# Developing a common aviation area with Israel

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In 2005 the Commission prepared a Communication on “Developing an agenda for the Community’s external aviation policy”, the purpose of which is to forge aviation links with the EU’s partners along its southern and eastern flank. The main objective of the policy is to share the same market rules through a “Common Aviation Area”.

The specific purpose of this Communication is to seek Council approval for a comprehensive agreement on a Common Aviation Area with Israel that combines market opening and regulatory cooperation with improved convergence in priority areas such as safety, security, environmental protection and the application of state aid/competition rules.

The EU is the largest trading partner of Israel, which in turn is one of the EU’s biggest trading partners in the Euromed area, with a total trade amounting to almost EUR 23 billion in 2005. As far as aviation is concerned, the EU and Israeli markets are closely linked. The capacity provided in the total EU-Israel market is evenly split between Community and Israeli air carriers – due in large part to the bilateral air services agreements between the Member States and Israel.

The report points to a number of benefits in the creation of a Common Aviation Area with Israel. For example, until now, the EU Member States have negotiated restrictive bilateral air service agreements with Israel resulting in a reduced level of market opening and strict market conditions for operators. The current system of bilateral air service agreements distorts patterns of traffic and may disadvantage several Community air carriers as well as consumers in some Member States. A Community level aviation agreement, on the other hand, would establish a level playing field for all Community air carriers and allow passengers in all Member States to benefit from similar conditions and increased traffic between the EU and Israel.

The Common Aviation Agreement with Israel will bring about a number of economic benefits. Market openings should offer EU and Israeli passengers significant improvements. The number of direct connections between the EU and Israel as well as the overall number of flights will increase trade and tourism flows significantly. An important share of the economic benefits is expected to be reaped by the European airline industry and the wider European economy. Further, the Common Aviation Area will help create substantial new market opportunities for those EU air carriers that would like to begin air operations with Israel but who, currently, do not have the right to do so. Economies of scale will also be realised by integrating Israeli carriers into existing alliances with Community air carriers.

For its part, Israel has declared its readiness to begin negotiations on the development of a Common Aviation Area with the EU. This commitment highlights Israel’s ability and capacity to harmonise aviation standards with those of the EU, thereby establishing a solid legal framework for aviation relations. Once approved the agreement will help establish an ambitious framework that integrates wider aviation issues such as regulatory co-operation with cooperation on aviation safety, security, air traffic management, RT&D as well as industrial cooperation.

In light of the above, the Commission proposes that the Council authorise the Commission to begin negotiations with Israel as soon as possible. The Commission will work closely together with the Member States and all relevant stakeholders to further develop and achieve the objectives set out in the proposed Council Decision.