EU/Moldova Common Aviation Area Agreement

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PURPOSE: conclusion of the Common Aviation Area Agreement between the European Union and its Member States, of the one part, and the Republic of Moldova, of the other part.

PROPOSED ACT: Council Decision.

BACKGROUND: Air services between the EU and the Republic of Moldova presently operate on the basis of bilateral agreements between individual Member States and the Republic of Moldova. It is part of the EU's external aviation policy to negotiate comprehensive air services agreements with neighbouring countries where the added value and economic benefits of such agreements have been demonstrated.

The Common Aviation Area Agreement between the European Union and its Member States, of the one part, and the Republic of Moldova, of the other part has been negotiated by the Commission as authorised by the Council in June 2011.

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 and effective implementation of EU standards. In accordance with the negotiating directives, a **draft Agreement with the Republic of Moldova was initialled by the two sides on 26 October 2011**.

The conclusion of a comprehensive air transport agreement with the Republic of Moldova is an important element in the development of the EU external aviation policy and in particular a wider European Common Aviation Area, as described in the Commission Communication "Developing the agenda for the Community's external aviation policy".

IMPACT ASSESSMENT: a report prepared for the Commission in 2011 by consultants, estimated that the economic benefit of such an agreement is estimated at around € 17 million per year (mainly due to lower air fares, increased air travel and the associated economic activity). The analysis also showed that air fares on popular routes are likely to drop significantly as a result of increased competition. The Agreement would also help improve "doing business" issues for EU carriers.

LEGAL BASIS: Article 100 (2), in conjunction with Article 218 (6)(a) and (8) of the Treaty on the Functioning of the European Union.

CONTENT: 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 aims at:

- gradual market opening in terms of access to routes and capacity on a reciprocal basis;
- promoting regulatory cooperation and harmonisation of regulations and approaches based on EU legislation in the field of aviation;
- promoting air services based on competition among air carriers with minimum government interference and regulation;
- non-discrimination and level playing field for economic operators.

A Joint Committee will be established to discuss matters related to the implementation of the Agreement. The Joint Committee will monitor safety aspects related to the Agreement, foster expert-level exchanges on new legislative or regulatory initiatives or developments and consider potential areas for further

development of the Agreement. The Joint Committee will be composed of representatives of the Commission and the Member States.

BUDGETARY IMPLICATION: this proposal has no impact on the EU's budget.