

Commission presents a new Aviation Strategy for Europe

Brussels, 7 December 2015

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Today the European Commission adopted a new Aviation Strategy for Europe, a milestone initiative to boost Europe's economy, strengthen its industrial base and reinforce its global leadership position. These are **three core priorities** of President Jean-Claude **Juncker**, on which the Strategy will deliver, by ensuring that the European aviation sector remains competitive and reaps the benefits of a fast-changing and developing global economy. A strong and outward-looking aviation sector will not only benefit businesses, but also European citizens by offering more connections to the rest of the world at lower prices.

Vice-President for the Energy-Union Maroš **Šefčovič** said, *"Competitive and efficient aviation is central to Europe's growth. This new Aviation Strategy creates a framework that will enable European aviation to maintain its global leadership. It also confirms the pioneering commitment of Europe to sustainable aviation, a highly topical issue as the world has its eyes on Paris for the COP21"*.

EU Commissioner for Transport Violeta **Bulc** added, *"European aviation is facing a number of challenges and today's Strategy sets out a comprehensive and ambitious action-plan to keep the sector ahead of the curve. It will keep European companies competitive, through new investment and business opportunities, allowing them to grow in a sustainable manner. European citizens will also benefit from more choice, cheaper prices and the highest levels of safety and security."*

The Commission's goal is to shape a comprehensive strategy for the whole EU aviation ecosystem. In this context, the priorities are to:

1. Place the EU as a leading player in international aviation, whilst guaranteeing a level playing field. The EU aviation sector must be allowed to tap into the new growth markets. This can be achieved through new **external aviation agreements** with key countries and regions in the world. This will not only improve market access, but also provide new business opportunities for European companies and ensure fair and transparent market conditions based on a clear regulatory framework. These agreements will also provide more connections and better prices for passengers. Global connectivity is a driver of trade and tourism, and directly contributes to economic growth and job creation.

2. Tackle limits to growth in the air and on the ground. The main challenge for the growth of EU aviation is to address the capacity, efficiency and connectivity

constraints. The fragmentation of the European airspace costs at least €5 billion a year and up to 50 million tonnes of CO₂. Capacity constraints at EU airports could cost up to 818,000 jobs by 2035. Now is therefore the time for the EU to plan for future air travel demand and avoid congestion. For this reason, the Strategy stresses the importance of completing the Single European Sky project, optimising the use of our busiest airports, and monitoring intra-EU and extra-EU connectivity to identify shortcomings.

3. Maintain high EU standards. In the interest of European citizens and businesses, it is crucial to maintain high EU standards for *safety, security, the environment, social issues* and *passenger rights*. The Strategy proposes important measures in this sense, with an update of the EU's safety rules in order to maintain high safety standards alongside growing air traffic. Furthermore an effective and efficient regulatory framework will give the industry more flexibility to thrive and remain competitive globally. The Commission will also seek ways to reduce the burden of security checks and costs, through the use of new technology and a risk-based approach. It will further reinforce the social dialogue and employment conditions in aviation, and pursue a robust global measure to achieve carbon neutral growth from 2020.

4. Make progress on innovation, digital technologies and investments. A catalyst for the development of aviation, and its function as an enabler of growth, will be innovation and digitalisation. Europe must in particular unleash the full potential of drones. That is why the Strategy proposes a legal framework to ensure safety and legal certainty for industry and addresses concerns related to privacy and data protection, security and the environment. In addition, appropriate investments into technology and innovation will secure Europe's leading role in international aviation. The European Union has planned to invest €430 million^[1] each year, until 2020, in the *Single European Sky ATM Research (SESAR) project*. The timely deployment of SESAR solutions can potentially result in the creation of over 300 000 new jobs. The deployment and optimisation of information and communications technologies are also particularly relevant for airport capacity, performance and quality of service.

Background

The Aviation Strategy is one of the initiatives listed in the *Commission Work Programme for 2015*. It consists of a Communication, a proposal for a revision of the EU's aviation safety rules (*Regulation 216/2008*) and requests to negotiate Comprehensive EU-level air transport agreements with a number of third countries.

Aviation is a strong driver of economic growth, jobs, trade and mobility for the European Union and plays a crucial role in the EU economy. The sector employs almost 2 million people in the EU and is worth €110 billion to Europe's economy. Over the last 20 years, the EU's liberalisation of the internal market for air services and the substantial growth of demand in air transport within the EU and worldwide, have resulted in the significant development of European aviation. Aviation traffic in Europe is predicted to reach 14.4 million flights in 2035, 50% more than in 2012.

[1] Foreseen average annual contribution over 2014-2020

International Aviation: an opportunity for growth and jobs in the EU aviation sector

Brussels, 7 December 2015

Today, the European Commission has adopted an **ambitious package of proposals** to negotiate EU-level comprehensive aviation agreements with key partner countries. They include the Association of South East Asian Nations (ASEAN) States, Gulf Cooperation Council (GCC) States, Turkey, China, Mexico and Armenia. In parallel, authorisations to negotiate dedicated aviation safety agreements with China and Japan are also being sought and arrangements for One Stop Security with Canada and Montenegro are being established.

The aim is to boost the international competitiveness of the EU's aviation industry and ensure high quality services for the passengers. Once signed, nearly 75% of all passengers flying in and out of the EU, or more than **240 million passengers** per year, would be covered by EU-level aviation agreements. These agreements will strengthen the global positioning of the EU, which is a **core priority** of President **Jean-Claude Juncker**.

EU-level aviation agreements

Traditionally, international air transport has been governed by bilateral air services agreements between States, creating a patchwork of differing market access and rules for airlines. Therefore, since 2003 the EU has developed an **external aviation policy** aiming at concluding **comprehensive aviation agreements** and aviation safety agreements between the EU and key aviation partners worldwide for the benefit of consumers and industry.

Comprehensive aviation agreements and aviation safety agreements create **new economic opportunities**: they ensure market access and promote investment opportunities, facilitate air travel and provide a wider choice for consumers. These agreements also aim to ensure **high standards** of safety, security, air traffic management, infrastructure, consumer, social, and environmental protection, notably through regulatory dialogue and cooperation.

The EU has already concluded **comprehensive aviation agreements** with the **United States** and **Canada**, and is currently finalising one with **Brazil**. It has also concluded aviation safety agreements with the United States, Canada and Brazil. There are also comprehensive agreements with neighbouring States, which aim at establishing a fully open **Common Aviation Area** through regulatory convergence with the final goal of full implementation of EU aviation legislation and market access to the EU, including for intra-EU routes. Such agreements have been signed with the Georgia, Israel, Jordan, Moldova, Morocco and the Western Balkan States. A Common Aviation Area with Ukraine is pending signature since 2013.

1. Association of South East Asian Nations (ASEAN)

ASEAN is a regional organisation of Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. Combined it is the EU's 3rd largest trading partner outside Europe. More than **11 million passengers** travelled on direct flights between EU destinations and destinations in the ASEAN region. ASEAN is a **fast growing aviation market** and currently in the process of creating a Single Aviation Market for its **population of more than 600 million**.

In the field of aviation, the EU and ASEAN already engage in technical cooperation activities and jointly organised a successful ministerial aviation summit in 2014. A comprehensive aviation agreement between the EU and ASEAN is the logical next step to create a close aviation partnership with a combined market with a population of **1.1 billion**. Besides further market access, advancing mutual aeropolitical interests and fostering regulatory cooperation will be key aspects of the agreement. It would also be the **first EU bloc-to-bloc aviation agreement**.

The agreement would create commercial opportunities for enhancing direct flights to ASEAN destinations. While demand for air travel between the EU and ASEAN is **growing fast**, nearly all the growth is currently channelled through indirect routings.

2. Gulf Cooperation Council (GCC) States

The GCC region, and notably the UAE and Qatar, is among the most dynamic and **fast growing aviation markets** in the world. The airlines and hub airports of the region are reshaping the global competitive pattern of aviation and benefit from a favourable geographic location, highly liberal bilateral air services agreements, and political choices by local governments to invest in aviation as a strategic economic sector. The impressive results of a determined external aviation policy are best illustrated when comparing the numbers: More than **25 million passengers** travelled on direct flights between EU destinations and destinations in the GCC region. The United Arab Emirates (UAE) has **more direct traffic with the EU than China, India and Japan combined**. The total number of seats available on scheduled flights between the EU and the six GCC States has increased from 12 million in 2005 to 39 million in 2015. The sizes of the markets however differ considerably between the EU and individual GCC States: The EU-UAE market for instance is the 6th largest extra-EU market with 18.2 million annual passengers while the EU-Qatar market amounts to 4.4 million passengers, the EU-Saudi Arabia market totalled 1.4 million and the EU-Bahrain, EU-Kuwait and EU-Oman markets are in the order of 0.5-0.6 million passengers.

While the additional connections provided by the Gulf airlines are welcome – there are concerns regarding the conditions under which they operate. Comprehensive aviation agreements between the EU and the GCC States would be the right way forward to **bridge the interests** of both sides by creating conditions that will allow

further market development and growth based on **common rules and transparency**. Both sides' airlines, airports and passengers would benefit from enhanced regulatory cooperation and convergence in areas such as aviation safety, aviation security and economic regulation.

3. Turkey

Turkey is a **candidate country for EU Membership** and with a population of more than **75 million**, a key regional player in the aviation sector, being one of the most strategic and **fast-growing markets** in Europe. After the US, it represents the largest destination for passenger traffic to and from the EU, with almost **40 million passengers** in 2014.

Concluding a wide ranging aviation agreement between the EU and Turkey would bring significant mutual benefits, in terms of **market access, regulatory convergence** with the EU aviation acquis, facilitation of **closer cooperation** and ensuring a level playing field in the EU-Turkey aviation market. Concluding such an agreement would create **opportunities** for both industries to increase routes, frequencies and capacity between the EU and Turkey. Regulatory convergence will also be promoted across areas related to market access, air traffic management, aviation safety, aviation security, environment, social aspects, and consumer protection. The full implementation of the EU aviation acquis by Turkey is the ultimate objective for regulatory convergence.

4. China

China, with a population of around **1.4 billion**, is **one of the fastest growing aviation markets** in the world and currently the 11th largest extra-EU market with more than **7.2 million annual passengers**. Decades of a soaring Chinese economic growth have boosted domestic consumption and the demand to travel in, and increasingly beyond, China alike.

Since 2013, the EU and China have significantly enhanced their aviation relations – a development best illustrated by a new aviation partnership project that has just been launched. The proposed comprehensive aviation agreement would be the next step to enhance aviation relations between the **second and the third largest domestic aviation markets in the world**. Further **market access** offers a strong potential for growth for airlines, aircraft manufacturers and service providers on both sides. An agreement would provide the framework for **more and better direct connections** and bring significant economic benefits and further **facilitate trade and tourism flows** to both sides.

China and the EU share an interest in **intensifying regulatory cooperation** and convergence in order to tackle problems such as congestion in the air and on the ground, safety and security related issues, as well as the environmental impact of aviation. Therefore these issues would constitute important topics to be addressed in addition to slot management and access to Computer Reservation Systems (CRS).

On top of this, a comprehensive agreement could represent an important building block to ensure a level playing field for air carriers operating in EU-China markets and provide an effective framework to address doing business issues.

5. Mexico

Latin America's second largest economy, with a population of **more than 120 million**, is an important regional and global player. Mexico is also the EU's remaining key aviation partner in North America that has not yet signed a comprehensive aviation agreement and an important external aviation market of more than **3.3 million passengers** in 2014.

Air transport between the EU and Mexico is driven both by tourism and business. Strengthening air transport links between the EU and Mexico will facilitate trade, investment, tourism and people-to-people exchanges. The envisaged **market access** would match the demand of the travelling public and for cargo services and would generate significant economic benefits for both sides, mostly in **consumer surplus**, through increased **direct employment** and increased **tourism** activities. A comprehensive aviation agreement between the EU and Mexico would reinforce regulatory convergence aimed at high standards of safety, security, environmental and consumer protection for air services. Industry in both the EU and Mexico would benefit from closer cooperation between the regulatory authorities.

6. Armenia

In 2014 some **230.000 passengers** travelled between the EU and Armenia. To further enhance direct connections based on common rules, the European Commission proposes negotiating a Common Aviation Area Agreement. A parallel process of reciprocal **market access** and regulatory convergence towards **full implementation of the EU aviation acquis** is foreseen. The closer cooperation aimed for is in line with the existing policies both in the field of aviation and regarding the **EU's neighbourhood policy**.

The agreement would complement the Common Aviation Area that the EU is developing with neighbouring countries.

Sources: Eurostat, OAG Schedules, studies on economic benefits.

Questions and Answers: A new Aviation Strategy for Europe

Brussels, 7 December 2015

What are the main elements of the new Aviation Strategy for Europe adopted by the Commission on 7 December 2015?

The new Aviation Strategy for Europe includes:

- A Commission Communication, identifying challenges and opportunities to improve the competitiveness of the EU Aviation sector in the years to come, supported by an analytical Commission Staff Working Document;
- A proposal for a revision of the [Aviation Safety Regulation](#) to equip the EU's aviation safety system for future challenges; this includes a legal framework for the safe use of drones to pave the way for our industry's success in this promising market;
- A package of requests to negotiate EU-level [Comprehensive air transport agreements](#) with third countries, to ensure the EU industry has the opportunity to be where the growth is.
- An indicative action plan for the years to come

How will the proposed initiatives bolster the competitiveness of EU aviation?

The proposed initiatives will provide the appropriate framework where all actors of the EU aviation sector can prosper, for instance by profiting from new business opportunities. Additionally, the Aviation Strategy identifies challenges which are to be addressed by specific actors, or areas where institutional actors have a key role in advancing legislative proposals ([passenger rights](#)) or implementing of existing legalisation ([Single European Sky](#)) which have a big impact on the competitiveness of the sector.

What is the added value of the new Aviation Strategy?

The Aviation Strategy will – for the first time – create a comprehensive road map towards a more competitive EU aviation sector covering all areas of EU air transport policy. The novelty is therefore in the way challenges are taken on based on a holistic and inclusive approach across the whole aviation sector.

In many cases the right initiatives are in the pipeline already – such as for instance the Single European Sky. The Aviation Strategy therefore does not only come with new legislative and non-legislative proposals to enhance the competitiveness – it will build additional momentum for implementing measures which are already on the table.

The Aviation Strategy calls for coordinated efforts of all the stakeholders involved.

What measures does the Commission propose to safeguard fair competition in EU external aviation relations and reinforce the competitive position of the EU aviation industry?

The Commission supports the objective of ensuring fair and open competition in the aviation sector by:

Promoting sound principles of competition enforcement in the Bilateral Air Services Agreements;

Promoting Comprehensive EU-level air transport agreements, ensuring fair and transparent market conditions;

Considering new measures to address unfair practices from third countries and third country operators.

I am a citizen, what is in the Strategy for me?

If fully implemented, the Aviation Strategy will contribute to safer, shorter, cleaner and cheaper flights and give citizens the possibility to fly to more destinations outside of the EU. More connections mean more air services and more employment to deliver them. Moreover, the introduction of new technologies such as drones should have a positive effect on growth and jobs as new skills and competences such as drone specialists or flight data analysts will have to be developed.

The Commission will also seek to alleviate the burden of security checks on passengers, notably through the use of new technology and by applying a risk-based approach. Furthermore, with third countries providing an equivalent high level of security to that of the EU, passengers and their baggage that have been through security checks at the point of departure can transfer onto a connecting flight without being subject to a second set of checks. This so-called "One Stop Security" is currently applied with the US. Similar arrangements with Canada and Montenegro will come into effect as of 29 February 2016.

I work in the aviation sector, how will the Strategy improve my situation?

The Commission will continue to (1) support social dialogue in civil aviation; (2) strengthen its analysis on jobs and employment in aviation with Member States and open it to interested parties; and (3) bring clarity to the legal framework for highly mobile workers on applicable labour law and competent court, based on objective criteria. To shape its response, the Commission has taken into account the opinions of a vast number of social partners, including trade unions.

How will European airlines benefit from the Strategy?

Through new comprehensive EU-level air transport agreements, airlines will be able to access new markets, new business and investment opportunities, which ensuring fair and transparent market conditions. The Commission will also issue interpretative guidelines on the application of [Regulation 1008/2008](#) on the ownership and control of EU airlines to bring more legal certainty for investors and airlines alike.

On the internal side, infrastructure and cost efficiency are critical elements. Not fully achieving the [Single European sky](#) would be missing a golden opportunity to reduce the economic impact of Air Traffic Management.

In order to allow for continuity of air traffic management, a minimum level of service in managing European airspace should be ensured, allowing at least for the movement of over-flights (flights crossing the airspace of an affected state or area) causing the least amount of disruption to the network. In this respect, the Commission will promote the exchange of best practices between Member States.

How will the Strategy contribute to a better air traffic management?

The aviation strategy highlights air traffic management as a key sector to achieve the goals of sustainable growth for aviation based on accrued performance in terms of quality of air services. Air navigation service providers will evolve towards a more entrepreneurial environment subject to effective economic regulation as advocated by [the Single European Sky \(SES2+\) initiative](#). They will benefit from the progressive implementation of the [SESAR](#) project and the development of network management functions.

How will manufacturers benefit from the Strategy?

The Commission is updating the EU's safety rules, which will enhance the overall efficiency of the system by introducing a risk and performance based approach. The [European Air Safety Agency](#) (EASA) will increase its role in supporting competitiveness of the manufacturing industry.

The Commission will negotiate further bilateral aviation safety agreements with aeronautical manufacturing nations such as China and Japan and establish new aviation dialogues with important aviation partners such as India.

As aircraft manufacturing is a global business, it is also important that the adoption of a new international noise standard at EU level is aligned with the [International Civil Aviation Organisation](#) (ICAO).

How will the Strategy improve the connectivity of European Member States and Regions?

The Commission will monitor how the EU aviation sector is performing in terms of connectivity, as a measure of the service available to citizens. In this context, we will work closely with the Airport Observatory to monitor trends of both intra-EU and extra-EU connectivity in Europe, identify any shortcoming and facilitate identification of necessary measures to be taken at national and European level.

What is in the strategy for European airports?

The Commission will request authorisations to negotiate EU-level Comprehensive air transport agreements with third countries and regions. This would not be enough if capacity shortages at some of our largest airports remain unsolved. We need to finalise the [reform of the Slot Regulation](#) towards an efficient and effective use of scarce airport facilities, which allow up to 24 million additional passengers at EU airports every year and 300 million annual benefits.

What are the next steps for the aviation strategy?

In the course of December 2015, EU Commissioner for Transport Violeta **Bulc** will present the Aviation Strategy to the European Parliament and the Council of the EU.

The Aviation Summit organised on 20 and 21 January 2016 under the Dutch presidency will be a good opportunity to gather the first reactions of the stakeholders.

On the basis of these discussions, the Commission will assess how implementation should proceed over the course of the current mandate. Some actions – such as the evaluations of existing legislation – can move ahead without delay. Others will take the form of Commission proposals and therefore be subject to normal consultation and decision-making procedures.

