EU's external aviation policy - Addressing future challenges

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The European Parliament adopted by 650 votes to 54, with 5 abstentions, a resolution on the EU's External Aviation Policy – Addressing future challenges, in response to the Communication on the same subject.

Parliament emphasises the progress made in **creating a single and open Union regional market** and, at the same time, in building a common Union approach to its External Aviation Policy. Although it welcomes the Commission Communication and the vital role of the aviation sector to the Union's economy, they regret the number of job cuts implemented and scheduled by European airlines since 2012 amounts to more than 20 000 in spite of the fact that this industry supports over 5 million European jobs and accounts for 2.4% of the Union's GDP.

Parliament highlights the progress made as regards the Single European Sky (SES), in particular the SES Air Traffic Management Research (SESAR). However, it is concerned about delays in implementing the SES and SESAR, given the unnecessary costs these delays impose on airlines and their customers. It supports the Commission in taking punitive action against those Member States who have not complied with the deadline and who have failed to make any progress regarding the Functional Airspace Blocks.

Overall, Parliament calls on the Commission and the Member States to press ahead with the implementation of the SES and SESAR with a view to consolidating the position of the Union's industry in the competitive global market. The resolution stresses that, as a comprehensive External Aviation Policy has not been achieved despite effort over the past seven years, **a more coordinated Union approach, involving greater ambition, should be applied as soon as possible to establish fair and open competition**.

In this regard, Members take the view that European regulatory convergence is a key element for a strong European position on the global market.

Moreover, they emphasise the importance of the current revision of the Air Passenger Rights Regulation and supports strong and profoundly consumer-friendly European legislation.

2005 Communication and Parliament's resolution: Members welcome the progress made concerning the three pillars of the 2005 policy: the principle of the Union designation is now recognised in more than 100 third countries and almost **1 000 bilateral air services agreements have been brought into conformity with Union law**. They regret that important partners, including China, India and South Africa, have yet to accept these principles. They consider that these agreements have created important economic benefits and that substantial efforts have been undertaken to align different regulatory frameworks with Union legislation in areas such as safety, security, air traffic management, the environment, passenger rights, economic regulation and social aspects. Nevertheless, a strong Union External Aviation Policy focusing on the most significant growth markets in the **long-haul sector** would open up new economic opportunities for Union airlines, particularly in the Asia-Pacific region. Negotiations with Brazil are still to be concluded.

Parliament emphasises that some of the requests in Parliament's 2006 resolution are still to be met, in particular, the need to promote appropriate international safety and security standards, to ensure the equal treatment of Union and non-Union air carriers and to mitigate negative effects on the environment. On the

other hand, it welcomes the achievement of other points raised in the resolution, such as the extension of EASA's responsibilities.

Market: Members stress the significant changes in the Union's internal market as a result of the increased share of **low-cost carriers**. According to the resolution, the two business models (normal and low-cost) could find ways to complement each other when facing external market challenges. It notes that extremely low ticket prices offered by some European low-cost carriers are compensated by the companies via unfair practices regarding working conditions, such as poor social and labour law standards for staff and minimal investments in safety standards.

The resolution notes that there is a great deal of competition between carriers as a result of low-cost airlines, which make up 40% of the Union aviation market. However, it stresses that, where a Member State has ratified ILO Conventions 87 and 98, airline companies must comply with their fundamental rights provisions regarding freedom of assembly, as well as the recognition of employee representatives and wage agreements, in which connection compliance must be monitored and infringements penalised. Members underline that the competitiveness of Union carriers is hampered at global level by factors such as the lack of a level playing field owing to, for example, different national taxes, congested airports, high ATM and airport charges, State aid received by competitors, the cost of carbon emissions, the application of lower social standards and different rules on State aid outside the Union. They call on the Commission to conduct a study on the Members States' disparate air travel fees, duties, levies and taxes and the impact of these on ticket prices and airlines' profits.

Parliament emphasises the importance of airport hubs, including the development of secondary hubs, specialised hubs and multi-hubbing, as well as the urgent need for both public and private long-term investments in airport infrastructure to **increase capacity**, for example by building new runways, as well as for more efficient use of existing infrastructure.

Future actions: Parliament takes the view that the External Aviation Policy should fully respect the **principle of reciprocity** with a level playing field. It stresses that air transport agreements with neighbouring countries and like-minded partners must contain a **regulatory framework for fair competition**.

Against this background, Parliament calls for:

- the inclusion of regulatory conditions for safety, security, passenger rights, staff training and certification in comprehensive agreements;
- the completion of ongoing negotiations with neighbourhood countries such as Ukraine, Lebanon, Tunisia, Azerbaijan and Algeria and granting mandates for negotiation with Turkey, Armenia and Libya;
- the completion, as soon as possible, the negotiations of comprehensive air agreements, including with Australia and Brazil as well as with China, India and ASEAN and Gulf countries;
- the need fully to achieve the objectives set out in air transport agreements with key partners, in particular the US and Canada, including the removal of restrictions on foreign ownership and control of airlines;
- the inclusion of standard 'fair competition' clauses in bilateral air services agreements;
- the application of a minimum set of standard Union legal requirements, notably with regard to regulatory cooperation, labour and environmental standards and passenger rights, to be included in bilateral agreements.

It also calls on the Commission to **propose an urgent revision** or replacement of Regulation 2004/868/EC concerning protection against subsidisation and unfair pricing practices causing injury to Community air carriers.

United States: Parliament underlines the need fully to achieve the objectives set out in air transport agreements with key partners, in particular the US and Canada, including the removal of restrictions on foreign ownership and control of airlines. It calls for action to **overcome the ongoing imbalance between Union airlines' ability to undertake cabotage in the US market** and US airlines' ability to do so in Europe.

Russia: Parliament notes that the Russian Federation refuses to respect the agreement on the phasing-out of **Siberian overflight royalties** reached in the framework of the Russian Federation's WTO accession in 2011. It considers that, as the Union carriers are placed under long-term discriminatory conditions by these **illegal transit charges**, the Union should be able to take reciprocal measures – by **denying or limiting transit over its territory** or, more generally, by taking any measure related to the use of Union airspace for air carriers of the Russian Federation – in order to motivate the Russian Federation to remove the above-mentioned charges, which are illegal under the Chicago Convention.

Lastly, Parliament calls on the International Civil Aviation Organisation (ICAO) to continue developing regulatory frameworks for the global aviation sector. In this regard, it calls for negotiating mandates to be given to the Commission to clarify and strengthen the Union's representation within the ICAO.