

# The Patchwork in the Sky

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In 2020, the COVID-19 pandemic devastated the airline industry. Although no industry has been immune from the impact of the virus and the measures undertaken by governments around the world to manage it, the impact on the airline industry has been profound. Stringent travel bans, quarantine measures and the uncertainty associated with them had an immediate impact on demand for scheduled international air transport services. At the height of the pandemic, scheduled international air transport nearly ground to a halt.

Past shocks and global events have typically spurred change within the industry and brought into sharp focus how governments regulate trade and market access, foreign investment and alliances between airlines. The COVID-19 pandemic is unlikely to be any different.

The economic regulatory framework underpinning scheduled international air passenger transport has been long-standing and is unique when contrasted with other internationally traded goods and services. Trade in air services explicitly sits outside the remit of the World Trade Organization and major trade agreements. A passenger's transit options are instead a byproduct of a complex, patchwork international regulatory framework comprised of domestic regulations and bilateral and multilateral air service agreements.

This research critically examines how the eight largest global markets regulate airlines from the three different perspectives of trade and market access, investment and airline alliances. The eight jurisdictions considered in this dissertation are Brazil, China, the European Union, India, Indonesia, Japan, the United States of America and the United Kingdom. These jurisdictions have been selected as they were the eight largest markets, based on the number of passengers carried between 2010 and 2019.

This dissertation seeks to contribute to the existing literature by demonstrating that in spite of multiple attempts to reform the regulatory framework for airlines over the last thirty years, with respect to these eight markets, progress has been slow and has prolonged an archaic and opaque regulatory framework that is arguably no longer fit for purpose. This dissertation will consider three prospective pathways for future reform of the airline industry in the wake of COVID-19 and suggest that in spite of the tremendous upheaval of the airline industry through the pandemic, issues pertaining to the regulation of trade, investment and alliances will continue to polarise the industry, legislators and regulators for a long time to come.