EU/Brazil agreement: air transport

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PURPOSE: conclusion of the Agreement on Air Transport between the European Union and its Member States, of the one part, and the Federative Republic of Brazil, of the other part.

PROPOSED ACT: Council Decision.

BACKGROUND: the negotiating directives set out the general objective of negotiating a comprehensive air transport agreement with the aim of gradually and reciprocally opening market access and ensuring regulatory convergence. In accordance with the negotiating directives, a draft Agreement with Brazil was initialled by the two sides on 17 March 2011.

IMPACT ASSESSMENT: the Agreement ensures the gradual opening of the EU-Brazil air transport market. A report prepared for the Commission in 2009 by consultants, estimated that a comprehensive EU-Brazil air transport agreement opening up the market could generate up to 460 000 extra passengers and consumer benefits of up to EUR 460 million in the first effective year of market opening. The employment impact of an EU-Brazil agreement is expected to be positive and should stimulate employment for a number of years. The total direct and indirect jobs expected to be created as a result of liberalisation is 980 (with a lower and upper bound of 870 and 1360 respectively).

LEGAL BASIS: Article 100(2), in conjunction with Article 218 (6)(a) of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: it is proposed to conclude the Agreement on Air Transport between the European Union and its Member States, of the one part, and the Federative Republic of Brazil, of the other part. The Agreement consists of the main body including the main principles, and two annexes: Annex I on route schedule, traffic rights and operational flexibility, and Annex II on bilateral air services agreements.

The Agreement allows for the simultaneous extension of its terms to the 27 Member States, applying the same rules without discrimination and benefiting all Union air carriers regardless of their nationality. These carriers will be able to operate freely from any point in the European Union to any point in Brazil which is currently not the case.

The Agreement secures for all EU air carriers access to commercial opportunities, such as the possibility to freely establish prices. Further objectives of the mandate were to:

- create a level playing field between all EU and Brazil air carriers;
- create a framework for addressing and resolving "doing business" obstacles faced by EU carriers in Brazil.

BUDGETARY IMPLICATION: the proposal has no implication for the Union budget.