Basic information

1996/2210(COS) COS - Procedure on a strategy paper (historic)	Procedure completed
Air transport: impact of the third package of liberalization measures **Subject** 3.20.01 Air transport and air freight	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
TRAN Transport and Tourism	SEAL Barry H. (PSE)	19/11/1996

Committee for opinion	Rapporteur for opinion	Appointed
ECON Economic and Monetary Affairs, Industrial Policy	JARZEMBOWSKI Georg (PPE)	23/01/1997

Council of the European Union

Key events

Date	Event	Reference	Summary
22/10/1996	Non-legislative basic document published	COM(1996)0514	Summary
28/11/1996	Committee referral announced in Parliament		
20/01/1998	Vote in committee		Summary
20/01/1998	Committee report tabled for plenary	A4-0015/1998	
18/02/1998	Debate in Parliament		
19/02/1998	End of procedure in Parliament		
16/03/1998	Final act published in Official Journal		

Technical information

Procedure reference	1996/2210(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper

Legal basis	Rules of Procedure EP 148
Stage reached in procedure	Procedure completed
Committee dossier	TRAN/4/08350

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, single reading		A4-0015/1998 OJ C 056 23.02.1998, p. 0003	20/01/1998	
Text adopted by Parliament, single reading		T4-0094/1998 OJ C 080 16.03.1998, p. 0189-0240	19/02/1998	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(1996)0514	22/10/1996	Summary

Air transport: impact of the third package of liberalization measures

1996/2210(COS) - 22/10/1996 - Non-legislative basic document

OBJECTIVE: presentation of a first interim evaluation of the impact of the third package of air transport liberalization measures (1993-1996).
SUBSTANCE: the Commission's report first notes that liberalization of air transport has happened in a progressive way and without major upsets: in contrast to the situation in the United States, there has been no spectacular reduction in the fares, nor any dramatic disappearance of the more important carriers, nor a substantial penetration of the domestic markets by foreign competitors. Almost all operators have made use of the new possibilities offered by the third package. Thus, the number of routes has increased from 490 in 1993 to approximately 520, of which 30% are served by two operators and 6% by three operators or more. It should be noted that 64% of routes remain monopolies because of the lack of commercial interest for other carriers. The possibilities for access to the market have been used: there are now 30 routes operated on a 5th freedom basis as opposed to 14 in January 1993. Also, routes operated with cabotage traffic grew from 0 in 1993 to 20 today. The public service obligations have been used on a hundred routes in Ireland, Sweden, the United Kingdom, Portugal, France and Norway. Market dynamics have been most visible in the creation of new airlines: 80 companies have been created, for the most part private companies, while 60 have disappeared. More important, new entrants appeared on the markets of the United Kingdom, France, Germany, Denmark, Ireland, Spain, Italy, Greece, Austria and Belgium. However, while it is clear that the foundations of liberalization have been established, the Commission deplores four grey areas: 1) air fares: the drop in fares has not been noticeable except on routes where competition has played a full role, i.e. where more than two airlines have been active. In general, however, fare structures have remained complex and unclear for users. 85 to 90% of passengers travel at reduced prices, but these prices are often accompanied by restrictions on schedules flexibility and the number of seats available. The most flexible fares have even continued to increase and can be described as excessive to the point where the Commission is considering an in-depth examination of the situation to pinpoint the cases of excessive fares under the rules of competition. 2) capacity restrictions: they remain significant and can restrict the effects of liberalization (problems of capacity of terminals and use of runways, air traffic control, fragmentation of European airspace and slot allocation). The Commission has just conducted a series of consultations on the question of slot allocation and has announced that by the end of 1996 it will present a proposal for amendments to Regulation 95/93. 3) the costs of air transport: infrastructure charges account for 25% of total operational costs. These costs are 40% higher than those in the United States. The Commission welcomes the recent adoption of the directive on the liberalization of ground handling. It intends to present before the end of 1996 a proposal on airport fees which will be based on three major principles: non-discrimination, transparency and cost effectiveness. 4) access to the market: the internal market remains fragile insofar as it remains incomplete as regards external relations as these continue to be subject to bilateral agreements between the Member States and third countries. The Union should therefore be able to negotiate on behalf of the fifteen with the major partners such as the United States and the CEEC. The Commission also considers that the effects on competition of the alliances which have increased rapidly should be assessed on a case by case basis. Lastly it will be advisable to check that the public service obligations which have been used frequently do not become a disguised means of restricting the market.

Air transport: impact of the third package of liberalization measures

1996/2210(COS) - 19/02/1998 - Text adopted by Parliament, single reading

In adopting the report by Mr Barry SEAL (PSE, RU) the European Parliament takes the view that liberalization of the transport sector should take place prudently and progressively in the interests of both the consumers and the industry. It regrets that the Commission failed to mention the social impact of liberalization and calls on it to carry out a detailed survey of the social and employment- related implications of air transport liberalization and submit to Parliament a report containing legislative proposals relating to flight times, working conditions and training. Parliament stresses that measures to intensify the competitiveness of the air transport industry in the European Union should not take place at the expense of safety and jobs and of the quality of the services provided to the travellers. It is concerned about the implications of the transfer of services to low-wage countries which leads to social dumping to the detriment of employees. Parliament considers that one of the main requirements for successful liberalization is that competition between air carriers should be governed by uniform and transparent conditions and it calls on the Commission to apply the rules governing the granting of state aid in a strict and consistent fashion so as to eliminate any distortion associated with such aid. It calls for a transparent and more cost-related airfares and asks the Commission to submit a proposal on the revision of the regulation on common rules for the allocation of slots at Community airports.