



**The Future of European Aviation  
in the Larger Market Place.**

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European Commission

**ERA Regional Airline Conference 2008**  
9-10 April, Malta

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**ERA: A Clear Success Story of the  
Single EU Aviation Market**

- Representing Intra-European air transport business i.e. within the single market.
- Founded in 1980 with 5 members. Since 1987, ERA has grown to represent over 220 companies i.e. reflecting the general growth and dynamism in the single market.
- High growth rates (+7.5% in 2007) and significantly increased load factors of ERA airline members (up 14 percentage points since 1991 i.e. increased efficiency).
- Regional airlines = Serving regional cities across Europe = the opportunities created by the single market

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2

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**The Single EU Aviation Market**

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### The EU Today

- 27 Member States
- 490 Million Inhabitants
- One Single Market



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4

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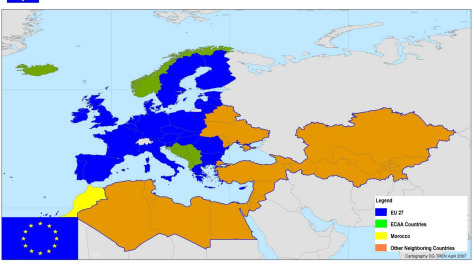
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### Europe of Tomorrow A Wider Common Aviation Area

Common Aviation Area by 2010



58 States – Approx. 1 Billion inhabitants

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5

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### From National Markets to a Common Market

- Before 1987: national markets within the EU were protected and fragmented
  - ✓ To fly between two major cities: little choice but to fly with one of the two national “flag carriers” (duopoly);
- Three successive packages of liberalisation measures (1987-1992) have changed the landscape.
- World’s largest and most successful example of regional market integration and liberalisation.
- Liberalisation and market integration based on three main EU Regulations (the “Third Package”):
  - ✓ Air carrier licensing (Regulation 2407/92)
  - ✓ Market access (Regulation 2408/92)
  - ✓ Fares (Regulation 2409/92).

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6

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**From National Markets to a Single EU Aviation Market**

**Results:**

- Non-discriminatory air carrier licensing across Europe (from national to Community carriers with equal rights)
- Market access: no capacity restrictions
- Full cabotage
- Free air fare setting
- Any Community carrier can now operate on any route within the EU
- Comprehensive body of Community legislation in relation to all key aspects of aviation

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7

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**What Have We Achieved? Successes of the Single Market**

- Tripling of air travel 1980-2000. Doubling expected by 2020
- IATA Forecast 2006-2010: +4.6% annual traffic growth for Europe
- Lower fares (LCC, more airlines, competition)
- and...

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8

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**What Have We Achieved? Successes of the Single Market**

**...more competition...**

Intra-EU routes with more than 2 carriers have increased by 385% between 1992 and 2007

**...and...**

Year	Number of Routes
1992	100
1993	110
1994	120
1995	130
1996	140
1997	150
1998	160
1999	170
2000	180
2001	190
2002	200
2003	210
2004	220
2005	230
2006	240
2007	250

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9

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**Key Objective Driving EU Policy: Ensuring Sustainability of the Sector's Growth**

**Means:**

- 1. Competitiveness of the industry**
  - Cost reductions and efficiency
- 2. Avoid/reduce bottlenecks**
  - On the ground and in the air
- 3. Ensure environmental sustainability**
  - Comprehensive approach
- 4. Project success of the single market beyond Europe**

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13

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**Current Priorities**

- 1. Consolidation/simplification of legislation**
  - Revision of 3rd Package; CRS
- 2. Safety first - Continuous improvement**
  - EASA, EU-OPS, Black-list...
- 3. Decrease costs of airlines**
  - Airport charges, CRS, Single European Sky
- 4. Increase capacity**
  - Airports (Observatory, Action Plan)
  - ATM, Single European Sky (2nd Package)
- 5. Reduce environmental impact**
  - R&D, ATM reform, Market-based measures such as ETS)
- 6. External Relations**
  - Restore legal certainty
  - Neighbourhood – enlarging the single market
  - Global agreements with key partners

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14

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**Recent EU Aviation Developments**

- Extending EASA's competencies
  - Airworthiness
  - Pilot license; operational safety; authorisation and inspection of partner countries' carriers
  - Airports, ATM
- EU-OPS: Harmonised operational safety rules
- Single European Sky
  - Independent regulators and service providers; functional airspace blocks & performance targets
- Security Rules
  - Common rules at airports, EU inspections, liquids
- Airports
  - Action plan on airport capacity
  - Proposal for Directive on airport charges
- Consolidating and updating the Internal Market
  - Revision of "Third package"
  - Revision of CRS Code of Conduct
- PNR

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15

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**Expanding Commercial Opportunities Outside Europe: Three Pillars**

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**Going Beyond Europe: The Three Pillars of the External Dimension**

- I. Bringing existing bilateral agreements into line with Community law
- II. The creation of a “Common Aviation Area” with neighbouring countries
- III. Conclusion of ambitious global agreements with key partners (US, Canada, Australia, New Zealand, India, China, Russia.....).

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17

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**Pillar I: Progress on the Legal Issue**

- 87 non-EU states have accepted Community designation
- Nearly 650 Bilateral ASAs have been brought into conformity with Community law
- 33 “Horizontal” Agreements covering 525 ASAs (since September 2004)
- Negotiations/talks on-going with many countries

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18

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**Europe of Tomorrow**  
**A Wider Common Aviation Area**

Common Aviation Area by 2010

58 States – Approx. 1 Billion inhabitants

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**Pillar II:**  
**Common Aviation Area by 2010**

- Southern and Eastern neighbouring countries
  - Pre-accession context: Western Balkans (ECAA)
    - ECAA Agreement signed in June 2006 (Gradual liberalisation and market integration in function of degree of regulatory convergence achieved)
  - Morocco (Euro-Mediterranean agreement)
    - EU-Morocco Agreement signed in December 2006
  - Next: Ukraine, Jordan, Israel, Lebanon ...
  - Particular case of Russia (Siberian Over-flight)

Towards a single market of some 50 states by 2010

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**Pillar III:**  
**Comprehensive Agreements**

- With key and like-minded partners
- Aim: to “normalise” aviation
- By:
  - market opening
  - removing investment barriers
  - regulatory convergence
- First: EU-US Agreement (1<sup>st</sup> stage)
  - Signed in April 2007
  - Applicable as of 30 March 2008
  - Second phase negotiations in May 2008
- Next: Canada (Negotiations on-going)

21

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***Thank you for your attention!***

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[http://ec.europa.eu/transport/air\\_portal/international/index\\_en.htm](http://ec.europa.eu/transport/air_portal/international/index_en.htm)

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