EC/Kazakhstan agreement: air services

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PURPOSE: the signature and provisional application of the Agreement between the European Community and the Republic of Kazakhstan on certain aspects of air services.

PROPOSED ACT: Council Decision.

CONTENT: following the judgements of the Court of Justice in the so-called “Open Skies” cases, in June 2003 the Council granted the Commission a mandate to open negotiations with third countries on the replacement of certain provisions in existing agreements with a Community agreement (the “horizontal mandate”). The objectives of such agreements are to give all EU air carriers non-discriminatory access to routes between the Community and third countries, and to bring bilateral air service agreements between Member States and third countries in line with Community law.

In accordance with the mechanisms and directives in the Annex to the ”horizontal mandate”, the Commission has negotiated an agreement with the Republic of Kazakhstan that replaces certain provisions in the existing bilateral air services agreements between Member States and the Republic of Kazakhstan.

Article 2 of the Agreement replaces the traditional designation clauses with a Community designation clause, permitting all Community carriers to benefit from the right of establishment. Articles 4 and 5 of the Agreement address two types of clause concerning matters of Community competence. Article 4 deals with the taxation of aviation fuel, a matter which has been harmonised by Council Directive 2003/96/EC restructuring the Community framework for the taxation of energy products and electricity, and in particular Article 14 (2) thereof. Article 5 (Pricing) resolves conflicts between the existing bilateral air services agreements and Council Regulation No 2409/92 on fares and rates for air services which prohibits third country carriers from being price leaders on air services for carriage wholly within the Community. Article 6 brings provisions in bilateral agreements which are clearly anti-competitive (obligatory commercial agreements between airlines) in line with EU competition law.

In accordance with the standard procedure for the signature and conclusion of international agreements, the Council is asked to approve the decisions on the signature and provisional application and on the conclusion of the Agreement between the European Community and the Republic of Kazakhstan on certain aspects of air services and to designate the persons authorised to sign the Agreement on behalf of the Community.