

# **The Air Transport Policy of the European Union – Review of the White Paper „A time to decide“ and Perspectives for the Future**

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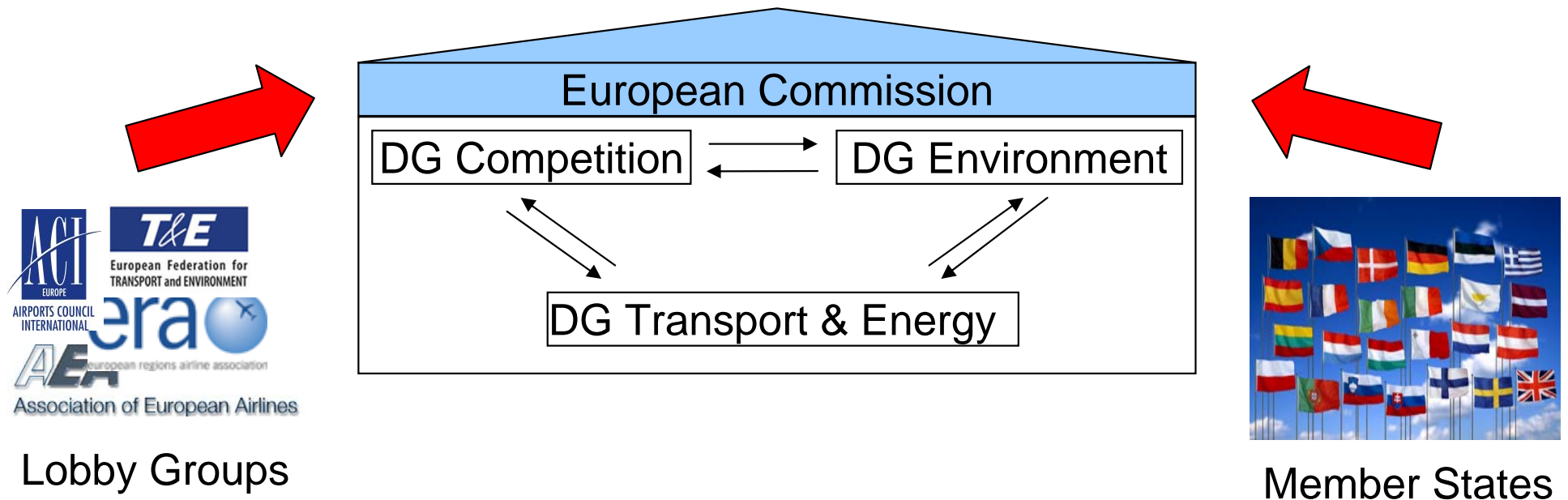
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# Overview

1. Who Are the Actors in EU Air Transport Policy?
2. EU Policy Challenges and Limitations
3. The Liberalisation Process in Europe
4. Introduction to the White Paper „A time to decide“
5. The Air Transport Policy Package
6. Analysis of Selected Measures of the Air Transport Policy Package
7. Impact Analysis of the Air Transport Policy Package
8. Recommendations for EU Air Transport Policy
9. Conclusion

# 1. Who Are the Actors in EU Air Transport Policy?



- Underlying policy concepts: Lisbon Process & Gothenburg Council Decisions
- Challenge: Conflicting objectives – Growth and environmental protection

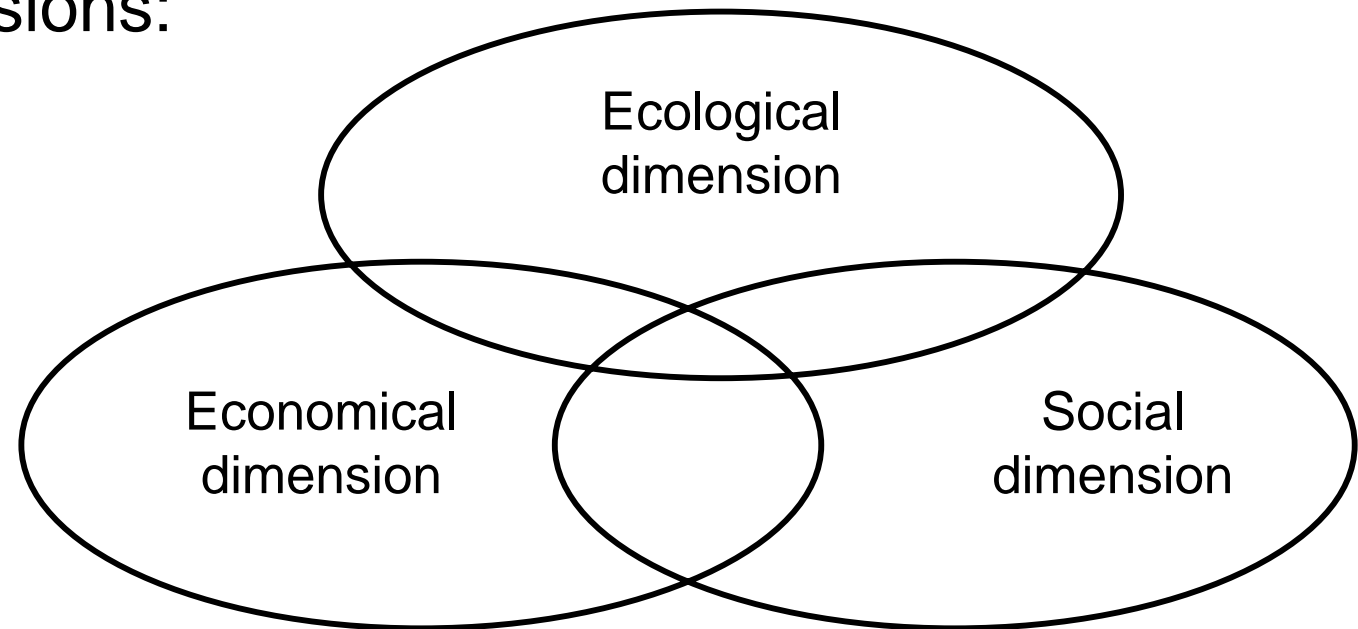
# Sustainability

*„Sustainable development meets the needs of the present without compromising the ability of future generations to meet their own needs.“*

Brundtland-Report 1987

Different dimensions:

- ecological
  - economical
  - social
- sustainability



In case of regional consideration:  
International dimension



## 2. EU Policy Challenges and Limitations

- Subsidiarity limits influence of EU policy in many instances  
Example: Airport capacity expansion
- Objectives are sometimes idealistic and difficult to realise  
Example: World-wide introduction of kerosene taxation
- EU legislation has a tendency to regulate affairs in detail  
Example: New passenger rights
- The Commission is subject to influence of Member States and lobby groups  
Example: Delay (Collapse?) of the Services Directive
- EU-Institutions have a negative image with the populace  
Example: Rejection of the Constitution in France and the Netherlands

# The Business Cycle

The *business cycle* shows the short-term ups and downs of an economy.

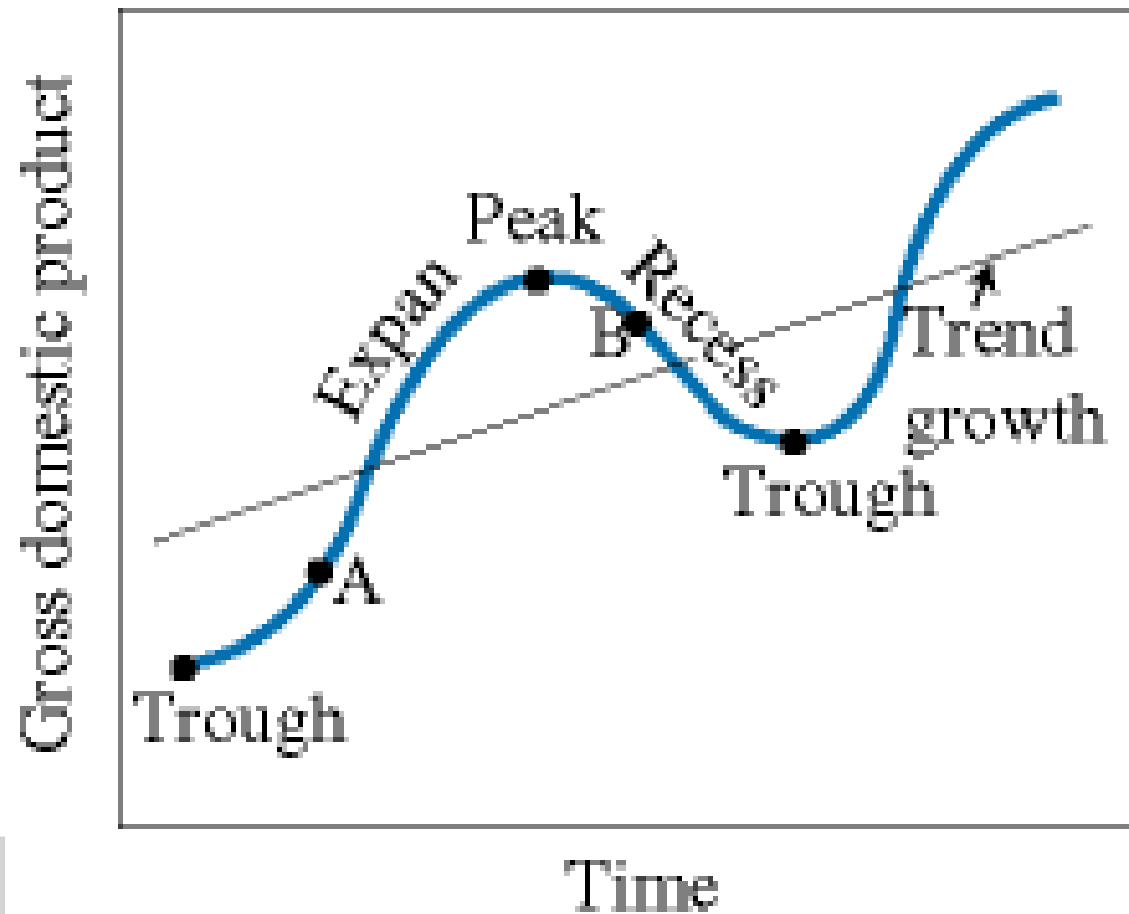
One measure of an *economy's prosperity* is the aggregate of goods and services produced during a year = the *gross domestic product* GDP

Expansion

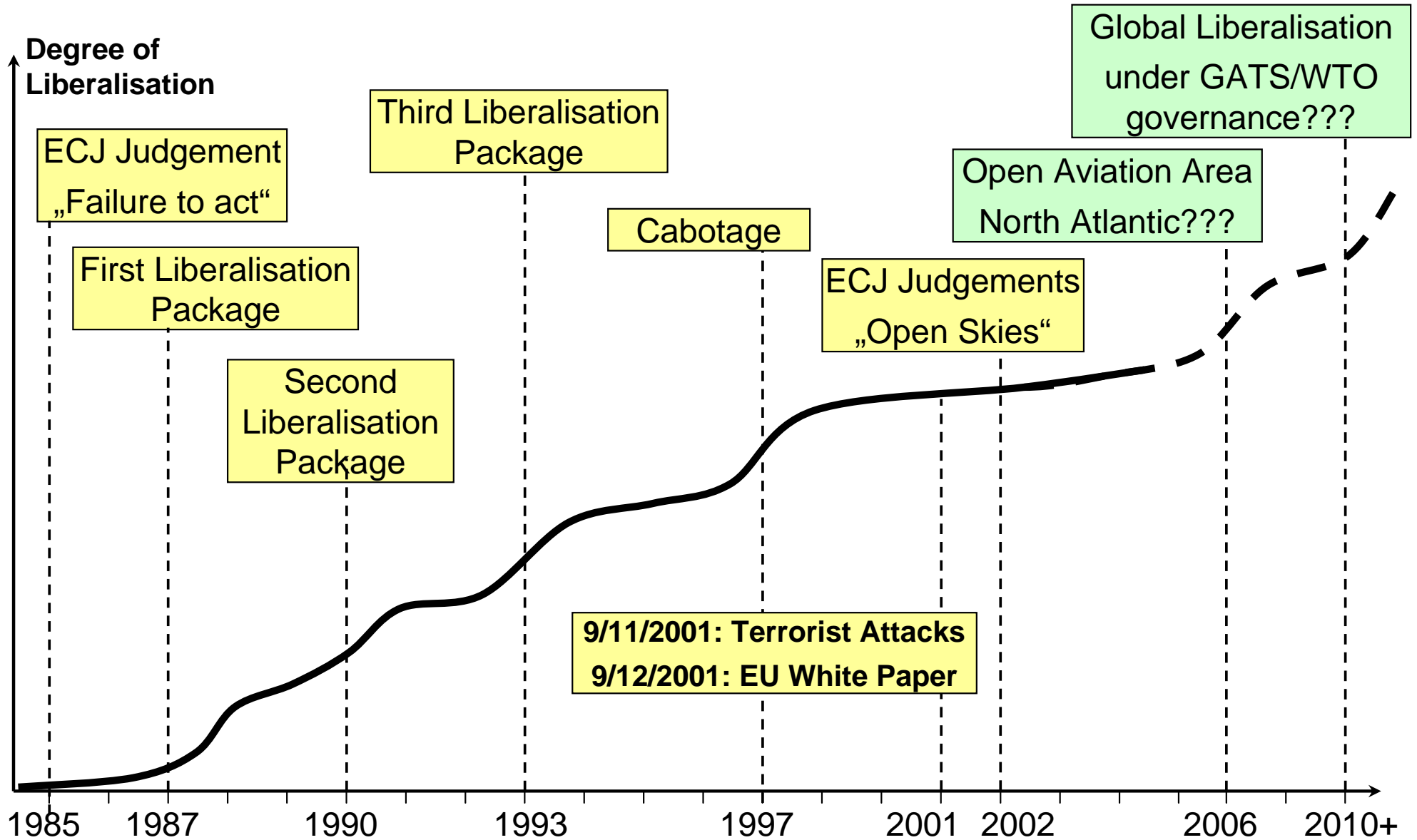
Recession

Contraction, slump

The ups and downs of the GDP show the output and employment development



# 3. The Liberalisation Process in Europe





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## 4. Introduction to the White Paper „A time to decide“

- The White Paper outlines priorities of the European Common Transport Policy
- The main objectives are:
  - Breaking the link between economic growth and transport growth
  - Returning in 2010 to the modal split of 1998
  - Including external costs in infrastructure charging schemes
  - Harmonising conditions of competition
  - Strengthening of the European Union in external relations
- Measures to achieve these objectives are included in 12 policy packages, e.g.:
  - „Revitalising the railways“
  - „Improving quality in the road transport sector“
  - „Promoting transport by sea and inland waterway“ and
  - „Controlling the growth of air transport“



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## 5. The Air Transport Policy Package

The White Paper contains 11 measures directly addressed at air transport:

- **Safety:**
  - Foundation of the European Aviation Safety Agency
  - Improvement of safety of third country aircraft
- **Airport + Airspace Infrastructure:**
  - Present a new framework for airport charges
  - Improve prospects for capacity expansion
  - Implementation of the Single European Sky
- **Competition:**
  - Liberalise Air Service Agreements with Third Countries
  - Reform of slot allocation procedures
- **Environment:**
  - Introduction of kerosene taxation
  - Introduction of emissions-related surcharges on en-route navigation charges
  - Implementation of a new noise framework to protect residents near airports
- **User Rights:**
  - Introduction of new rules on compensation and care for passengers



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## 6.1 European Aviation Safety Agency (EASA)

- Primary Objectives: Increase in safety by harmonisation, reduction in costs
- Status of Implementation: EASA was established in 2002
- Competences: Certification of equipment, licensing of personnel – actions are legally binding (advantage in comparison to old JAA-System)
- Assessment:
  - „Fragmented“ air safety system in Europe did not have negative effects on safety in the past
  - Cost reductions can be achieved when redundancies on the Member State level can be reduced
  - Further redundancies could be reduced, when EASA would be provided with additional competences, such as oversight of safety on airports or ATC
- Overall, EASA can be regarded as a modern type of European agency, which is well accepted by Member States and stakeholders alike

## 6.2 Single European Sky (SES)

- Primary Objectives: Increase airspace capacity, harmonisation of infrastructure
- Status of implementation: Legislative implementation on the European level is completed. The technical implementation (SESAME) will take until 2020
- Assessment:
  - The implementation of functional airspace blocks is left to the Member States
  - Deficits in creating economic incentives:

“The provision of air traffic services, as envisaged by this Regulation, is connected with the exercise of the powers of a public authority, which are not of an economic nature justifying the application of the Treaty rules of competition.“

(Recital 5, Regulation (EC) 550/2004, „The service provision Regulation“)

- It is not guaranteed that the most efficient ANSP will be awarded with a contract to provide its services in a functional airspace block
- Legislation creates a “European Certification” for ANSPs, but how could ANSPs make use of it when market access is subject to political decisions?

## 6.3 Air Service Agreements with Third Countries

- Primary Objectives:
  - Centralisation of Negotiations/Creation of a „Single Voice“ for the EU
  - Creation of a „Community Nationality“ for EU-airlines
  - Establishing/enhancing the contestability of air services to third countries
- European Court of Justice „Open Skies“ Judgements of 5th November 2002:
  - Member States must comply with EU law...
  - ... but the Court denied the Commission´s opinion to have the exclusive competence to negotiate all aspects of ASAs with third countries
- Result: Member States granted limited competences to the Commission, more than 300 ASAs have been made compliant.
- Open Questions:
  - Fair designation procedure in case of designation limitations
  - Open Aviation Area over the North Atlantic



## 6.4 Introduction of Kerosene Taxation

- Primary objectives:
- Status of implementation: Measure is disputed among Member States. In principle, Directive 2003/96 authorises Member States to tax jet fuel
- Discussion in 2005 focussed on the generation of funds for development aid and not on environmental objectives
- The environmental effectiveness of the measure has been questioned in several studies
- Although it still opens up the possibility to implement taxation on a later date by removing clauses from bilateral air service agreements, the European Commission focuses on the inclusion of aviation in the EU emissions trading scheme



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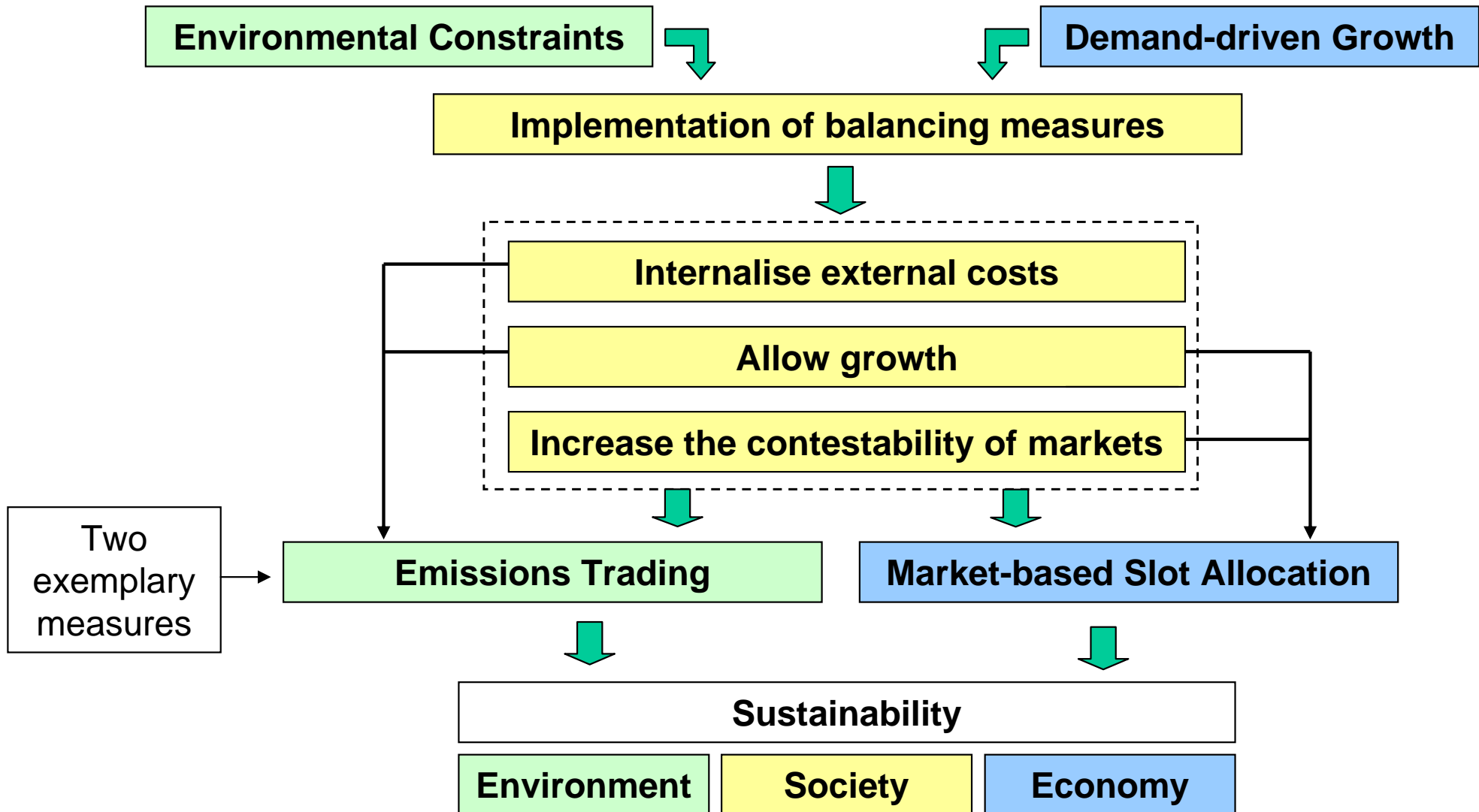
## 7.1 Evaluation of Policy Implementation, its Impacts and Effectiveness

Measure	Policy implementation	Potential impact on air transport sector development	Policy effectiveness to reach objectives
Creation of the Single European Sky	High	High	High
Harmonising technical requirements in the field of civil aviation and establishing a European Aviation Safety Agency	Very High	Medium	High
Airport Charges	Medium	Medium	Medium
Slot allocation on Community airports	Low	High	Low
Community framework for airport noise management	High	Very Low	Low
Safety of third country aircraft	High	Medium	Medium
Air service agreements with third countries	Medium	Very High	High
Airport capacity expansion	Low	High	Low
Introduction of kerosene taxation	Very Low	High	Low
Introduction of differential en route air navigation charges	Very Low	Medium	Low
Compensation of air passengers	High	Medium	High

## 7.2 Net Effects of Measures in the Air Transport Sector

Measure	Effects on ...				
	Modal Shift Towards Railway	Improvement of Infrastructure and its Usage	Environment	Global Competitiveness	User Rights
Creation of the Single European Sky	-	+	-	+	0
Harmonising technical requirements in the field of civil aviation and establishing a European Aviation Safety Agency	0	0	0	+	0
Airport Charges	+	+	+	0	0
Slot allocation on Community airports	+	+	-	0	0
Community framework for airport noise management	+	0	+	0	0
Safety of third country aircraft	0	0	0	+	+
Air service agreements with third countries	0	0	-	+	0
Airport capacity expansion	-	+	-	+	0
Introduction of kerosene taxation	+	0	+	-	0
Introduction of differential en route air navigation charges	+	0	+	0	0
Compensation of air passengers	0	0	0	0	+

# 8. Recommendations for EU Air Transport Policy





## 9. Conclusion

- The White Paper is a symbol for a change of priorities of the Common Transport Policy
- New priorities: Harmonisation, Environment, External Relations
- As internal liberalisation is highly advanced, the next step is to take the *acquis communautaire* to an external dimension
- Internal harmonisation is seen by the Commission as a prerequisite to strengthen the “single voice” of the European Union
- Diverging interests of the Member States often make it difficult to achieve these objectives
- Besides the external dimension, the White Paper emphasises the need to improve the environmental performance of air transport
- So far, the implementation of measures that address negative externalities lags behind



**Thank you for your attention!**

