


Procedure file

| Basic information | | |
|--|--------------------------------|---------------------|
| INI - Own-initiative procedure | 2012/2299(INI) | Procedure completed |
| EU's external aviation policy - Addressing future challenges | | |
| Subject | | |
| 3.20.01 Air transport and air freight | | |
| 3.20.01.01 Air safety | | |
| 3.20.15.02 Air transport agreements and cooperation | | |
| 3.40.05 Aeronautical industry, aerospace industry | | |
| 3.40.14 Industrial competitiveness | | |
| 3.70.02 Atmospheric pollution, motor vehicle pollution | | |
| 6.20 Common commercial policy in general | | |

| Key players | | | |
|--|---|---|------------|
| European Parliament | Committee responsible | Rapporteur | Appointed |
| | TRAN Transport and Tourism | | 05/11/2012 |
| | | PPE MARINESCU Marian-Jean | |
| | | Shadow rapporteur | |
| | | S&D LEICHTFRIED Jörg | |
| | | ALDE BENNION Phil | |
| | | Verts/ALE LICHTENBERGER Eva | |
| | | ECR FOSTER Jacqueline | |
| | Committee for opinion | Rapporteur for opinion | Appointed |
| | INTA International Trade | | 26/11/2012 |
| | ECR STURDY Robert | | |
| EMPL Employment and Social Affairs | | 17/12/2012 | |
| | PPE BACH Georges | | |
| ENVI Environment, Public Health and Food Safety | The committee decided not to give an opinion. | | |
| ITRE Industry, Research and Energy | The committee decided not to give an opinion. | | |
| European Commission | Commission DG Mobility and Transport | Commissioner KALLAS Siim | |

| Key events | | | |
|------------|--|---|---------|
| 27/09/2012 | Non-legislative basic document published | COM(2012)0556 | Summary |
| 22/11/2012 | Committee referral announced in Parliament | | |
| 07/05/2013 | Vote in committee | | |
| 14/05/2013 | Committee report tabled for plenary | A7-0172/2013 | Summary |
| 01/07/2013 | Debate in Parliament |  | |

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|------------|--------------------------------|---|---------|
| 02/07/2013 | Results of vote in Parliament |  | |
| 02/07/2013 | Decision by Parliament | T7-0290/2013 | Summary |
| 02/07/2013 | End of procedure in Parliament | | |

Technical information

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|----------------------------|--------------------------------|
| Procedure reference | 2012/2299(INI) |
| Procedure type | INI - Own-initiative procedure |
| Procedure subtype | Initiative |
| Legal basis | Rules of Procedure EP 54 |
| Other legal basis | Rules of Procedure EP 159 |
| Stage reached in procedure | Procedure completed |
| Committee dossier | TRAN/7/11249 |

Documentation gateway

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|---|------|-------------------------------|------------|----|---------|
| Non-legislative basic document | | COM(2012)0556 | 27/09/2012 | EC | Summary |
| Committee draft report | | PE506.143 | 01/03/2013 | EP | |
| Committee opinion | INTA | PE504.234 | 21/03/2013 | EP | |
| Amendments tabled in committee | | PE508.010 | 28/03/2013 | EP | |
| Committee opinion | EMPL | PE506.104 | 03/05/2013 | EP | |
| Committee report tabled for plenary, single reading | | A7-0172/2013 | 14/05/2013 | EP | Summary |
| Text adopted by Parliament, single reading | | T7-0290/2013 | 02/07/2013 | EP | Summary |
| Commission response to text adopted in plenary | | SP(2013)627 | 28/11/2013 | EC | |

EU's external aviation policy - Addressing future challenges

PURPOSE: Communication reviewing EU external aviation policy and setting out the main points of a new policy.

CONTENT: this Communication evaluates the progress achieved since the [Commission's 2005 Communication](#) in developing an EU external aviation policy and discusses changing conditions in aviation and the need for a way forward. While the Communication considers that the policy established in 2005 goes in the right direction, it recognises that, seven years later, the world of aviation is a very different place. European aviation urgently needs a stronger framework where fair and open competition can thrive, and this can be ensured by a much more coordinated European approach to external aviation relations.

Achievements of EU policy: the paper states the achievements of the EU's external aviation policy over the past seven years, based on three key pillars have been considerable.

1. Restoring legal certainty: legal certainty has been restored to nearly 1000 bilateral air services agreements with 117 non-EU countries. Of these, 55 countries have agreed to amend all their bilateral agreements with EU Member States through Horizontal Agreements with the EU while the remaining countries have done so on a bilateral basis with individual EU Member States. There is, however, still work to be done with a few important aviation countries, to complete the implementation of EU designation. These include India, China and South Korea and also South Africa, Kenya, Nigeria and Kazakhstan.

2. The creation of a common aviation area with neighbouring countries: solid progress has been made, with agreements already signed with the Western Balkans, Morocco, Jordan, Georgia and Moldova and an agreement has been initialled with Israel. Negotiations are ongoing with Ukraine and Lebanon, and are expected to start soon with Tunisia and Azerbaijan, and at some stage, also with Armenia. The economic benefits resulting from the first of these agreements (Western Balkans and Morocco) have been estimated at a total of 6 billion between 2006 and 20115.

3. Comprehensive agreements with key partners: since 2005, the EU has also negotiated comprehensive air transport agreements with a number of key trading partners: the United States, Canada and Brazil. These comprehensive agreements aim at a combination of market opening, creating the conditions for fair and open competition through regulatory convergence, liberalisation of ownership and control of

airlines and resolving "doing business" issues. A first stage agreement with the United States was signed in April 2007 and a second stage agreement in June 2010. The EU-US agreement has played a pivotal role in shifting international aviation agreements away from mere market access negotiations. For the first time, a major international agreement acknowledged that conditions for competition also needed to be addressed and harmonised to ensure fair competition. The EU and the US have developed a new template agreement that facilitates the role of aviation.

Need for further action: reviewing and upgrading the EU external aviation policy is urgent.

- The pace of un-coordinated market liberalisation, at EU Member State level with certain non-EU countries is such that action is not taken now, then in a few years' time it may be too late. And in this, Member States' apparent intent to continue to grant bilateral air traffic rights to third countries without commensurate return, or account taken of the EU-level implications, could be a contributing factor.
- Sufficient headway has not been made in tackling ownership and control restrictions. These threaten to ossify the development of a global industry and deny EU carriers important new sources of capital. It is urgent to extend the scope of EU-level negotiations to a number of key and increasingly important aviation partners.

Trends: despite the current economic crisis, global air transport over the long-term is expected to grow by around 5% annually until 2030. Demand for air transport is primarily driven by economic growth and prosperity. With an expected average annual GDP growth rate for Europe of 1.9% between 2011 and 2030 compared, for example, with growth rates for India and China of 7.5% and 7.2% respectively, aviation growth will see a relative shift to areas outside the EU with Asia and the Middle East expected to become the focus of international air traffic flows. Half of the world's new traffic added during the next 20 years will be to, from, or within the Asia-Pacific region, which will overtake the US as leader in world traffic by 2030 reaching a market share of 38%. Due to below-average growth rates, EU carriers will be losing market shares to non-EU airlines in most regions. In 2003, EU carriers had a market share of 29% of all inter-regional capacity in the world. By 2025, this share is expected to have fallen to 20%. This trend means that, if nothing is done, European airlines will be less able to generate growth for the European economy. At the same time, non-EU carriers have reinforced their global position. For example, the fastest regional traffic growth in the world is expected to be in the Middle East, where by 2030 the region's airlines will represent 11% of world traffic, up from 7% in 2010.

Main objectives of a new aviation policy: the paper discusses the principal points of a new aviation policy, stressing the need to ensure fair competition and liberalise airline ownership.

- Regulation No (EC) 868/2004 was intended to protect against subsidisation and unfair pricing practices causing injury to EU carriers in the supply of air services from non-EU countries. However, strong calls have been made for developing more effective EU instruments in the aviation sector to protect European interests. The Regulation has never been used and the industry argues that it is not practicable as it has been modelled on tools used in anti-dumping and anti-subsidy for goods and is not properly adapted to the specificities of the aviation services sector. A more appropriate and effective instrument would need to be developed to safeguard fair and open competition in the EU's external aviation relations.
- In addition, the Commission proposes the development most appropriately at EU-level of standard "fair competition clauses" to be agreed and included in the respective bilateral air services agreements with EU Member States.
- Governments have still not reformed the archaic ownership and control rule. The logical starting point is the trans-Atlantic market. Since between them, the EU and US account for nearly half of global aviation, they represent a powerful bloc and the emergence of genuinely trans-Atlantic carriers would create important momentum. The time is now ripe to liberalise airline ownership and control in order to enable airlines to attract investment irrespective of the nationality of the investor. However, this important policy objective of allowing foreign investment in airlines should also be pursued more widely - both bilaterally between the EU and other key partners, and at a global multilateral level notably through ICAO. The EU should take a stronger lead in assessing how the concerns related to the current ownership and control clauses can be catered for, particularly with like-minded countries, whilst also addressing the need for airlines to access capital funding and enhancing the attractiveness of airlines in the financial markets.

Lastly, it is estimated that there would be very significant economic benefits, more than EUR 12 billion per year, from further EU-level comprehensive air transport agreements with neighbouring countries and key partners particularly in fast-growing and/or restricted markets. These include, notably, Turkey, China, Russia, Gulf States, Japan, Egypt and India. It is also important to finalise negotiations with Australia and to allow the benefits to start flowing from the EU-Brazil agreement, the signature of which has unfortunately been delayed.

EU's external aviation policy - Addressing future challenges

The Committee on Transport and Tourism adopted the own-initiative report by Marian-Jean MARINESCU (EPP, RO) on the EU's External Aviation Policy Addressing future challenges, in response to the Communication on the same subject.

Members emphasise the progress made in creating a single and open Union regional market and, at the same time, in building a common Union approach to its External Aviation Policy. Although they welcome the Commission Communication and the vital role of the aviation sector to the Union's economy, they regret the number of job cuts implemented and scheduled by European airlines since 2012 amounts to more than 20 000 in spite of the fact that this industry supports over 5 million European jobs and accounts for 2.4% of the Union's GDP.

Members highlight the progress made as regards the Single European Sky (SES), in particular the SES Air Traffic Management Research (SESAR). However, they are concerned about delays in implementing the SES and SESAR, given the unnecessary costs these delays impose on airlines and their customers. They support the Commission in taking punitive action against those Member States who have not complied with the deadline and who have failed to make any progress regarding the Functional Airspace Blocks.

Overall, Members call on the Commission and the Member States to press ahead with the implementation of the SES and SESAR with a view to consolidating the position of the Union's industry in the competitive global market. The report stresses that, as a comprehensive External Aviation Policy has not been achieved despite effort over the past seven years, a more coordinated Union approach, involving greater ambition, should be applied as soon as possible to establish fair and open competition.

In this regard, they take the view that European regulatory convergence is a key element for a strong European position on the global market.

2005 Communication and Parliament's resolution: Members welcome the progress made concerning the three pillars of the [2005 policy](#): the

principle of the Union designation is now recognised in more than 100 third countries and almost 1 000 bilateral air services agreements have been brought into conformity with Union law. They regret that important partners, including China, India and South Africa, have yet to accept these principles. They consider that these agreements have created important economic benefits and that substantial efforts have been undertaken to align different regulatory frameworks with Union legislation in areas such as safety, security, air traffic management, the environment, passenger rights, economic regulation and social aspects. Nevertheless, a strong Union External Aviation Policy focusing on the most significant growth markets in the long-haul sector would open up new economic opportunities for Union airlines, particularly in the Asia-Pacific region. Negotiations with Brazil are still to be concluded.

Members emphasise that some of the requests in Parliaments 2006 resolution are still to be met, in particular, the need to promote appropriate international safety and security standards, to ensure the equal treatment of Union and non-Union air carriers and to mitigate negative effects on the environment. On the other hand, they welcome the achievement of other points raised in the resolution, such as the extension of EASAs responsibilities.

Market: Members stress the significant changes in the Unions internal market as a result of the increased share of low-cost carriers. According to Members, the two business models (normal and low-cost) could find ways to complement each other when facing external market challenges. They note that extremely low ticket prices offered by some European low-cost carriers are compensated by the companies via unfair practices regarding working conditions, such as poor social and labour law standards for staff and minimal investments in safety standards.

The report notes that there is a great deal of competition between carriers as a result of low-cost airlines, which make up 40% of the Union aviation market. However, it stresses that, where a Member State has ratified ILO Conventions 87 and 98, airline companies must comply with their fundamental rights provisions regarding freedom of assembly, as well as the recognition of employee representatives and wage agreements, in which connection compliance must be monitored and infringements penalised. Members underline that the competitiveness of Union carriers is hampered at global level by factors such as the lack of a level playing field owing to, for example, different national taxes, congested airports, high ATM and airport charges, State aid received by competitors, the cost of carbon emissions, the application of lower social standards and different rules on State aid outside the Union. They call on the Commission to conduct a study on the Members States disparate air travel fees, duties, levies and taxes and the impact of these on ticket prices and airlines profits.

Future actions: Members take the view that the External Aviation Policy should fully respect the principle of reciprocity with a level playing field. They stress that air transport agreements with neighbouring countries and like-minded partners must contain a regulatory framework for fair competition.

Against this background, Members call for:

- the inclusion of regulatory conditions for safety, security, passenger rights, staff training and certification in comprehensive agreements;
- the completion of ongoing negotiations with neighbourhood countries such as Ukraine, Lebanon, Tunisia, Azerbaijan and Algeria and granting mandates for negotiation with Turkey, Armenia and Libya;
- the completion, as soon as possible, the negotiations of comprehensive air agreements, including with Australia and Brazil as well as with China, India and ASEAN and Gulf countries;
- the need fully to achieve the objectives set out in air transport agreements with key partners, in particular the US and Canada, including the removal of restrictions on foreign ownership and control of airlines;
- the inclusion of standard fair competition clauses in bilateral air services agreements;
- the application of a minimum set of standard Union legal requirements, notably with regard to regulatory cooperation, labour and environmental standards and passenger rights, to be included in bilateral agreements.

They also call on the Commission to propose an urgent revision or replacement of [Regulation 2004/868/EC](#) concerning protection against subsidisation and unfair pricing practices causing injury to Community air carriers.

Russia: Members note that the Russian Federation refuses to respect the agreement on the phasing-out of Siberian overflight royalties reached in the framework of the Russian Federations WTO accession in 2011. They consider that, as the Union carriers are placed under long-term discriminatory conditions by these illegal transit charges, the Union should be able to take reciprocal measures by denying or limiting transit over its territory or, more generally, by taking any measure related to the use of Union airspace for air carriers of the Russian Federation in order to motivate the Russian Federation to remove the above-mentioned charges, which are illegal under the Chicago Convention.

Lastly, they call on the International Civil Aviation Organisation (ICAO) to continue developing regulatory frameworks for the global aviation sector. In this regard, they call for negotiating mandates to be given to the Commission to clarify and strengthen the Unions representation within the ICAO.

EU's external aviation policy - Addressing future challenges

The European Parliament adopted by 650 votes to 54, with 5 abstentions, a resolution on the EUs External Aviation Policy Addressing future challenges, in response to the Communication on the same subject.

Parliament emphasises the progress made in creating a single and open Union regional market and, at the same time, in building a common Union approach to its External Aviation Policy. Although it welcomes the Commission Communication and the vital role of the aviation sector to the Unions economy, they regret the number of job cuts implemented and scheduled by European airlines since 2012 amounts to more than 20 000 in spite of the fact that this industry supports over 5 million European jobs and accounts for 2.4% of the Unions GDP.

Parliament highlights the progress made as regards the Single European Sky (SES), in particular the SES Air Traffic Management Research (SESAR). However, it is concerned about delays in implementing the SES and SESAR, given the unnecessary costs these delays impose on airlines and their customers. It supports the Commission in taking punitive action against those Member States who have not complied with the deadline and who have failed to make any progress regarding the Functional Airspace Blocks.

Overall, Parliament calls on the Commission and the Member States to press ahead with the implementation of the SES and SESAR with a view to consolidating the position of the Unions industry in the competitive global market. The resolution stresses that, as a comprehensive

External Aviation Policy has not been achieved despite effort over the past seven years, a more coordinated Union approach, involving greater ambition, should be applied as soon as possible to establish fair and open competition.

In this regard, Members take the view that European regulatory convergence is a key element for a strong European position on the global market.

Moreover, they emphasise the importance of the current revision of the Air Passenger Rights Regulation and supports strong and profoundly consumer-friendly European legislation.

2005 Communication and Parliaments resolution: Members welcome the progress made concerning the three pillars of the [2005 policy](#): the principle of the Union designation is now recognised in more than 100 third countries and almost 1 000 bilateral air services agreements have been brought into conformity with Union law. They regret that important partners, including China, India and South Africa, have yet to accept these principles. They consider that these agreements have created important economic benefits and that substantial efforts have been undertaken to align different regulatory frameworks with Union legislation in areas such as safety, security, air traffic management, the environment, passenger rights, economic regulation and social aspects. Nevertheless, a strong Union External Aviation Policy focusing on the most significant growth markets in the long-haul sector would open up new economic opportunities for Union airlines, particularly in the Asia-Pacific region. Negotiations with Brazil are still to be concluded.

Parliament emphasises that some of the requests in [Parliaments 2006 resolution](#) are still to be met, in particular, the need to promote appropriate international safety and security standards, to ensure the equal treatment of Union and non-Union air carriers and to mitigate negative effects on the environment. On the other hand, it welcomes the achievement of other points raised in the resolution, such as the extension of EASAs responsibilities.

Market: Members stress the significant changes in the Unions internal market as a result of the increased share of low-cost carriers. According to the resolution, the two business models (normal and low-cost) could find ways to complement each other when facing external market challenges. It notes that extremely low ticket prices offered by some European low-cost carriers are compensated by the companies via unfair practices regarding working conditions, such as poor social and labour law standards for staff and minimal investments in safety standards.

The resolution notes that there is a great deal of competition between carriers as a result of low-cost airlines, which make up 40% of the Union aviation market. However, it stresses that, where a Member State has ratified ILO Conventions 87 and 98, airline companies must comply with their fundamental rights provisions regarding freedom of assembly, as well as the recognition of employee representatives and wage agreements, in which connection compliance must be monitored and infringements penalised. Members underline that the competitiveness of Union carriers is hampered at global level by factors such as the lack of a level playing field owing to, for example, different national taxes, congested airports, high ATM and airport charges, State aid received by competitors, the cost of carbon emissions, the application of lower social standards and different rules on State aid outside the Union. They call on the Commission to conduct a study on the Members States disparate air travel fees, duties, levies and taxes and the impact of these on ticket prices and airlines profits.

Parliament emphasises the importance of airport hubs, including the development of secondary hubs, specialised hubs and multi-hubbing, as well as the urgent need for both public and private long-term investments in airport infrastructure to increase capacity, for example by building new runways, as well as for more efficient use of existing infrastructure.

Future actions: Parliament takes the view that the External Aviation Policy should fully respect the principle of reciprocity with a level playing field. It stresses that air transport agreements with neighbouring countries and like-minded partners must contain a regulatory framework for fair competition.

Against this background, Parliament calls for:

- the inclusion of regulatory conditions for safety, security, passenger rights, staff training and certification in comprehensive agreements;
- the completion of ongoing negotiations with neighbourhood countries such as Ukraine, Lebanon, Tunisia, Azerbaijan and Algeria and granting mandates for negotiation with Turkey, Armenia and Libya;
- the completion, as soon as possible, the negotiations of comprehensive air agreements, including with Australia and Brazil as well as with China, India and ASEAN and Gulf countries;
- the need fully to achieve the objectives set out in air transport agreements with key partners, in particular the US and Canada, including the removal of restrictions on foreign ownership and control of airlines;
- the inclusion of standard fair competition clauses in bilateral air services agreements;
- the application of a minimum set of standard Union legal requirements, notably with regard to regulatory cooperation, labour and environmental standards and passenger rights, to be included in bilateral agreements.

It also calls on the Commission to propose an urgent revision or replacement of [Regulation 2004/868/EC](#) concerning protection against subsidisation and unfair pricing practices causing injury to Community air carriers.

United States: Parliament underlines the need fully to achieve the objectives set out in air transport agreements with key partners, in particular the US and Canada, including the removal of restrictions on foreign ownership and control of airlines. It calls for action to overcome the ongoing imbalance between Union airlines' ability to undertake cabotage in the US market and US airlines' ability to do so in Europe.

Russia: Parliament notes that the Russian Federation refuses to respect the agreement on the phasing-out of Siberian overflight royalties reached in the framework of the Russian Federations WTO accession in 2011. It considers that, as the Union carriers are placed under long-term discriminatory conditions by these illegal transit charges, the Union should be able to take reciprocal measures by denying or limiting transit over its territory or, more generally, by taking any measure related to the use of Union airspace for air carriers of the Russian Federation in order to motivate the Russian Federation to remove the above-mentioned charges, which are illegal under the Chicago Convention.

Lastly, Parliament calls on the International Civil Aviation Organisation (ICAO) to continue developing regulatory frameworks for the global aviation sector. In this regard, it calls for negotiating mandates to be given to the Commission to clarify and strengthen the Unions representation within the ICAO.