


# Procedure file

Basic information		
COS - Procedure on a strategy paper (historic)	1999/2113(COS)	Procedure completed
The European airline industry: competitiveness, from singlemarket to world-wide challenges		
Subject 3.20.01 Air transport and air freight		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>RETT</b> Regional Policy, Transport and Tourism		31/08/1999
		ELDR <a href="#">STERCKX Dirk</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
Council of the European Union	<b>ITRE</b> Industry, External Trade, Research, Energy		04/10/1999
		PPE-DE <a href="#">FOSTER Jacqueline</a>	

Key events			
20/05/1999	Non-legislative basic document published	COM(1999)0182	Summary
13/09/1999	Committee referral announced in Parliament		
22/03/2000	Vote in committee		Summary
22/03/2000	Committee report tabled for plenary	<a href="#">A5-0075/2000</a>	
03/05/2000	Debate in Parliament		
04/05/2000	Decision by Parliament	<a href="#">T5-0200/2000</a>	Summary
04/05/2000	End of procedure in Parliament		
07/02/2001	Final act published in Official Journal		

Technical information	
Procedure reference	1999/2113(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 142

Stage reached in procedure	Procedure completed
Committee dossier	RETT/4/11014

## Documentation gateway

Non-legislative basic document		COM(1999)0182	20/05/1999	EC	Summary
Economic and Social Committee: opinion, report		<a href="#">CES0080/2000</a> <a href="#">OJ C 075 15.03.2000, p. 0004</a>	26/01/2000	ESC	
Committee report tabled for plenary, single reading		<a href="#">A5-0075/2000</a> <a href="#">OJ C 040 07.02.2001, p. 0004</a>	22/03/2000	EP	
Text adopted by Parliament, single reading		<a href="#">T5-0200/2000</a> <a href="#">OJ C 041 07.02.2001, p. 0027-0052</a>	04/05/2000	EP	Summary

## The European airline industry: competitiveness, from singlemarket to world-wide challenges

**PURPOSE** : the objectives of the present communication include, first of all, to take stock of the progress made by the European air transport industry in the wake of market liberalisation, and then, to define new strategies in order to improve competition in the sector. **CONTENT** : the Commission points out that European airlines, forced to adjust to a new competitive environment and to cope with the pressures resulting from the United States' open skies policy, have had to adopt new strategies, whereby, over the last decade, they have achieved considerable productivity improvements and created jobs. The available statistics show that AEA (Association of European Airlines) member airlines' traffic increased by 9.7%; capacity by 6.7%; and freight traffic by 5.3%. More recent data tell us that the trend is continuing in 1998. However, the European airlines still suffer from relative commercial fragility compared with their main competitors, notably, North-American carriers. The present communication highlights the deficiencies of the regulatory framework of air transport activities, which stand in the way of adjustment by the European companies. To help the industry towards this strategy, the European Commission identifies the following policy orientation : - the Commission uses all the tools at its disposal to ensure integration of the European market. This includes the application of EC competition law to prevent attempts to re-fragment the market through public intervention or anti-competitive alliances or mergers; - the elimination of technical obstacles to trade, in particular by faster and more efficient harmonisation of safety rules through the creation of a European Aviation Safety Authority and by giving impetus to ICAO activities in the environment field will help the industry; - the fragmentation of the internal market results also from the lack of an external dimension. Ownership rules and the bilateral agreements system create obstacles to industry restructuring at European level and to fair competition with the open skies countries. These economic consequences add to legal justification for a genuine external dimension permitting to insert the alliances within a fair European framework; - the Commission reinforced its role as an observatory of the European air transport industry. For this purpose, it is carrying out a long term project for the creation of a comprehensive database of the European airline industry. This will increase the quality and availability of data and analyses on capacity, traffic, financial performance, productivity, industry and route structure, airports, and employment that are necessary to support a policy aiming at safeguarding the competitiveness of the industry. Information and analyses on industry trends will be available to the general public on the Commission's internet site. This communication will be the subject of discussion that the Commission intends to hold with the industry, national regulators and users.?

## The European airline industry: competitiveness, from singlemarket to world-wide challenges

The committee adopted the report by Dirk STERCKX (ELDR, B) on the Commission communication on the European airline industry. MEPs stressed once again that the creation of a single European airspace was vital for the future of the EU's civil aviation industry. In 1999, air passengers had suffered the worst delays ever, with one flight in three being delayed because of the current patchwork of EU air traffic control systems. A single European airspace would benefit all its users, civil and military, regardless of borders. The report pointed out that the airline industry still suffered from serious shortcomings, in particular regarding the costs of using infrastructure, the development of an external dimension in the EU's aviation policy, free competition, the environment, intermodality and passengers' rights. Liberalisation had had a beneficial impact but there still was an urgent need for restructuring. In competition with carriers from the US, the European aviation industry continued to display clear weaknesses. The sector was still faced with a number of external factors which pushed up costs. A key problem was market access. Airlines wanting to offer new routes had problems in obtaining a slot, i.e. an arrival and departure time at an airport. The existing directive of 1993 was still giving too much protection to incumbent carriers, who benefited from unrestricted "grandfather" rights. The Commission was urged to revise the present system of slot allocations. Finally the Commission was called on to present a proposal on flight and duty times for air crews, air traffic control personnel and common training and licensing standards for all flight and cabin crew members. ?

## The European airline industry: competitiveness, from singlemarket to world-wide challenges

In adopting the report drafted by Mr. Dirk STERCKX (ELDR, Belg), the European Parliament approves the resolution on the communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions - the European Airline Industry: from Single Market to World-wide Challenges. Overall, the European Parliament considers that the development of a single market in the European airline industry has led to positive competition with the result that consumers now have a greater choice of flights, often at more favourable prices. However, the features of liberalisation which are welcome for passengers should not be diminished by other factors such as delays and congestion. The Parliament insists that safety concerns must remain an underlying principle in all measures

and policies in air transport. It reiterates its support for the initiative to set up a European Aviation Safety Authority which should extend beyond the EU and include as many European States as possible. Evidently, it supports the plan to set up a single air transport safety regulatory authority. Furthermore, it requests for completion of the internal market by creating a single European airspace for the benefit of all its users, including the need for more use to be made of military airspace for civil aviation purposes. It, therefore, calls on the Member States to transfer to the European Union regulative competencies for ATC and calls on the EU to establish a uniform system of European air safety. The European Parliament also believes that the scientific and technological research effort to develop new traffic management systems must continue to be given active support by the aeronautical industry to alleviate the current problems regarding air traffic management and congestion. Therefore, it supports the Galileo project as a state of the art navigation system. With regard to slot allocation, the Parliament urges the Commission to revise the present system of slot allocation which encourages a static and inflexible situation and, as a matter of urgency, to present a proposal for revision of the slot allocation regulation, giving due consideration to slot allocation according to environmental criteria, and in particular the noise and emissions from aircraft. As regards competition, the Parliament considers that competition authorities should rigorously enforce rules against unfair practices or other practices having similar effects, since effective application of competition rules is essential to the good functioning of a liberalised market. The concept of a Transatlantic Common Aviation Area with the objectives of ensuring full market access and convergence of other commercial and regulatory issues such as safety, etc, is supported by the European Parliament. Passenger rights is a very important issue and the Parliament considers that the overbooking, ticketing and seat allocation arrangement does not always work to the benefit of travellers and is in need of review. Moreover, passengers should be fully informed in advance about details of the services, in particular the name of the operating carrier. Finally, the Commission is called upon to propose measures to restrict as far as possible the adverse effects of the growth in aviation. It requests that the Commission support all measures which may be taken by the airlines and the aviation industry to achieve a further reduction in emissions (a further reduction in kerosene consumption and development and use of huskits).?