EC/Australia Agreement: air services, replacing the bilateral agreements by a Community agreement

2005/0112(CNS) - 21/06/2005 - Legislative proposal

PURPOSE : to conclude an Agreement between the EC and Australia on certain aspects of air services

PROPOSED ACT : Council Decision.

CONTENT : international aviation relations between Member States and third countries have traditionally been governed by bilateral air services agreements or multilateral arrangements. Following certain judgements of the Court of Justice of the European Communities, the Community has exclusive competence with respect to various aspects of external aviation. The Court of Justice also clarified the right of Community air carriers to benefit from the right of establishment within the Community, including the right to non-discriminatory market access.

Traditional designation clauses in Member States' bilateral air services agreements infringe Community law. They allow a third country to reject, withdraw or suspend the permissions or authorisations of an air carrier that has been designated by a Member State but that is not substantially owned and effectively controlled by that Member State or its nationals. This has been found to constitute discrimination against Community carriers established in the territory of a Member State but owned and controlled by nationals of other Member States. This is contrary to Article 43 of the Treaty which guarantees nationals of Member States who have exercised their freedom of establishment the same treatment in the host Member State as that accorded to nationals of that Member State.

Following the Court of Justice judgements, the Council authorised the Commission in June 2003 to open negotiations with third countries on the replacement of certain provisions in existing bilateral agreements with a Community agreement. The Commission has negotiated an agreement with Australia that replaces certain provisions in the existing bilateral air services agreements between Member States and Australia.

- Article 2 of the Agreement replaces the traditional designation clauses with a Community designation clause, permitting all Community carriers to benefit from the right of establishment.

- Article 4 (Pricing) resolves conflicts between the existing bilateral air services agreements and Council Regulation 2409/92 on fares and rates for air services which prohibits third country carriers from being price leaders on air services for carriage wholly within the Community.

The proposals relate to the signature and provisional application and on the conclusion of the Agreement and to designate the persons authorised to sign the agreement on behalf of the Community.