

EU–USA–Iceland–Norway Air Transport Agreement, and EU–Iceland–Norway Ancillary Agreement on the application of the Air Transport Agreement

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PURPOSE: to extend the EU-US Air Transport Agreement to Iceland and Norway whilst maintaining the bilateral character of the Agreement.

PROPOSED ACT: Council Decision.

BACKGROUND: the EU-US Air Transport Agreement has removed all commercial barriers for flights between any point in the EU and any point in the US. In addition, the US has granted so-called 7th freedom rights to EU air carriers to operate between the US and non-EU countries of the European Common Aviation Area (ECAA), such as Norway and Iceland. However, the ECAA has no external dimension. Therefore, EU air carriers do currently not have the right to operate flights between Norway and Iceland and third countries. In the same way, Norwegian and Icelandic air carriers do currently not have the right to operate between the EU and the US.

The EU-US Air Transport Agreement has created uniform conditions for market access for all Union air carriers, and has established new arrangements for regulatory cooperation between the EU and the US in fields essential for the safe, secure, and efficient operation of transatlantic air services. Norway and Iceland have adopted the complete *acquis communautaire* in aviation policy. Therefore, the inclusion of both countries in the scope of the EU-US Air Transport Agreement will ensure that all European air carriers applying the *acquis communautaire* will operate transatlantic air services in a harmonised framework.

IMPACT ASSESSMENT: the Commission that the extension of the Agreement to Iceland and Norway will give EU air carriers the opportunity to take up the rights granted by the US since 30 March 2008 to operate passenger flights between the US and Iceland or Norway.

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

CONTENT: the Air Transport Agreement signed by the European Community and its Member States and the United States of America on April 25 and 30, 2007 explicitly provides for the accession of third countries to the Air Transport Agreement. Norway and Iceland formally requested the accession to the EU-US Air Transport Agreement in 2007.

In accordance with the Agreement, the Joint Committee developed in its meeting on 16 November 2010 a proposal for the accession of Iceland and Norway to the EU-US Air Transport Agreement. The proposal consists of two parts:

- a four-party "Cover Letter Agreement" which extends the scope of the EU-US Air Transport Agreement *mutatis mutandis* to Norway and Iceland;
- an Ancillary Agreement ensures that the bilateral nature of the EU-US Air Transport Agreement is maintained. Norway and Iceland will be represented in the Joint Committee by the Commission for all areas that are not in the exclusive competence of Member States. Rules are established for the

exchange of information, the participation in second-stage negotiations, and the representation in arbitration procedures.

Since Norway and Iceland are an integral part of the European Common Aviation Area, these Agreements will ensure a consistent regulatory framework for flights between the US and the single aviation market in the EU - including Iceland and Norway.

The proposal will create commercial benefits for airlines and consumers in the EU and it will particularly ensure the consistency of the EU-US Air Transport Agreement with the common Scandinavian air transport policy. At the same time, the proposal ensures that the bilateral character of the EU-US Air Transport

Agreement is maintained. Iceland and Norway will be committed to the negotiations of a second-stage air transport agreement with the US.

The accession of Iceland and Norway to the EU-US Air Transport Agreement could be a precedent for the accession of Iceland and Norway to other aviation agreements of the Union (e.g. Euro-Mediterranean Aviation Agreement with Morocco).

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