staff member	Staff per aircraft
Eastern	US	35899	4151	116000	1099	156
American	US	40134	5356	133000	762	158
TWA	US	36549	4786	131000	665	156
United	US	52065	7008	135000	657	156
Lufthansa	Europe	29400	3028	103000	460	320
Alitalia	Europe	17040	1586	93000	374	279
Pan American	US	26964	4899	182000	358	355
Air France	Europe	32173	3423	106000	333	314
KLM	Europe	17812	1957	110000	231	326
British Airways	Europe	54645	4213	77000	308	264

Source: House of Lords Select Committee on European Air Fares, 1981, pp.185-7, cited in Dienel, H-L., and Lyth, P.(eds), *Flying the Flag: European Commercial Air Transport since 1945*, Macmillan, 1998, p.8.

[15] This provision says:
(1) The provisions of this title shall apply to transport by rail, road and inland waterways.
(2) The Council may, acting by a qualified majority, decide whether, to what extent and by what procedure appropriate provisions may by laid down for sea and air transport.

[16] Button, K., "Deregulation and Liberalisation of European Air Transport Markets," *Innovation*, Vol.14, No.3, 2001, p.255.

[17] Héritier, H., "The Accommodation of Diversity in European-Policy-Making and its Outcomes: Regulatory Policy-Making as a Patchwork," *Journal of European Public Policy*, Vol.3, No.2, 1996, pp.149-167.

[18] The IATA （International Air Transport Association） controlled air fare system that had balanced high costs with high prices.

In view of this structural weakness, Armstrong and Bulmer presented nine European weak points (See figure 1): European air transport market was fragmented; several systems such as air fares were locked in bilateral basis; and European airlines were under the tight control by the states. The regulatory framework of the European air transport sector was quite different from that prevailing in the USA. In short, the European market was less competitive than American market even before 1978. It was understandable that the reaction of Europeans to American deregulation after 1978 was defensive against the trend of market liberalisation and greater competition.

Figure 1: European Structural Weakness

- Member states licensed airlines owned and controlled by their nationals.
- Member states licensed international air services bilaterally.
- Only one airline from each state was permitted to fly each international route.
- Capacity was usually split on as close to a 50/50 basis as the two airline fleets permitted.
- There was a 50/50 revenue split between the two airlines regardless of the pattern of revenue receipts.
- Fares were decided on a bilateral basis by the airlines, subject only to ratification by the national regulatory authorities.
- Normally, designated airlines were particularly or wholly under state ownership.
- State-owned airlines were in many cases in receipt of state subsidies of various types and/or had their operating losses written off.
- Bilateral agreements between states authorized non-scheduled flights catering for the tourist trade.

Source: Armstrong, K.A., and Bulmer, S.J., *The Governance of the Single European Market*, Manchester University Press, 1998, p.173.

In order to struggle with these difficulties, changes were needed on the European side. It was against this background, therefore, that a movement towards air transport liberalisation has indeed occurred at the

EU level. The European Communities Commission (Commission)[19] developed its plan of legislation to liberalise European air transport market. This programme culminated in three packages of air transport liberalisation, agreed in 1987, 1990 and 1992.

2.2. Three Packages: gradual liberalisation

The Commission issued a Civil Aviation Memorandum No.1 in 1979, setting out broad objectives for air transport policy. This memorandum produced a growing debate on air transport deregulation.

By 1984 the Commission had become more active toward the specific liberalisation proposals and announced Civil Aviation Memorandum No.2, which recommended further liberalisation measures.

The Nouvelles Frontières ruling of April 1986,[20] the entering into force of the Single European Act and action by the Commission together provided the changes in air transport policy. The Court of Justice (ECJ) concluded that the EC Competition laws were applicable on air transport in the Nouvelles Frontières case. In 1987, soon after the judgment, the Council of Ministers approved a first package of rules regarding air transport deregulation.

The phased introduction of air transport liberalisation was realized through three packages in total, progressively applicable from January 1st 1988, November 1st 1990, and January 1st 1993. The foci of the negotiation among EU institutions and member-states were first the application of the competitions rules to air transport, secondly the air fares liberalisation, and thirdly the market access. (See Figure 2, 3, and 4)

[19] The Commission consisted of 14 commissioners nominated by member-states but not represented by them and in regard to air transport policy, 2 commissioners (transport and competition) played an important role in policy-making.

[20] Joined Cases 209 to 213/84, Ministère public v Lucas Asjes and Others, Andrew Gray and Others, Andrew Gray and Others, Jacques Maillot and Others and Léo Ludwig and Others, *European Court Report (ECR),* 1986, pp.1425-1473. This judge was a cornerstone of the European regulation regarding the air fares.

Figure 2

Package I adopted 14th December 1987 (bringing effect since 1st January 1988)
- Council Regulation 3975/87 on the Application of the Competition Rules to Air Transport
- Council Regulation 3976/87 on the Application of the Treaty to certain categories of agreements and concerted practices
- Council Directive 601/87 on Air Fares
- Council Decision 602/87 on capacity sharing and market access

The first package's impact on the promotion of competition in the air transport was limited and the Commission started preparing the second liberalisation package to overcome the shortcomings. This effort led to the adoption of a new set of rules in 1990. The second package further liberalised the regulations of the previous package.

Figure 3

Package II adopted 24th July 1990 (bringing effect since 1st November 1990)
- Council Regulation 2343/90 on market access
- Council Regulation 2342/90 on air fares
- Council Regulation 2344/90 on the application of the treaty to certain categories of agreements and concerted practices

Finally, the third package was adopted in 1992, bringing the air liberalisation process to an end.

Figure 4

Package III adopted 23rd July 1992 (bringing effect since 1st January 1993)
- Council Regulation 2407/92 on licensing of air carriers
- Council Regulation 2408/92 on market access
- Council Regulation 2409/92 on fares and rates

In contrast to the first two packages, the third package of 1992 replaced the bilateral system with a multilateral system of air transport regulation: the setting of common rules for the air operator's certificate, access to air transport rules within the EU, and the monitoring of air fares replaced the bilateral system and designation of single national carriers.[21]

[21] European Commission, *The Single Market Review. Subseries: Impact on Services. Volume 2: Air Transport*, Office for Official Publications of the European Communities, 1997, p.17.

The final package came in 1992 to take effect from the following year, and initiated a regulatory framework of the EU in place of member-states' governments by 1997. EU's air transport deregulation means the end of national rule-making power in this sense. The single market removed all commercial restrictions for flying regulated by national governments within the EU and transformed the air transport industry by creating the conditions for international competitiveness. The Single Market in the EU signaled a veritable turning point in the European air transport policy.

However, a question still exists regarding the EU's role with respect to external aviation outside the Union, because the three packages only applied to air transport within the EU and subsequently to the EEA (European Economic Area) countries.[22]

2.3. Beyond packages: constructing the rules for a Single Market and Single Sky

A brief description of EU air transport policy after the introduction of the three packages is necessary in the context of both internal EU air transport market and the links between it and the external market, because the European market cannot be treated in isolation from the global market. In this section of the paper, the air transport policy of the EU after the three packages is outlined. Among several issues regarding the air transport policy,[23] this section explains two issues: Single European Sky (SES) and EU's external aviation policy.

After the Single European Market came into effect, the EU tried to integrate the European common standard of safety and European air traf-

[22] Among the EEA countries, Norway adopted the third package measures in August 1993, and Iceland adopted them in July 1994.

[23] The issues contain liberalisation of ground handling, slot and control over state aids to airline companies, environmental management related to air service, and so on.

fic management, because they have always been developed at a national level. As part of its aviation policy, the EU launched an ambitious initiative to reform the European airspace which had been fragmented by both regions and countries. The EU decided on a common initiative to keep air transportation safe, allowing for growth and improved safety. The European Aviation Safety Agency (EASA)[24] was thus created in 2002, which was the centerpiece of a new regulatory system for a single European market in air transport.

As part of the EU's air transport policy, the new package of Single European Sky (SES)[25] entered into force in April 2004. That SES is an example of EU's reregulation of aviation policy, because SES aims to reorganising European air space according to air traffic patterns, setting common technical and air management system regardless of national boundaries. This new organisation of airspace aims to rationalise the costs and emissions along with the improvement of air safety. Currently, there are 38 states belonging to SES (the 27 EU member states, 9 ECAA partners,[26] plus Switzerland and Morocco).

Moving onto the EU's external aviation policy. There are three key pillars of EU external aviation policy. The first pillar is bringing existing bilateral agreements between the EU member-states and third countries

[24] The agency's responsibilities include: expert advice to the EU regulation; implementing and monitoring safety rules; type-certification of aircraft and components such as the certification of the Airbus A380, the world's largest airplane; authorization of third-country operators; and safety analysis and research. EASA, headquartered in Cologne, Germany, helps EU policymakers in the development of common aviation safety rules.

[25] The SES package was adopted the previous month. The content is written in the EEC regulations No.549, 550, 551 and 552.

[26] The ECAA is a multilateral agreement signed in December 2005 by the EU and 9 partners. The 9 countries are Albania, Bosnia and Herzegovina, Croatia, Former Yugoslav Republic of Macedonia, Iceland, Kosovo (Former United Nations Mission in Kosovo), Montenegro, Norway, and Serbia. As a next step, the candidate country to the ECAA is Ukraine.

into line with Community law since the 'Open Skies' judgments[27] by the ECJ. The second pillar is the creation of a Common Aviation Area with neighbouring countries. The European Common Aviation is a multilateral agreement signed in December 2005 by the EU and nine partners. These nine countries are also member-states of the SES mentioned earlier. The third pillar is ambitious global agreements with key partners such as the US.

Since the mid-1980s, there has been a move toward liberalisation of bilateral agreements between some member states. The UK and the Netherlands concluded a new–type of agreement that relaxed the regulatory rules concerning air traffic management. Not all liberalising measures have been exclusively within the EU, the important agreements involved the US under the name of 'Open Skies' policy since 1979. 'Open Skies' agreements mean liberal air service agreements initiated by the US.

The US administration concluded bilateral 'Open Skies' aviation agreements in the 1990s with several European states, including six member states[28] of the EU. Though the bilateral agreements between the US and individual European countries varied by country, its impact of such development has brought European market closer to the global air transportation market. In 2002, remarkable judgments, namely the 'Open Skies' judgments, were made by the ECJ. The ECJ decided that the bilateral agreements among several member-states and the US became discriminatory. Then direct talks between the EU and the US started as global partners.

After several years of negotiations, a first stage transport agreement was signed between the EU and US in April 2007.[29] With the new agreement, airlines in the European Union can: (1) operate flights to the

[27] C-466-469/98, C-467/98, C-468/98, C-469/98, C-472/98, C-475/98 and C-476/98.

[28] The six member-states of the EU were Austria, Belgium, Denmark, Finland, Luxembourg, and Sweden.

[29] This comprehensive first-stage air transport agreement was reached on 2 March 2007, and it has been applied provisionally since the summer 2008.

United States from any European airport, regardless of their nationality (the United States recognize them as European); (2) operate without restrictions on the number of flights, aircraft or routes; (3) set prices in line with the market; (4) conclude cooperation agreements.[30]

It is estimated that the agreement will create up to 12 billion Euros worth of benefits for consumers on both sides of the Atlantic.[31] The second stage agreement is now being introduced to provide a new perspective on future aviation such as the introduction of a more consensual approach to the regulation of the air industry.

3. Air transport deregulation in the EU, the findings

As mentioned above, the impact of the air transport deregulation in the EU was not only on the national policy making, but also on the other area in the global air market. Along with the impact at a national-level, the impact on other areas of the global market by institutional perspectives shall be mentioned as follows.

3.1. Impact at national-level

The nationally-specific genesis of the components of the European air transport system acted as a sort of constraint on the effectiveness of European liberalisation. In effect, all member-states countries in the EU had their sovereignty of the air and almost all countries had their national flag carriers. The air transportation market in the EU changed the situation in a state of profound modification, concluding the change in the way in which the international airlines were doing business. Single market success is presented as follows: that the number of airline routes

[30] http://europa.eu/scadplus/leg/en/lvb/124483.htm. This agreement also strengthens cooperation between the US and the EU on safety, security, competition policy, States aid, consumer protection and the environment.

[31] D-G for Energy and Transport, European Commission (2007)*, op.cit.,* p.9. The relation between the EU and the US is by far the most important one with approximately 27.2 million passengers in the first half of 2007.

within the EU has increased 170% since 1993; that competition within the EU has increased; and that the enlargement of the EU in 2004 demonstrated the benefits since air traffic in the accession countries almost doubled. According to the annual report 2007, a total of 359 million passengers were transported by means of air transport in the former 25 EU member states in the first half of the year, which corresponds to a growth of about 5.2%.[32] The EU eliminated national constraints which had been obstacles for European competitiveness. The rule-making power has thus transferred from national governments to the EU, and it brought distinctive structures at European level. This is the emergence of Europeanization.

After the air transport deregulation, the EU launched the institutionalization by European rules: the EU created a European Aviation Safety Agency in 2002. It is evidence of EU reregulation, which replaces the national level regulation.

3.2. Impact on other regions in the global market

The internal EU market and external markets are linked in several ways. Though European developments have not attracted as much attention as did the US Airline Deregulation Act, there are many features unique to Europe and its impact as a regional integration are clearly relevant in the global market.

Experiencing the success of the single market for air transport, the EU is now aiming to create similar benefits for the airline industry and airline users for flights to non-EU countries. The EU has a key objective to extend the single market to neighbouring countries, and to establish an open aviation area between the EU and other key partners such as the US. The turning point was the ECJ's 'Open Skies' judgment of 5 November 2002. The bilateral agreements among several member-states and the US became discriminatory, and the case law clarified that the Community has exclusive responsibilities in external relations in the field of aviation which were traditionally governed by the bilateral agreements. The EU

[32] D-G for Energy and Transport, European Commission, *Analyses of the European Air Transport Market. Annual Report,* 2008, p.7.

has developed a new European external aviation policy and as a global partner this has had an impact on other regions, especially with the US. Along with the several major institutional developments[33] at the EU level, the EU is empowered as a regulator in the aviation market and as a global negotiator in the global air market.

For external relations, the EU is using both multilateral and bilateral agreements. The European Common Aviation Area (ECAA) is a multilateral agreement signed in December 2005 by the EU and 9 countries. Regarding non-member countries such as Switzerland and Morocco, the EU have signed bilateral agreements with these two countries.

In this paper the author indicates that the scope of the Europeanization is limited and that the EU is becoming a global negotiator of agreements after the three packages. Though Risse, Cowles and Caporaso indicate that Europeanization might respond to globalization processes by reinforcing their trends or by shielding EU member states,[34] the relations between the Europeanization and Globalization is not mentioned clearly, since their intention was to clarify the changes in domestic structures through the Europeanization processes.

Conclusion —What's the end? What's the beginning?

As above mentioned, the EU has established a new approach for air

[33] The developments were, for example, (1) new decision rules (especially Qualified Majority Voting: QMV) was introduced in the Council of Ministers; (2) in 1979, the EP was for the first time directly elected by the people, and deepened the involvement in the decision-making (especially the move to co-decision); (3) the Commission increased their regulatory powers for competition, and strengthened power for as a guardian along with the ECJ because most effective power of implementation had remained with Member-States; (4) the push from the ECJ ruling including the initiative for deregulatory measures centered in the Nouvelles Frontières case; and (5) the significant growth of the Community's external economic activities was strengthened by the provisions of the 1987 SEA (Single European Act).

[34] Risse et al., *op.cit*, p.4.

transport deregulation: first the EU created a single market for air transport by removing regulatory barriers; and secondly the EU has involved political institutionalization which contains both internal and external rules. As an example of external rule-making, the EU became a negotiator for bilateral or multilateral agreements with non-member states by combining with a common rules with member-states' governments. In this sense, the EU is contributing both to the intra-Community liberalisation and reregulation of air transport.

The EU's experience of deregulation means that the process is continuing, as Brown's definition precisely points out. This is same as what Stone Sweet and Sandholtz insist that once removed from national control, reregulation—at the European level—proceeded.[35] The Single Market Programme was by no means deregulatory in the sense of simply abolishing regulations but amounted to a massive reregulation at the European level.[36] The creation of European Single Market requires a substantial degree of regulatory activity. As a consequence, the deregulation is both an end and a beginning of regulation as Brown indicates.

The author found different levels on which European governance takes place: the impact of EU member-states; and as a response of global market. Using the Europeanization in the air transport deregulation needs the supplementary definition of the term. Though Risse, et al. define Europeanization as the emergence and development at the European level of distinct structures of governance, the nature of its dynamics is not limited between the EU and its member-states. The global perspective surrounding the EU would be needed, since the governance perspective is able to bridge the gap between international order and domestic systems.

If the posit is advanced that the EU is becoming a global actor, the actor-centered approach would be possible in the future. This type of research could be traced back to the work of G. Majone in the early 1990s. He argues that the EU is what he calls a 'regulatory state,' includ-

[35] Stone Sweet and Sandholtz, *op.cit*., p.13.

[36] See Majone, G. (ed), *Deregulation or Re-regulation. Regulatory Reform in Europe and the United States*, Pinter Publisher, 1990.

ing the normative implications. Majone provides a measure for assessing the development of the European polity. Another research related to the actor-based approach is Bretherton and Vogler (2005)'s assessment: they estimate that the EU is an actor *sui generis*.[37] However, the case studies are limited in security, trade, and environment. It remains to be completed that the regulatory actorness of the EU such as the air transport policy is examined. So the effort to fill in the missing links between governance approaches and actor-analysis would be necessary as a future work.

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