

CAA response to the European Commission's Aviation Package consultation

CAP 1310



Aviation package for improving the competitiveness of the EU Aviation sector

Fields marked with * are mandatory.

Please provide information to help us build your profile as a respondent. In accordance with [Regulation 45/2001](#), all personal data collected through this survey will be kept securely and will ultimately be destroyed.

*Please note that the questionnaire will only use your full contribution if your name, organisation (if you answer on behalf of an organisation or institution) and contact details are provided. If you choose to not provide your name, organisation and contact details, you have the option of submitting a general comment only.

If you do choose to provide us with your name, organisation and contact details, you can still opt for your answers to remain anonymous when results are published.

- Yes, I will provide my name and contact details
- No, I prefer to provide a general comment only

A. Respondent details

*1a. I speak

- In my own capacity
- On behalf of an organisation directly representing stakeholders
- On behalf of an umbrella association representing stakeholders' organisations

*1b. Please identify clearly which organisation or association you represent?

UK Civil Aviation Authority

*2a. Please indicate if your organisation is registered in the [Transparency Register](#).

- Yes
- No

*3. First name

*4. Last name

*5. Address

*6. City

*7. Email address

*8. Please indicate your country of origin

 

*9a. I answer the questionnaire as a ...

- Private person
- Professional

*9b. Which of the following categories best describes your activity or that of your members?

- Public authority (Member State Representative, Ministry, Agency, other)
- Regional airport
- Groundhandling company
- Other airport service provider
- Supplier of aircraft manufacturer
- Airline and aircraft operator
- Retailer at airport
- Other crew member
- Trade association
- Consultancy
- Organisation representing consumers
- Other (please specify)
- Airport
- Air Navigation Service Provider (ANSP)
- Maintenance company
- Aircraft manufacturer
- Aircraft financier, leasing company
- General aviation industry
- Pilot
- Workers' organisation (union)
- Research/Academia
- Logistic company, logistic integrator
- Organisation representing environmental / climate stakeholders

*10. What is the size of your organisation?

- Micro company (less than 10 employees, up to €2 million turnover, or balance sheet up to €2 million)
- Small company (less than 50 employees, up to €10 million turnover, or balance sheet up to €10 million)
- Medium size company (up to 249 employees, up to €50 million turnover, or balance sheet total up to €43 million)
- Large corporation (250 employees or more, more than €50 million turnover, and balance sheet total of more than €43 million)
- Organisation representing group of stakeholders
- Local/Regional Authority
- National Authority
- European Authority
- I don't know / Not sure
- Other, Please specify

*11. Contributions received from this survey may be published on the European Commission's website, with the identity of the contributor. Do you agree to your contribution being published under your name?

- My contribution may be published under the name indicated
- My contribution may be published but should be kept anonymous
- I do not wish any of my contributions to be published

*12. May the Commission contact you, in case further details on the submitted information in this questionnaire are required?

- Yes
- No

C. Questions to public authorities, industry and other professional stakeholders

1. Which of the following areas do you consider important to improve the competitiveness of the EU aviation industry?

| | Not at all important | Somewhat important | Neutral | Important | Very important | No opinion / not relevant |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------------------|---------------------------|
| *Regulatory harmonisation | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |
| *Market access | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |
| *Access to financing | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |
| *Airport capacity | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |
| *Infrastructure | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |
| *Taxation | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |
| *Innovation (digitalisation) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |
| *Innovation (manufacturing) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |
| *Safety | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |
| *Security | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |
| | | | | | | |

| | | | | | | |
|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------------------|-----------------------|
| *Air traffic management | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |
| Other (please specify) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |

Please specify "Other"

The role of the EU and Member States should be to secure the framework within which a competitive, healthy, dynamic, safe, secure, sustainable, functioning industry can flourish in order to serve the interests of users. A liberalised market structure relying to the greatest extent possible on competition is the best way of delivering efficient aviation services and maximum consumer benefit in the air transport sector. Furthermore, growth in GDP, employment and international trade are all highly dependent on an efficient air transport route network. In general, it is important that market intervention is proportionate and only used where essential to make competition more effective. Disproportionate or inappropriate regulation can hamper the flexibility of the industry to innovate and improve its competitiveness. The principal focus must be on securing the best outcomes for the EU citizen.

An important area not mentioned by this question is information transparency, a necessary ingredient for a properly functioning market. For example, the pricing transparency provisions of Regulation 1008/2008 have helped consumers understand upfront what taxes, fees and charges are being added to their fare. The Commission may wish to consider whether more information, or more granular information, if necessary at the level of individual businesses, should be made available to enable greater scrutiny and more informed consumers.

2a. Do you agree with the following statements as regards comparison of EU and non-EU carriers?

| | Strongly disagree | Somewhat disagree | Neutral | Somewhat agree | Strongly agree | No opinion / not sure |
|--|-----------------------|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| *EU carriers do not face challenges when competing with non-EU carriers | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| *Non-EU carriers have cost advantage vs. EU carriers (including lower labour cost) | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

| | | | | | | |
|---|-----------------------|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| *Non-EU carriers receive uncontrolled state subsidies | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| *Non-EU carriers enjoy a more favourable tax regime than EU carriers | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| *There is a discrimination by non-EU States or non-EU service providers | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| *Non-EU carriers offer more attractive products and services than EU carriers | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| *There is overcapacity on the route served | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| *Non-EU carriers have a larger global network than EU carriers | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| *Unfair commercial practices are used by non-EU carriers | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| *Non-EU carriers have a geographic advantage | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

| | | | | | | |
|--|-----------------------|----------------------------------|-----------------------|-----------------------|----------------------------------|-----------------------|
| *Non-EU carriers are managed more efficiently than EU carriers | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Other (please specify) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |

Please specify "Other"

Important qualification to the answers in Question 2a above: We do not believe that it is meaningful to generalise about non-EU carriers in answering these questions. There are certainly individual cases where a non-EU carrier is thought to benefit from some of the points listed above, but our view would be that these carriers are the exception, and the circumstances will vary widely. In respect of the first statement in Question 2, all carriers, whether EU or non-EU, will face competitive challenges as a normal part of their commercial life and such challenges drive efficiency gains that generally benefit consumers.

"Other" - There is one specific additional point that we would raise. Some non-EU carriers - although not all - have a lower cost of compliance with EU consumer regulations, in that they do not have to meet the same requirements for flights coming into the EU that EU airlines do. For example, looking after disrupted passengers, paying compensation, and providing assistance for Passengers with Reduced Mobility. However, we recognise that there may be limited scope to strengthen the way the regulations apply to non-EU carriers. Indeed, passengers may arguably see this as a marketing advantage for EU carriers.

*2b. Which do you consider are the most important three challenges or obstacles facing EU carriers when competing with non-EU carriers?

between 3 and 3 choices

- EU carriers do not face challenges when competing with non-EU carriers
- Non-EU carriers have cost advantage vs. EU carriers (including lower labour cost)
- Non-EU carriers receive uncontrolled state subsidies
- Non-EU carriers enjoy a more favourable tax regimes than EU carriers
- There is a discrimination by non-EU States or non-EU service providers
- Non-EU carriers offer more attractive products and services than EU carriers
- There is overcapacity on the route served
- Non-EU carriers have a larger global network than EU carriers
- Unfair commercial practices are used by non-EU carriers
- Non-EU carriers have a geographic advantage
- Non-EU carriers are managed more efficiently than EU carriers
- Other (please specify)

Please specify "Other"

Important qualification to the answers in Question 2b above: We do not believe that it is meaningful to generalise about non-EU carriers in answering these questions. There are certainly individual cases where a non-EU carrier is thought to benefit from some of the points listed above, but our view would be that these carriers are the exception, and the circumstances will vary widely. In respect of the first statement in Question 2, all carriers, whether EU or non-EU, will face competitive challenges as a normal part of their commercial life and such challenges drive efficiency gains that generally benefit consumers.

"Other" - There is one specific additional point that we would raise. Some non-EU carriers - although not all - have a lower cost of compliance with EU consumer regulations, in that they do not have to meet the same requirements for flights coming into the EU that EU airlines do. For example, looking after disrupted passengers, paying compensation, and providing assistance for Passengers with Reduced Mobility. However, we recognise that there may be limited scope to strengthen the way the regulations apply to non-EU carriers. Indeed, passengers may arguably see this as a marketing advantage for EU carriers.

2c. Can you identify unnecessary regulatory cost and procedures arising from EU legislation posing a burden and thus negatively affecting competitiveness?

Security measures: Although sometimes appropriate and necessary, the layering of security measures on top of one another, coupled with greater passenger volume, impacts throughput, with direct and indirect impacts on costs.

Airline ownership & control: The airline sector is a global industry that has facilitated the rapid growth in trade of goods and services. Yet, paradoxically, despite widespread trade liberalisation, the airline sector has some of the most restrictive rules on international ownership and control. In other sectors the freedom to invest is considered essential to the efficient functioning of the market, and restrictions are relatively rare, subject to compliance with laws on employment, health and safety, competition etc. This has a significant impact on the extent to which airlines have access to investors and capital.

Ground handling: A lack of competition in ground handling in some Member States leads to higher prices (and probably poorer quality) for consumers. It was therefore regrettable that the proposal to open the market through reform of the Ground Handling Directive – subject to essential safeguards to ensure that effective safety standards are maintained – could not be secured. The current Directive, which has led to a modest opening of the market across European airports, has now been in place for nearly 20 years despite significant market developments over that period. We would support initiatives that bring greater market opening as well as better enforcement of the current legislation, and would encourage the Commission to consider this dossier further.

Wet leasing of third-country aircraft: The CAA fully supports the safety rules on wet leasing of third-country aircraft in Regulation 1008/2008 Article 13(3) (a), as maintaining a high standard of safety in such arrangements is paramount. However, other restrictions on wet-leasing of third-country aircraft were significantly tightened in Regulation 1008/2008 (Article 13) compared with 2407/92 (Article 8). We believe that the tests in Article 13(3) (b) are unnecessarily protectionist and restrictive and have reduced EU carriers' flexibility and therefore competitiveness. Such leasing by UK-licensed carriers has almost ceased since 2008, apart from one carrier's long-term reciprocal seasonal exchange of aircraft with a Canadian airline.

- It can be difficult for a competent authority to establish beyond doubt that additional capacity cannot be satisfied through leasing aircraft registered in the Community.

- As a direct result, a major third country has sought to impose restrictions on EU carriers' operations.

- It could be argued that the rules encourage sub-charters of seventh- or ninth-freedom non-scheduled operations by non-EU carriers as suggested in the Commission's own Information Note (page 15).

We would therefore welcome the reintroduction of leasing flexibility, subject both to maintaining acceptable safety standards, and there being no excessive dependence on third-country aircraft (see Council minute statement to 2407/92).

3a. In which areas should more be done to bolster international competitiveness of the EU aviation sector?

| | Not at all important | Somewhat important | Neutral | Important | Very important | No opinion / not relevant |
|--------------------------------------|-----------------------|-----------------------|----------------------------------|-----------------------|----------------------------------|---------------------------|
| *Market access in non-EU markets | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |
| *Regulatory harmonisation | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |
| *Effective dispute resolution | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |
| *Fair competition | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |
| *Safety and security standards | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |
| *Social standards | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| *Environment standards | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |
| *Consumer protection rules | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |
| *Taxation | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| *Airline ownership and control rules | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |
| Other (please specify) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |

Please specify "Other"

Scope: We suggest that the Commission should consider this question in the context of the aviation sector generally and not just airlines, for example how to improve the competitiveness of smaller regional airports.

Better Regulation principles: It is essential that any new initiatives conform to 'Better Regulation' principles. Although there are some areas where more could be done to improve competitiveness, there are many alternatives to formal legislation such as guidelines or cooperation on best practice that can address the objectives equally well. There may be scope for improving competitiveness through better implementation of existing rules. The Commission should evaluate each issue individually as to what risks are created for the EU citizen, and devise proportionate options for mitigation of the risk accordingly, avoiding regulation which is disproportionate or over-prescriptive, which can have unintended damaging effects.

Regulatory harmonisation: Although we have marked "regulatory harmonisation" as "very important", we would like to make an exception in the field of aviation security. Here, the freedom of Member States to apply at the national level security measures which are more stringent than those laid down in the EU baseline is of the highest importance in countering the terrorist threat.

EU social standards: should not be used as a means of seeking to improve competitiveness through protectionist measures that raise barriers to market entry and stifle innovation. Ultimately protectionist measures will harm, not benefit, EU citizens. However, it is important that where regulations do currently exist there is clarity around the applicable rules.

Consumer Protection Rules:

There are a number of areas where consumer law for air travellers remains notably weak. We believe that Regulation 261/2004 is in need of revision. Despite the difficulties experienced so far, there is general support for consumer protection legislation of this type, and we believe that the Commission should not be deterred. We would therefore encourage the Commission to continue to endeavour to move forward with its reform of 261/2004.

It is also important that consumers have the ability to enforce those rights efficiently and effectively. For example, a pan-EU Alternative Dispute Resolution scheme would be more efficient and effective than each Member State developing its own solution, with potentially different costs, within the framework of the ADR Directive.

We would like Regulation 1107/2006 to be amended so that individuals can seek redress for discrimination and service failures both on the ground and in the air. The interaction with the Montreal Convention has also caused some difficulties for EU citizens by restricting their ability to

claim redress for discrimination while in the air. The UK courts have seen Montreal as being the sole source of law while aircraft are in the air and this has hindered the ability of disabled passengers to obtain redress for discrimination during a flight. Montreal also limits airlines' liability for damage to electric mobility aids to an amount that is usually insufficient to cover the cost of repair or replacement. Many people need these devices to participate effectively in society, including travelling by air, and it is not acceptable that they may be forced to take out expensive insurance policies to protect themselves from significant losses.

Fair competition: We attach considerable importance to the Commission being absolutely clear on what it means by fair competition. Where fair competition is lacking, the primary objective must be to reduce barriers, remove subsidy and liberalise markets. The Commission should not be considering introducing new barriers to the market on the grounds that competition might be 'unfair'. Our view is that the perception of unfair competition, via subsidy, from non-EU carriers is exaggerated.

Traffic rights for EU operators between other EU states and non-EU states: We would welcome clarity from the Commission on the implications for 7th freedom charters (and other air services) of the ruling in the CJEU case C-628/11 International Jet Management GmbH v Germany. This states that once an EU operator has been granted an Operating Licence by a Member State, a second Member State cannot require it to apply for any further permissions (including any 'non-objection' process) to operate charter flights between the second Member State and a non-EU country. This is because this amounts to discrimination on the grounds of nationality and is contrary to the EU Treaty. The Commission's 2011 Fitness Check of Regulation 1008/2008 records the UK view that it would be worth exploring a pan-EU liberalisation of 7th freedom charters by EU carriers to bring them into line with scheduled rights.

Environmental standards: A competitive aviation sector must prove that it is taking steps to mitigate its impact on the environment, in order to achieve global support for future growth. See answers to questions 11 and 12.

Question 3b below: For the avoidance of doubt, the answers to Question 3b below are the most important areas where more should be done to bolster international competitiveness of the EU aviation sector. We consider that market access and fair competition go hand in hand.

*3b. Which are the three most important areas to focus on?

between 3 and 3 choices

- Market access in non-EU markets
- Regulatory harmonisation
- Effective dispute resolution
- Fair competition
- Safety and security standards
- Social standards
- Environment standards
- Consumer protection rules
- Taxation
- Change of airline ownership and control rules
- Other (please specify)

4. Which instruments should the EU use in order to bolster the competitiveness of the EU aviation sector internationally?

| | Not at all important | Somewhat important | Neutral | Important | Very important | No opinion / not relevant |
|--|-----------------------|-----------------------|----------------------------------|-----------------------|----------------------------------|---------------------------|
| *Development and implementation of EU template clauses for air transport agreements (for instance a template fair competition clause) | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| *EU level comprehensive air transport agreements to ensure market access in key aviation markets and promote an effective regulatory framework | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |
| *An effective defence mechanism to address unfair commercial practices in international air transport | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |
| *Multilateral efforts in the framework of the International Civil Aviation Organisation (ICAO) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |

| | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|----------------------------------|----------------------------------|
| *Cooperation on research and innovation | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> |
| Other (please specify) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |

Please specify "Other"

Qualification to the first and third rows in the table above in Question 4: It is important that air services (or air transport) agreements include an appropriate 'fair competition' article. However, where the agreement is being negotiated by a Member State, as with all provisions, some flexibility is needed to adapt the article to different circumstances. Prescribing fixed text could actually have a negative effect on EU citizens if the non-EU country concerned is not prepared to accept that text or makes excessive demands in exchange for including it.

5. The EU has signed comprehensive aviation agreements with EU neighbourhood countries (Western Balkans, Morocco, Georgia, Jordan, Moldova and Israel) and with major aviation partners (US and Canada). Negotiations have been finalised with Ukraine and are on-going with Brazil. The Council has also granted authorisations to negotiate with Australia, New Zealand, Azerbaijan, Lebanon and Tunisia.

Which countries/regions should in your view be priorities for possible future EU-level negotiations of comprehensive air transport agreements? Please list countries/regions in order of importance.

The countries should be prioritised according to the level of consumer benefit that such an agreement is likely to bring. China, Gulf States, Turkey, Russia and India are obvious candidates. It would also seem beneficial to complete the Euro-Mediterranean area to remove any remaining barriers to airlines wishing to expand their network, especially where nationality restrictions are hindering competition by pan-EU airlines. We note the recent helpful Steer Davies Gleave report on the benefits of pursuing a EU-Mexico agreement.

There is also a case for pursuing negotiations with countries which are known to be in favour of significant liberalisation, for example liberalising ownership and control restrictions, subject to appropriate safeguards, or all-cargo services. Even if such agreements bring fewer benefits, for example in terms of additional traffic rights, their strategic impact could bring greater leverage to bear on countries that are currently unwilling to liberalise.

6. Are there any specific issues in relation to international air transport agreements that you wish to raise?

It is disappointing that the EU comprehensive agreements with major progressive aviation countries such as the US and Canada still contain significant restrictions without any sign of movement. Also, perhaps not unconnected, these markets have yet to see significant new entry as a result of the agreements. Where there has been innovation and new entry we are concerned that some incumbent airlines with a strong or even protected position in those markets are calling for barriers to be re-introduced. We would urge the Commission to resist this strongly.

*7a. Should the EU intensify its efforts at multilateral level towards free access to markets and further liberalisation of air transport through multilateral agreements?

- Strongly disagree
- Somewhat disagree
- Neutral
- Somewhat agree
- Strongly agree
- No opinion / Not sure

7b. Why?

The Commission's primary focus should be on securing the best outcomes for the EU citizen. The role of the EU and Member States should be to secure the framework within which a competitive, healthy, dynamic, safe, secure, sustainable, functioning industry can flourish in order to serve the interests of users. A liberalised market structure relying to the greatest extent possible on competition is the best way of delivering efficient aviation services and maximum consumer benefit in the air transport sector and the wider economy. We fully support the Council conclusions on EU external aviation policy in December 2012, in particular that while important progress has been made since 2005, a more ambitious and robust EU external aviation policy should be pursued, based on the principles of reciprocity and open and fair competition on a level playing field.

7c. How?

The Commission's priority should be to 'normalise' the air services market, and remove artificial restrictions on market entry, including a suitable framework for liberalising rules on airline ownership and control. Regulation 1008/2008 already allows the waiver of such restrictions for EU airlines where part of an EU-level agreement. The EU should intensify its efforts to negotiate multilateral opening of markets using the combined negotiating leverage from a European approach. Efforts should also continue towards more global liberalisation through ICAO, including reform of protectionist practices in third countries on airline ownership and control, and market access. We support the December 2012 Council Conclusions on the EU External Aviation Policy inviting ICAO to play a leading role in this respect.

*8a. The EU rules on ownership and control currently allows foreign investment up to 49% of an EU air carrier while effective control must remain in EU hands.

Do you consider that current EU rules on ownership and control of EU airlines should be ...

- ... relaxed (on unilateral basis)
- ... relaxed (on the basis of reciprocity)
- ... tightened
- ... maintained?
- No opinion / Not sure

8b. Why?

The airline sector is a global industry that has facilitated the rapid growth in trade of goods and services. Yet, paradoxically, despite widespread trade liberalisation, the airline sector has some of the most restrictive rules on international ownership and control. In other sectors the freedom to invest is considered essential to the efficient functioning of the market, and restrictions are relatively rare, subject to compliance with laws on employment, health and safety, competition etc. Even in the most progressive aviation nations, and in some cases despite the best efforts of the Commission to create a true open aviation area for air services, foreign investment remains heavily restricted with no sign of movement, and domestic markets closed to foreign airlines (and therefore airlines protected from foreign competition that might bring pressure to bear). The EU citizen is therefore likely to have a worse outcome because competition is restricted.

Ownership and control liberalisation was the subject of a 2006 publication CAP769 (www.caa.co.uk/cap769) by the UK CAA. CAP769 sets out how liberalisation might be achieved and what safeguards may be needed. Little has changed in more than eight years since it was published, despite the Commission and much of industry recognising that the current rules are an anachronism and ultimately harm the consumer, and that significant reform is long overdue.

*9a. There is an emergence of new forms of airline ticket distribution over the internet. The Code of Conduct on computerised reservation systems - CRS (Regulation (EC) No. 80/2009) provides for a number of rules intended, in particular, to avoid bias in case a CRS is owned or controlled by an airline.

Do you consider that the terms of CRS Regulation 80/2009 are still appropriate having regard to the above mentioned new forms of distribution?

- Yes
- No
- No opinion / Not sure

*10a. Should the EU consider further measures to allow airlines in financial difficulties to continue operating under special conditions?

- Yes
- No
- No opinion / Not sure

*11a. Do you see the strong environmental performance of EU aviation as providing a competitive advantage?

- Yes
- No
- No opinion / Not sure

11b. If yes, how?

The long-term sustainable growth of aviation in the EU will require strong and continually improving environmental performance. This will create an enhanced perception of EU aviation in the eyes of the general public and governments.

Strong environmental performance implies efficient operations in terms of fuel burn and the use of quieter aircraft which in turn are likely to be more modern and therefore more efficient. This implies a relative competitive advantage.

EU manufacturers will gain a competitive advantage if, all other things being equal, their products are more environmentally friendly and therefore more attractive to customers.

*12. Identify the three preferred options to reduce the carbon footprint in aviation?

between 3 and 3 choices

- More use of biofuel
- Improved aircraft design
- Emission Trading System, ETS
- More direct flightpaths (Air Traffic Management solutions)
- Fuel taxation in aviation
- Passenger charges (based on polluter pays principle)
- Industry initiative such as voluntarily offsetting schemes (when air carriers offer the option to passengers to pay a part of the cost of the carbon footprint of the flight)
- Other (please specify)

Please specify "Other"

We favour a global market-based measure that creates more effective incentives to reduce emissions from international aviation. A successful scheme would capture a greater proportion of aviation emissions than an EU measure and would minimise competitive distortions. The scheme could take the form of an Emissions Trading System or an offsetting scheme.

13a. What are the social issues that need to be addressed to safeguard the competitiveness of the aviation sector?

Liberalisation of air transport has allowed operators to develop innovative business models that provide more flexibility and allow them to better meet consumer demand. Competition has led operators to seek to reduce their costs and the costs of their suppliers. This has included innovation in labour practices, and improving labour productivity is a key objective pursued by all firms to improve their competitiveness. It also brings benefits to workers through more flexible labour market opportunities and driving a more diverse and highly skilled labour market. Any new regulation should not seek to use social issues to raise entry barriers within the market and stifle innovation, for example by introducing protectionist rules which reduce the supply of labour or attaching unreasonable conditions to the ability to switch supplier. Also, social issues must not be confused with safety issues. However, it is important that there is clarity on the applicable rules on social matters in respect of any current and future regulation.

*13b. Do you consider that further sector-specific complementary measures are needed to address social issues in EU air transport?

- Promote sectorial social dialogue in civil aviation to reconcile different positions
- Clarify how existing EU rules apply specifically to air transport workers
- Put forward further specific social rules for aviation sector
- Other (please specify)
- No
- No opinion / Not sure

13c. If no, why?

Some labour organisations claim that employment standards are likely to suffer from liberalisation as airlines able to move their base seek out lower-cost locations with lower staffing costs. The CAA's publication CAP749 The Effect of Liberalisation on Aviation Employment www.caa.co.uk/cap749 examined the effect of liberalisation of aviation markets on labour. Although the study is now more than 10 years old, it is significant that it found no evidence that liberalisation hurt the interests of employees. In fact, evidence from the UK experience was that liberalisation had facilitated the growth of the aviation market and boosted employment in the UK aviation sector.

We note that in its 2013 report of the Fitness Check of the Internal Aviation Market, the Commission did not identify any "call or need for new regulation or for de-regulation in any of the scrutinized areas", although closer monitoring was suggested.

14. Taking into account the competition between transport modes, how can the EU best promote combining modes (intermodality) where it offers clear benefits in terms of convenience and for the environment?

We are generally supportive of measures to integrate transport modes where there is likely to be a clear benefit to the EU citizen. We do not support measures where users of air transport services in general bear disproportionate costs to the benefits that accrue to them, in other words effectively subsidising local travel. Or where the consumer bears the costs but the benefits are captured by service providers.

15a. Are there EU Member States or regions where air transport connections are not sufficient? For each Member State or region concerned, please describe the issue(s).

The Commission's primary focus must be on securing the best outcomes for the EU citizen. The role of the EU and Member States should be to secure the framework within which a competitive, healthy, dynamic, safe, secure, sustainable, functioning industry can flourish in order to serve the interests of users. The Commission should strive to remove artificial barriers such that companies can provide the services that consumer demand. A liberalised market structure relying to the greatest extent possible on competition is the best way of delivering efficient aviation services and maximum consumer benefit in the air transport sector. Furthermore, growth in GDP, employment and international trade are all highly dependent on an efficient air transport route network.

The EU and Member States should not, however, try to impose a route network 'blueprint' on the industry by second-guessing the market on where air services are sufficient or insufficient. Except in very specific cases, for example lifeline routes requiring a Public Service Obligation, or start-up route development funding, such intervention by the Commission or Member States risks distortion of the market, and while well-intentioned it may ultimately not be in the best interests of the EU citizen. It is important that intervention is proportionate and only used where essential to make competition more effective.

*15b. How relevant do you consider air transport connections are for the overall economic development?

- Completely irrelevant
- Somewhat irrelevant
- Neutral
- Somewhat relevant
- Completely relevant
- No opinion / Not sure

*15c. If "Somewhat relevant" or "Completely relevant" please explain the type of air transport connection required.

- Relevant provided there are direct connections with other points of economic activity (e.g. national capitals)
- Relevant, if the connections are provided at right time (such as double daily, in the morning and in the evening)
- Relevant for other reason (please specify)

Please specify "Other reason"

See the answer to Question 15a. Second-guessing the market on the type of air transport connections required in order to maximise economic benefit is not a role for the Commission or Member States, other than in very specific circumstances, for example lifeline routes requiring a Public Service Obligation, or start-up route development funding. Market demands will vary considerably depending on the circumstances; an over-simplified example might be business passengers demanding high frequency, and leisure passengers preferring lower fares.

*16a. A Member State, following consultations with the other Member States concerned and after having informed the Commission, the airports concerned and air carriers operating on the route, may impose a public service obligation (PSO) in respect of scheduled air services between an airport in the EU and an airport serving a peripheral or development region in its territory or on a thin route to any airport on its territory any such route being considered vital for the economic and social development of the region which the airport serves (Article 16 of Air Services Regulation (EC) 1008/2008).

Do you consider that the existing mechanism of PSO is fit for purpose?

- Yes
- No, I want PSO mechanism further expanded
- No, I want PSO mechanism further restricted
- No opinion / Not sure

*16b. Which actions or initiatives are necessary, if any, to facilitate the introduction of PSOs in air transport under current regime (Regulation (EC) 1008/2008)?

- Facilitate the application of air carriers for PSOs in order to attract more offers and reduce costs for public authorities
- Facilitate the setting up new operational bases by airlines
- Ensure a wider distribution of information on PSOs and tenders
- Ensure that the imposed obligations are less restrictive in order to attract more offers
- Forbid restrictions as to the used ticket distribution channel
- Express capacity obligations only in terms of total seat capacity and not as capacity per flight or aircraft
 - Replace prescriptions as to aircraft type with performance based criteria, and use them only where necessary for operational reasons e.g. short runway or landing in arctic conditions)
- Promote the bundling of several routes where airlines can introduce offers for one or more routes
- Clarify rules and procedures
- When a PSO is in place, set the obligation for Member State to review periodically whether it is still justified, and if not, abolish it
- Other (please specify)
- No opinion / Not sure

Please specify "Other"

Important qualification to Question 16a because of the limitations of the on-line response form: Overall we consider that the Public Service Obligation mechanism IS (repeat IS) fit for purpose. We would not want to see the PSO mechanism relaxed or expanded in terms of allowing more PSOs to be imposed, but we would want to see the tender process made as competitive as possible. In other words, we suggest that there is a difference between relaxing the conditions for a Member State to impose a PSO - which we do not support - and making it easier for airlines to compete to offer services under a PSO that has been imposed, which we do support.

We believe that for the Public Service Obligation facility to be effective, many of the measures set out in Question 16b should already be in place. For example, there should already be: (Q3) a wide distribution of information on PSOs and tenders, (Q4) an absolute minimum of restrictions in order to attract more offers, (Q5) no restrictions on using a distribution channel, (Q6/7) capacity obligations expressed in general terms and not by specifying aircraft type except where there are unavoidable reasons, and (Q10) regular reviews of the need for a PSO. Otherwise, any of these could be seen as a device to limit artificially the eligibility of some carriers to tender for the PSO contract and thus restrict competition to the detriment of the EU citizen.

We would expect the Commission to monitor carefully how the PSO mechanism is used, because of its significance in allowing the crucial market access provisions of the single aviation market to be disapplied. We note that PSO rules were given a thorough review in the legislative process for Regulation 1008/2008, and again in the subsequent Fitness Check.

A PSO can have high and hidden costs arising from disapplying the usual market access and instead allowing subsidy, monopoly protection and the ring-fencing of slots at congested airports. Our concerns are primarily that the PSO mechanism is not overused and that there is open and regular competition for tenders, applied consistently across Europe and closely monitored. In particular the ring-fencing of slots at a congested airport should be kept to a minimum and used only where it can be demonstrated that there is an overriding consumer benefit.

There have been several instances of Member States seeking to impose PSOs on international routes to the UK. We would prefer that the imposition of an international PSO be subject to the agreement of the other Member State, because of the potential distortion to competition and market access. Currently the Member State imposing the PSO need only consult the other Member State regarding its intentions. This means that in the case of dispute the only avenue the other Member State has is to request the Commission to investigate under Article 18 whether the PSO has been imposed in accordance with the conditions of the Regulation or is unduly restricting development of a route. We would also like to see a clarification of the Slot Regulation to make clear that the Member State imposing an international PSO cannot reserve slots at a slot coordinated airport located in a different Member State (as in the Council 'General Approach' of the proposed recast Slot Regulation Article 12.1). This seems to be the intention of the original Slot Regulation (see, for example, the 11th "whereas" recital, and the original Article 9 of the Regulation 95/93 before it was amended by Regulation 793/2004, both referring to domestic services).

We could support the establishment of a common platform of information sharing on PSO-related issues among Member States with greater transparency than available through CIRCA.

17a. Should the EU help to make the concept of 'green airports'() a reality?

() Rail and in general public transport landside access to airports are becoming increasingly important. It is critical to airport route development, especially long haul, and to airport growth. More and more authorities either oblige or incentivise airport operators to improve their environmental footprint. With some 50% of CO₂ emissions of an airport being caused by landside access, public or shared transport options are crucial. "Green airports" refer in this context to airports that act on lowering CO₂ emissions of landside access.*

- Yes
- No
- No opinion / Not sure

17b. If yes, how?

The EU should facilitate initiatives whereby airports are incentivised to improve their environmental performance consistent with other sectors.

*18a. Growing congestion at EU airports, weather events and progress with implementing the Single European Sky have highlighted the issue of the operational performance of airports. Should the EU be doing more to address operational performance of airports?

- Yes
- No
- No opinion / Not sure

*18b. If yes, how could the EU best help to enhance operational performance of airports?

- Benchmark airport performance
- Facilitate industry-led initiatives
- Prepare a regulatory approach
- Other (please specify)

Please specify "Other"

Important qualification to Question 18a: Any regulation of operational performance of airports would be a national rather than EU competence.

The Commission should also continue, to identify, through SESAR Common Projects, suitable projects at airports as candidates for EU funding which will have a network effect.

*19a. Taking into account existing EU legislation (on airport charges, groundhandling) are there improvements that could be made to help ensure that EU airports provide efficient, high-quality services to citizens and businesses?

- Yes
- No
- No opinion / Not sure

19b. If yes, please provide suggestions on possible actions or initiatives in these areas.

General: We would emphasise that the EU should not be looking to standardise the product or service, just the framework in which companies operate. It is important that service providers airports are free to compete as this drives service innovation and better consumer outcomes.

Airport charges: We are concerned by the scope threshold in the Airport Charges Directive. The use of annual passenger numbers as a criterion is too crude. Applying the Directive disproportionately inhibits airport development and innovation in charging and financing arrangements. In addition we consider that the Directive should be clarified with respect to the non-discrimination requirements. Discrimination between customers is allowed in many industries, except where it is prohibited under Article 102 of TFEU where an undertaking holds a dominant position. The Directive should more clearly link the requirements on non-discrimination to the existence of market power, in order to give consistency with competition law and to encourage more efficient pricing structures and improved levels of service.

Ground handling: A lack of competition in ground handling in some Member States leads to higher prices (and probably poorer quality) for consumers. It was therefore regrettable that the proposal to open the market through reform of the Ground Handling Directive - subject to essential safeguards to ensure that effective safety standards are maintained - could not be secured. The current Directive, which has led to a modest opening of the market across European airports, has now been in place for nearly 20 years despite market developments over that period. In the absence of any new measure, the current Directive should be applied such that the ground handling market at European airports is liberalised as far as possible, subject only to demonstrable space, capacity or safety constraints. As a minimum, the current Directive should be fully and consistently implemented across Europe (the advisory committee on ground handling is currently exploring ways of achieving this). We would support initiatives that bring greater market opening as well as better enforcement of the current legislation, and would encourage the Commission to consider this dossier further.

20a. Should the performance-based approach() applied in the field of air traffic management under the Single European Sky policy be extended to cover other elements of the air transport industry value chain?

() Performance-based approach: development and implementation of a performance scheme involving the setting of performance targets, the monitoring of the performance levels and of the effectiveness of actions implemented to achieve those targets.*

- Yes
- No
- No opinion / Not sure

21a. The SESAR() project proved to be a successful industrial partnership. Should it be extended to cover other sectors beyond air traffic management?

() The SESAR Joint Undertaking is an initiative of the EC established by Council Regulation (EC) No 219/2007 of 27.02.2007. As the technological pillar of Europe's ambitious Single European Sky (SES) initiative, SESAR is the mechanism which coordinates and concentrates all EU research and development activities in air traffic management (ATM). SESAR will have a global impact in defining and deploying future generations of ATM. It is established as a public/private partnership with the participation mainly of European aviation industry (manufacturers, air operators, air navigation service providers).*

- Yes
- No
- No opinion / Not sure

21b. In what way?

We are not clear what other sectors this question is referring to, and in many it would not be appropriate. SESAR is an R&D programme to develop next generation technologies and procedures for ATM. Within that, the SJU has proved to be an effective way to combine EU and industry funds, in a coordinated and focussed manner. Also under the umbrella of SESAR is the Deployment Manager, an industry consortium established to deploy SESAR technologies and procedures, with EU funding support. It is too early to say definitively that this model is effective, but early indications are positive. To this end, in this broader context, there may be a case to adopt a similar approach elsewhere for a large scale sector project with 'network'/community benefits, such as technology bringing environmental benefits.

22a. Do you agree that the EU should intensify efforts in order to identify and implement measures which can mitigate the effects of an airport capacity crunch() ?

() Capacity crunch: A situation when airport capacity and airport infrastructure limits demand therefore preventing further growth of traffic*

- Yes
- No
- No opinion / Not sure

23. In aviation security(*), there is often a compromise between providing a smooth and efficient experience for passengers and ensuring passenger security.

What areas of aviation security do you consider not currently providing a satisfactory balance?

() Aviation security means the combination of measures and human and natural resources intended to safeguard civil aviation against acts of unlawful interference*

While it is certainly the case that all efforts are made in the framing of security measures to ensure that they do not impose needless inconvenience on passengers, it is not the case, as implied by this question, that security is ever “compromised” in this way. Care needs of course to be taken to make sure that security measures are targeted at and proportionate to the risks being addressed. A review of the current Prohibited Items List in light of the evolving threat would for example help inform consideration of whether and which current requirements might be revisited. The adoption by industry of a Security Management System approach to securing their operations will also support the achievement of good risk targeting and proportionality. But the security of passengers must naturally in principle take priority over considerations of simple convenience.

It follows that we do not consider that there are currently any areas of aviation security in which a “smooth and efficient” passenger experience on the one hand, and passenger security on the other, are somehow out of “balance”.

24. Do you wish to raise any other points regarding to airport security?

Europe is generally and justly considered to require and enjoy high standards of aviation security performance, compared with many other parts of the world. This can in itself be considered to give European airlines a competitive advantage, notwithstanding the additional cost of maintaining those higher standards. Any policies etc which came to be adopted in pursuit of the greater competitiveness of European aviation which had as one of their effects the compromising of those standards, in either reality or perception, would be a counter-productive and possibly unsafe step. While security has an impact on cost, the cost of not having an effective security regime would be significantly greater.

The approach at the EU level needs to be agile enough to respond effectively to rapidly changing situations and threats. Regulatory solutions should only be developed when absolutely needed (the recent cabin baggage changes are a good example). There must be scope for Member States to put in place their own solutions, including the imposition of More Stringent Measures than those in the EU baseline.

*25a. Do you believe that current rules under [Directive 93/13](#) on unfair contract terms are sufficiently well applied in the air transport sector?

- Yes
- No
- No opinion / Not sure

*25b. If not, how do you think that these rules could be enforced more effectively?

- A centralised mechanism at EU level should exist in order to ensure equal enforcement of consumer legislation and a level playing field
- More coordinated enforcement actions by national authorities for EU-wide infringements (under the CPC Regulation (EC) 2006/2004 on cross-border enforcement)
- Commission guidelines on the specific application of Directive 93/13 in the air transport sector
- Specific aviation legislation with regard to unfair contract terms (e.g. black list on certain terms)
- Other (please specify)

Please specify "Other"

Qualification to Question 25b because of the limitations of the on-line response form: the CAA could support the second and third options (Commission guidelines on the specific application of Directive 93/13 in the air transport sector, and more coordinated enforcement actions by national authorities for EU-wide infringements (under the CPC Regulation (EC) 2006/2004 on cross-border enforcement)). In particular, we would draw attention to airline contract terms. These are difficult to navigate and can be very restrictive. Significant fees for changing names, dates etc are widespread. Full-service airlines tend to use IATA standard terms which are old fashioned and very much favour the airline rather than the consumer.

26. Mention up to **three** technological developments and advance innovative concepts that you expect will transform the aviation sector in the next 10 years.

- 1) Performance-Based Navigation
- 2) Biofuels
- 3) Small drones

*27a. Are there areas in which more should be done at EU level to ensure that EU airports provide efficient and quality services to people and businesses?

- Yes
- No
- No opinion / Not sure

27b. If yes, please provide suggestions on possible actions or initiatives under these areas.

See answer to question 19b

28. Do you think that airlines and airports should intensify efforts towards the deployment and promotion of electronic services related to air transport (such as innovative IT solutions like e-tagging of luggage, electronic ID, etc.)?

Yes, but efforts to improve and increase e-services should not lessen security outcomes. Roll out of new electronic services should be closely linked with security processes. The focus should be on delivering existing processes smarter and with comparable or higher security value.

Other questions

29. Please refer to any studies or documents that you think are of relevance for this consultation, with links for online download when possible.

CAP749 The Effect of Liberalisation on Aviation Employment
www.caa.co.uk/cap749

This 2004 UK CAA publication examines the effect of liberalisation of aviation markets on labour, drawing from the UK experience of European liberalisation and relating this to the debate about the introduction of an Open Aviation Area covering the EU and the US. Some labour organisations claim that employment standards are likely to suffer from liberalisation as airlines able to move their base seek out lower-cost locations with lower staffing costs. Although the study is now more than 10 years old, it is significant that it found no evidence that liberalisation hurts the interests of employees. In fact, evidence from the UK experience was that liberalisation had facilitated the growth of the aviation market and boosted employment in the UK aviation sector.

CAP769 Ownership and Control www.caa.co.uk/cap769

This 2006 UK CAA publication examines the rules governing ownership and control of airlines. In particular, it examines the impact of these on airlines, consumers and employees and considers the situation were they to be removed, especially how safety regulation might be affected. It concludes that there are likely to be substantial benefits from ownership and control liberalisation and sets out a pathway for reform, which if followed, should lead to safer, more efficient and cheaper international aviation.

The Commission's 2013 report of its Fitness Check of the internal aviation market (SWD(2013) 208 final).

This is a report on the suitability of economic regulation of the European air transport market and of selected ancillary services. Its findings, or those of the consultancy reports commissioned for the same purpose, are relevant to some of the questions in this consultation.

30. Please refer to any successful initiatives at regional, national or international level related to aviation that could support the Aviation Package?

We would draw the Commission's attention to the compulsory use of Alternative Dispute Resolution (conciliation) in Germany to resolve passenger disputes as a model that could be adopted EU-wide. The relevant national legislation is: §§ 57 to 57 c LuftVG (Law on Conciliation in Air Traffic) as well as the Luftverkehrsschlichtungsverordnung - LuftSchlichtV (Regulation pursuant to § 57c of the Air Navigation Act on Conciliation in Air Traffic).

31. Are there any other issues you would like to highlight in relation to this initiative?

This response is on behalf of the UK Civil Aviation Authority. (The UK

Department for Transport will make a separate response.)

There are two areas not mentioned specifically in the Commission's consultation document:

- the need for information transparency in a properly functioning market (see answer to question 1).
- the need for consumers to have the ability to enforce their rights efficiently and effectively (see answer to question 3a).

In addition, because of the limitations of the on-line response form, we would like to add some comments to supplement our answers to specific questions where no text box was available:

Comments on Question 9a: We generally support the CRS Regulation 80/2009 as being pro-competitive. The Commission only recently carried out a Fitness Check of the Regulation. As part of that Fitness Check, a 2013 Steer Davies Gleave report found that there was "a strong case for maintaining some form of formal Regulation over the electronic distribution of airline products". For example the report recommended that the 'parent carrier' provisions (a carrier which controls or could exercise a decisive influence over a CRS) remain unchanged despite the significant decline in airline ownership of CRSs. We are content with this conclusion providing that disproportionate burdens are not placed on airlines with very small holdings in a CRS. It may be of course that some detail of the Regulation could be improved as suggested by the Steer Davies Gleave report.

Comments on Question 10a: EU aviation is an open competitive market that, subject to meeting the licensing criteria of Regulation 1008/2008, European air carriers are freely able to enter and exit. There is no reason to introduce special measures to protect airlines from bankruptcy. Indeed to do so could distort the operation of a well functioning market by indirectly supporting insolvent carriers - preventing the exit or restructuring of inefficient non-competitive firms - to the detriment of EU citizens and industry (for example, higher fares, loss of efficiency, and barriers to new entrants and innovative business models). As outlined in the Commission communication on airline insolvency of July 2013 (COM/2013/0129 final) Regulation 1008/2008 places an obligation on EEA licensing authorities to ensure that the requirements of Regulation 1008/2008 are upheld and to take timely and appropriate action where they are not. The airline sector should be no different from other sectors. Ownership and control rules interfere with the proper functioning of the airline sector and consideration should be given to their being reviewed to allow appropriate access to capital on a commercial basis.

Comments on Question 20a: We are not clear what elements of the value chain this question is referring to. For example, we would strongly oppose the extension of an SES Performance Scheme approach to the airport sector, as we consider this inappropriate.

Comments on Question 22a: The EU may have a useful role in identifying capacity hot spots, perhaps using the Airport Observatory, but the response is best left as a national issue and to market mechanisms.

32. Do you wish to upload any document to support your contribution to the consultation?

Useful links

About this consultation (http://ec.europa.eu/transport/modes/air/consultations/2015-aviation-package_en.htm)

Background: Why an EU aviation strategy?

(<http://ec.europa.eu/transport/modes/air/consultations/doc/2015-aviation-package/background.pdf>)

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