Air transport: protection against unfair pricing practices from countries not members of the Community

2002/0067(COD) - 12/03/2002 - Legislative proposal

PURPOSE: to protect Community airline services from unfair pricing practices and subsidisation from non-EU countries. CONTENT: Community provision for the redress of unfair pricing practices in the maritime sector already exists. The same, however, can not be said for the European airline industry. Yet, strict EU rules governing state aid combined with the upheavals in the airline industry post-September 11 indicate that airline services in the EU are being undermined and taken advantage of by unfair pricing practices dictated by non-EU governments. The proposed Regulation has been designed to address the problem of EU airline carriers being subject to unfair pricing practices and state subsidies from countries not subject to EU legislation. It will allow Community action against unfair competition from non-Community carriers on routes to and from the Community due to trade-distorting third country subsidies. Additionally, it will provide for a remedy against unfair pricing practices by state-controlled air carriers. The definition of a "subsidy" will be based on that specified in the WTO Agreement on "Subsidies and Countervailing Measures". Trade distorting subsidies granted by foreign governments i.e. subsidies targeted at certain enterprises or sectors and export subsidies will also be covered. Under the terms of the Regulation, the following procedures will apply: - A complaint can be bought in motion either from the air transport industry or on the initiative of the European Commission. - An opinion will be published in the Official Journal and an official enquiry begin. An out-of-court settlement could be agreed at any moment. - The inquiry will conclude with one of three options. 1. Adoption of provisional measures of a maximum duration of six months. 2. No action being taken. 3. Adoption of definitive measures. - Decisions will be adopted by the Commission with the assistance of an Advisory Committee. The proposed Regulation allows for the imposition of duties on those air carriers from third countries benefiting from subsidies. The duties will be calculated on the basis of the amount of aid granted to those airlines but will not be higher than necessary to remedy the damage caused to Community carriers.