Air transport: impact of the third package of liberalization measures

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Only under strict conditions, the Committee would endorse the Commission's third package of air liberalisation measures. Although the Committee followed its rapporteur Barry SEAL (PES, UK) by stating that liberalisation should be fully implemented in the interests of consumers and industry, it also felt that it was totally inadmissible that the Commission ignored the social impact of the process that derived in particular from the restructuring of air carriers. The Commission was therefore called on to carry out an accurate study on the social and employment related implications. Barry SEAL was reporting on the Commission's communication, which made a first evaluation of the effects of air transport liberalisation. The third package came into effect on 1 January 1993, but the final measures would only be introduced from 1 April 1998 with full cabotage rights. The main conclusion was that there has neither been a spectacular fall in tariffs nor significant incursions made by foreign competitors into national markets. On the other hand, passengers had benefitted quite considerably from the extension of competition. The rapporteur had compared two groups of routes, one where competition existed and one where it did not. Route with competition..... Fare*... Route without competition... Fare* Heathrow-Amsterdam-374 km...£230..... Frankfurt-Amsterdam-364 km..£377 Heathrow-Frankfurt-634 km...£294..... Heathrow-Hamburg-718 km.....£442 Heathrow-Zurich-723 km.....£306..... Heathrow-Geneva-746 km..... £366 Heathrow-Nice-1032 km..... 413..... Paris CDG-Madrid-1043 km....£722 Heathrow-Palma-1347 km.....£330..... Madrid-Rome-1338 km.....£708 *Business Class Return Fare. Finally, Barry SEAL pointed out that the measures required to intensify the competitiveness of the air transport industry in the EU should not be to the detriment of safety and jobs in the Union and of the quality of the services provided to the travellers. The Committee was also concerned about the implications of the transfer of services to low-wage countries, which would lead to social dumping and have an adverse effect on employees and employment. One of the main requirements for successful liberalisation was that competition between air carriers should be governed by uniform and transparent conditions. The Commission should also apply the rules governing the granting of state aid in a strict and consistent fashion, so as to eliminate any distortion