European Economic and Social Committee

Brussels, 28 March 2012

OPINION

of the

European Economic and Social Committee

on the

Airport Package

containing the following four documents:

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Airport policy in the European Union - addressing capacity and quality to promote growth, connectivity and sustainable mobility

COM(2011) 823 final

Proposal for a Regulation of the European Parliament and of the Council on groundhandling services at Union airports and repealing Council Directive 96/67/EC

COM(2011) 824 final – 2011/0397 (COD)

Proposal for a Regulation of the European Parliament and of the Council on common rules for the allocation of slots at European Union airports (Recast)

COM(2011) 827 final – 2011/0391 (COD)

Proposal for a Regulation of the European Parliament and of the Council on the establishment of rules and procedures with regard to the introduction of noise-related operating restrictions at Union airports within a Balanced Approach and repealing Directive 2002/30/EC of the European Parliament and of the Council

COM(2011) 828 final – 2011/0398 (COD)

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Rapporteur: **Mr McDonogh**

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On 1 December 2011, 13 January and 20 January 2012 respectively, the European Commission, the European Parliament and the Council of the European Union decided to consult the European Economic and Social Committee, under Articles 100(2) and 304 of the Treaty on the Functioning of the European Union (TFEU), on the

> *Airport Package containing the following four documents:*
> *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Airport policy in the European Union - addressing capacity and quality to promote growth, connectivity and sustainable mobility*
> *COM(2011) 823 final*
> *Proposal for a Regulation of the European Parliament and of the Council on groundhandling services at Union airports and repealing Council Directive 96/67/EC*
> *COM(2011) 824 final – 2011/0397 (COD)*
> *Proposal for a Regulation of the European Parliament and of the Council on common rules for the allocation of slots at European Union airports (Recast)*
> *COM(2011) 827 final – 2011/0391 (COD)*
> *Proposal for a Regulation of the European Parliament and of the Council on the establishment of rules and procedures with regard to the introduction of noise-related operating restrictions at Union airports within a Balanced Approach and repealing Directive 2002/30/EC of the European Parliament and of the Council*
> *COM(2011) 828 final – 2011/0398 (COD).*

The Section for Transport, Energy, Infrastructure and the Information Society, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 13 March 2012.

At its 479th plenary session, held on 28 and 29 March 2012 (meeting of 28 March), the European Economic and Social Committee adopted the following opinion by 169 votes to 1 with 4 abstentions.

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1.   **Conclusions and recommendations**

1.1   The one stop Airport Security System proposed by the European Commission should be implemented (see the EESC opinion on "Aviation security for passengers"[1]).

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[1]   OJ C 100, 30/4/2009, pp. 39-43.

1.2   When looking at slots, the nature of competition between airlines or alliances of airlines should be considered to prevent any unfair competition.

1.3   On-line booking charges such as for security should be transparent, as demanded by the EESC opinion on "Air passenger rights"[2]. When a passenger doesn't travel the fare should be at a minimum, and those elements of the fare which the airline is not liable to pay should be refunded to the passenger.

1.4   National aviation authorities and regulators should allow airports the flexibility to manage demand by varying airport charges to match demand, e.g. higher charges for peak periods of travel, than for off peak times.

1.5   Passenger rights need to be more clearly defined, and hand luggage rules to be evenly enforced, respecting the rights of passengers to make purchases before boarding the aircraft.

1.6   It is very important that the Single European Air Traffic Control System should be installed as soon as possible, which for efficiency should include Ukraine and Turkey. This will help to reduce costs and increase efficiency across the national boundaries. This will lead to considerable savings in costs. It will also cut down on flying time between airports and thus put further pressure on airport capacity indirectly.

1.7   Airport security is becoming more sophisticated and more costly but not necessarily more efficient. An examination should take place of the effectiveness of it, because this is paid for by the travelling public. Security costs currently made up 29% of airport operating expenditure in 2009 – the latest year for which information is available.

1.8   Revenues from airport shops and restaurants are widely used to subsidise airline's airport operations (charges for runway use, parking, etc.). Airports should continue to be incentivised to maximise these revenues and deliver retail offerings tailored to the needs of their particular travellers as this model ensures that charges to airlines are kept competitive, enabling them to retain and expand services which ultimately benefits passengers.

1.9   Airlines should be obliged to interline all baggage for a reasonable fee, regardless of the carrier. This should speed and aid passengers in transit.

1.10   Monitoring of noise and pollution reports should be published on all major airports.

1.11   The revised EU Regulation on groundhandling services must provide for the safety, security and quality of those services, in the interests of all airport users including passengers, in particular passengers with specific needs such as children, older people, passengers with reduced mobility and passengers with disabilities.

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[2]   Not yet published in OJ, CESE 1609/2011 of 27/10/2011.

1.12   More service providers should be approved only if a fall in quality is ruled out, and binding rules have come into effect to prevent wage dumping and ensure transfer of staff on equal terms in the event of a change in service provider, as well as adequate qualification requirements for workers, which includes security vetting.

1.13   It is necessary in the interests of airlines, airport operators and ground-handling companies to ensure that prices charged for ground-handling services are reasonable.

1.14   Security of contents of checked baggage against theft needs to be re-enforced.

1.15   The EESC generally welcomes the Commission's analysis of the need to enhance capacity and quality at the airports.

2.   **Background – Airport Package**

2.1   This consists of four papers, which are:

−   A Communication on Airport Policy in the European Union – addressing capacity and quality to promote growth, connectivity, and sustainable mobility.

−   Three proposals for Regulations on
    •   Rules for the allocation of slots at European Union airports.
    •   Rules and procedures with regard to the introduction of noise related restrictions at Union airports.
    •   Groundhandling services at European Union airports.

All of the proposed measures are very important, if European airports are to keep pace with the projected increase in air traffic in the EU in the next 10 years.

2.2   Many advances have been made in European Aviation which will speed air travel and also reduce costs.

2.3   SESAR (see the relevant EESC opinion[3]) will have revolutionary effect on efficiency and will reduce time and delays in the air, and thereby noise and pollution at the airport. However, this must be matched by increased efficiency on the ground to improve turnaround time.

2.4   The Single European Sky will also increase traffic volumes at airports, and action must be taken by national and European decision makers to allow airports to properly plan for this.

2.5   Galileo, no doubt when fully up and running, will improve and speed up air navigations.

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[3]   OJ C 309, 16/12/2006, pp. 133-134.

2.6   As an initiative to reduce emissions, as of 1 January 2012 airlines will be held accountable for their entire emissions of the journey if they take off or land in any EU country from anywhere in the world, and it should lead to the phasing out of older type aircraft.

3.   **Slots**

3.1   The 2007 Action Plan had identified a growing gap between capacity and demand at a number of busy EU airports. Congestion at these airports will remain a concern. Slots should go to airlines that make good use of them and that really need them, especially in the context of growing traffic.

3.2   Europe will not be in a position to meet a large part of this demand due to a shortage of airport capacity. Despite the worldwide economic crisis and a predicted 40% airport capacity increase between 2007 and 2030 (including new airports, new runways and new air- and ground-side infrastructure), some 2 million flights - 10% of predicted demand - will not be accommodated because of capacity shortfalls.

3.3   In concrete terms, by 2030 no fewer than 19 European airports will be operating at full capacity eight hours a day, every day of the year (compared to 2007 when just five airports were operating at or near to capacity 10% of the time). This will have a major impact on the entire aviation network since by 2030 congestion at these airports will mean 50% of all flights affected by delays upon departure or arrival.

3.4   One of Europe's largest hubs, Frankfurt, has a new runway, but by 2025 demand will continue to exceed capacity all day, also at London Heathrow, London Gatwick, Paris Orly, Milan Linate and Düsseldorf. If capacity cannot be increased above the planned 120 movements/hour, demand will also exceed capacity all day at Paris Charles de Gaulle. In addition, demand will continue to exceed capacity during part of the day at Amsterdam, Madrid, Munich, Rome Fiumicino and Vienna.

3.5   This capacity challenge is being faced in a context of increased demand and a shift in the global aviation market towards Far Eastern travel.

3.6   Making better use of existing capacity at congested airports by ensuring a more resource-efficient slot allocation system will be vital. The way the Commission deals with "Granny Rights" under slots, would need to be re-visited. Many of these were acquired up to 50 years ago, and many changes have taken place in the aviation industry since then, with some airlines going out of business.

3.7   National aviation authorities and regulators should allow airports the flexibility to manage demand by varying airport charges to match demand, e.g. higher charges for peak periods of

travel, like morning and evening, than for off peak times, like mid afternoon, etc. This is in order to level traffic flows, and to make it more attractive for passengers to travel off peak.

3.8   The analysis of how the current Slot Regulation is working has shown that the allocation system in place prevents optimal use of the scarce capacity at busy airports.

3.9   Therefore the Commission is proposing changes to the current Regulation to allow for the introduction of market-based mechanisms across the EU provided that safeguards to ensure transparency or undistorted competition are established, including greater independence for slot coordinators. This will help to ensure that slots go to those carriers able to make the best use of them.

3.10   It has been estimated that by revising the current allocation system, up to 24 million additional passengers would be accommodated each year at European airports meaning more than EUR 5 billion in economic benefits and up to 62 000 jobs by 2025 thanks to a more resource efficient allocation system.

3.11   The EESC notes that this big increase in passenger numbers at airports that the Commission expects to result from the proposed changes to the slot allocation rules obviously relates primarily to volume and economic viability. As the number of slots is not itself being increased, the proposal to expand trading in slots, in particular, will primarily favour large, high-capacity aircraft and the busiest routes, which are able to bear the additional costs. The EESC considers that such a trend will not benefit regional feeder airlines in Europe, which play a major role in cohesion policy within the EU and in the general network effects of aviation. The airlines that are strongest financially will probably benefit most, and a fair number of these are based outside Europe. The EESC therefore urges the Commission to further analyse these effects and the possible need for countermeasures before any changes are made.

3.12   The takeover of some airlines, which hold valuable slots in Heathrow and other airports, as well as the nature of competition between airlines or alliances of airlines should be examined to prevent diminished or unfair competition.

3.13   The issue of runway slots allocation, and the accompanying problem of distortions, risks of airline dominance and of regions being underserved are as mentioned above all a consequence of inadequate airport capacity. While these issues can be managed to an extent, the only viable long term solution is to address the issue of inadequate airport capacity.

4.   **Noise Reduction/Restrictions**

4.1   The European Commission has proposed to change the rules governing noise related operating restrictions at airports, with the aim of ensuring consistent and reasonable use of ICAO's Balanced Approach. The Balanced Approach respects the need to manage noise at

and around airports, but balances this with the needs of the travelling public. The ultimate objective of these proposed changes is to maximise the efficient and sustainable runway capacity of Europe's airports, and this must be borne in mind by all EU decision makers when considering these proposals.

4.2 This can be achieved in a number of ways, by eliminating older aircraft, which are not fuel efficient (see the EESC opinion on "Reduction of CO_2 emissions from airports through new airport management"[4]). Increasing the use of solar power should be encouraged for running the air conditioning and heating, like in Madrid and Athens airport.

4.3 Another key way of reducing air traffic noise while bringing fuel costs and emissions down is to bring forward the implementation of the Single European Sky programme, in particular the SESAR programme, in order to cut unnecessary holding while waiting for a take-off/landing slot.

4.4 The Commission is therefore proposing changes to current rules on noise-related operating restrictions, putting authorities in a better position to phase out the noisiest aircraft from airports, which is an important step to reach the Commission's objective of using existing runway capacity as efficiently as possible.

4.5 In noise abatement, the safety of operations must be of paramount importance. Noise around airports may require local adjustment measures and active dialogue with residents, while the impact of various restrictions on airport capacity, e.g. opening hours, can have major implications for the whole aviation system.

4.6 Noise restricts the operating hours of many airports, and of course adversely affects capacity, leading to diversions in adverse weather conditions. Available take-off and landing runways should be used efficiently. Account must be taken for those living in close proximity to the airport.

4.7 The reports that result from the monitoring of noise and pollution should be published on all major airports, which would reassure those living in the airport vicinity, so that they are not subject to excessive noise and pollution levels. The populations living around airports should have all proper sources of information (noise, air quality…) available to them to be able to express an opinion about any envisaged change. The EESC suggests the creation of Local Committees of Information wherever they do not currently exist.

4.8 The new rules must allow for local input into the solutions for noise problems. The EESC asks the Commission to examine whether these rules are coherent with the objectives of the Directive on Air Quality[5].

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[4]   OJ C 204, 9/8/2008, pp. 39-42.

[5]   OJ L 152, 11/6/2008, pp. 1-44.

5.   **Groundhandling**

5.1   Aligning capacity on the ground and in the air is paramount.

5.2   Since 2007, the process of establishing a regulatory framework for the Single European Sky (hereinafter "SES") has continued at a fast pace. A second package of legislation was adopted in 2009 with the objective of ensuring that a Single Sky is in place from 2012 onwards. Today, the framework is almost complete. Airports, which together with air traffic management constitute the infrastructure of civil aviation, are one of the pillars of this architecture. Indeed, they are essential to the network and if capacity on the ground is lacking, the SES project as a whole will be negatively affected.

5.3   From 2012 to 2014 only en route air navigation services will be subject to performance targets while the performance of terminal air navigation services will be monitored as from 2012. Delays are also caused by airlines or their ground-handlers (technical, boarding, etc.), airports (equipment, etc.) or other parties involved in the turn around process.

5.4   In the light of these findings, the Commission considers that the logic of the performance scheme should be extended to airports as a whole in accordance with a true gate-to-gate approach and with the objective of optimising and integrating all phases of a flight, from airport to airport. Performance should not stop at the control tower, it should be enhanced on ground level as well. Ground handling is imperative for increasing airport capacity, without any major capital investment.

5.5   Airports also participate in the technological dimension of the SES, the SESAR programme. SESAR has the potential to expand capacity at airports, thus accommodating additional demand, reducing the number of delayed flights or cancellations.

6.   **Improving Groundhandling Services**

6.1   Even though groundhandling services are not always visible, the passenger experience both in airports and in the air relies on the quality of these services. Whether it concerns the proper reception of passengers and the handling of their luggage at the airport, freight and mail handling, the correct preparation of the aircraft (for example, cleaning the cabin) or vital functions for the safe operation of a flight (for example, de-icing the aircraft), comfortable, reliable, safe and value-for-money flights cannot be operated without them.

        The original 1996 Directive on groundhandling focused primarily on opening access to the groundhandling market and led to increasingly dynamic groundhandling markets. However, the degree of competition in restricted services and the access regime still vary significantly across Member States.

6.2   A regulation on groundhandling services must provide for the safety and efficiency of those services, in the interests of all airport users. These services should take environmental aspects into account.

6.3   Handling of mobility equipment, medical equipment and other types of devices vital for passengers with disabilities must be carried out according to the best possible quality standards. Damage to such equipment can be detrimental for passengers with disabilities by implying medical risks and serious limitations of mobility. Specific training of ground handling staff, exemptions to general rules on baggage handling and sufficient financial compensation for damage to such equipment must be considered alongside other possible measures in this regard.

6.4   It is necessary in the interests of airlines, airport operators and groundhandling companies to ensure that prices charged for services are reasonable.

6.5   The EESC shares the Commission's view stated in its proposal for a regulation that the current situation in the market for groundhandling at airports is unsatisfactory and that the 1996 legal framework is no longer adequate. Groundhandling services are not efficient enough. Due to the lack of criteria governing market entry as a result of Directive 96/67/EC, substantial quality differences persist between different airports in the EU. The EESC supports the aim of improved capacity and quality in this market based on competition, independent public decision-making, and harmonised procedures.

        In a labour-intensive sector such as groundhandling, there are important social issues to be considered. The system of tenders affects staff working conditions and encourages turnover of staff. The criteria applied in approval and award procedures must ensure that well-trained personnel are retained and recruited if necessary, and that competition is not achieved at the cost of ever-declining wages. Service quality at a reasonable price must be the chief criterion for awarding contracts. The Commission's proposal must be improved with respect to award criteria.

6.6   More service providers should be approved only if a fall in quality is ruled out, and binding rules have come into effect to prevent wage dumping and ensure transfer of staff on equal terms in the event of a change in service provider, as well as adequate qualification requirements for workers, which includes security vetting.

6.7   Major events leading to critical flight disruptions such as the volcanic ash crisis and heavy snowfalls disrupting key hub airports have shown the need for increased coordination of ground operations for European airports and the network as a whole, and for stronger protection of air passengers' rights.

6.8   The EESC welcomes the aim of standardising the quality of groundhandling at EU airports. This reform should also oblige airlines to interline all baggage for a reasonable fee, regardless

of the carrier. This should speed and aid passengers in transit. Security of contents of checked baggage against theft needs to be reinforced. Provisions for enforcement of quality standards must also be established if the new systems are to be successfully implemented.

6.9   Fair access to airport infrastructure at a fair price to airlines makes an important contribution to an efficient overall aviation system. The emergence of airport competition has done much to deliver this and another important step was taken in the European Union in 2009 with the adoption of the Airport Charges Directive on common minimum standards for the setting of charges levied on airlines for the usage of the necessary airport infrastructure for operating flights.

6.10   Three ground handling providers should be allowed in airports with more than 5 million passengers a year once the measures on safety, quality and social conditions for staff proposed by the EESC in this opinion have been introduced and taken effect. Airlines should have the right to organise their "self handling", but bearing in mind quality and safety standards.

7.   **Efficiency of Airports & Runway Operations**

7.1   Efficiency of airports and runway operations will depend to no small extent on the groundhandling operations.

7.2   Airports are a key interface between passengers and airlines, and the quality of service provided at airports is a key determinant of the passenger and airlines experience. Revenues from airport shops and restaurants are widely used to subsidise airline's airport operations (charges for runway use, parking, etc.). In 2009 airline related charges only covered 29% of airport operating costs (to say nothing of capital costs). This model ensures that charges to airlines are kept competitive, enabling them to retain and expand services which ultimately benefits passengers. Airports should continue to be incentivised to maximise these revenues and deliver retail offerings tailored to the needs of their particular travellers.

7.3   Promoting airport accessibility and efficiency through rail links is a key requirement for an efficient airport. While small sized airports can rationalise airport access through a well organised network of bus services, rail is an additional, sustainable option for airports of a certain size or which already have rail tracks in the vicinity of the terminal. Where practical, water transport should be provided to airports like Schiphol and Nice, and many others.

8.   **Security**

8.1   One stop security which is already agreed by the Commission needs to be urgently introduced at all European airports (see the EESC opinion on "Aviation Security Charges"[6]).

8.2   The second objective relates to security charges. Since 2002, EU law has imposed stricter security requirements on Member States and airports. At present, the recovery of aviation security costs is regulated at national level.

8.3   On-line booking charges such as for security should be transparent, as demanded by the EESC opinion on "Air passenger rights"[7]. When a passenger doesn't travel the fare should be at a minimum, and those elements of the fare which the airline is not liable to pay e.g. airport charges and government taxes, should be refunded to the passenger.

8.4   Security checks are often perceived as burdensome by passengers, aviation industry and airports. A balance is needed between enhancing security and facilitating travel (see the EESC opinion on the "Use of Security Scanners at EU airports"[8]). Common European standards should be established to ensure that the security checks applicable to air passengers who use mobility equipment or medical devices are clear and comprehensive, and that the personal dignity of the passengers in question is respected.

8.5   The current ban on liquids and gels in hand luggage is to be lifted by April 2013: passengers will be allowed to take liquids onboard aircraft provided that they are screened at EU airports. Air passenger rights as a whole need to be more clearly defined, and hand luggage rules to be evenly enforced, respecting the right to make purchases before boarding the aircraft.

8.6   The scanner technology is developing rapidly and has the potential to facilitate security operations for both passengers and airports - for example by reducing hand searches. This must not infringe on basic human dignity rights of passengers[9].

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[6]   OJ C 100, 30/4/2009, pp. 39-43.

[7]   Not yet published in OJ, CESE 1609/2011 of 27/10/2011.

[8]   OJ C 107, 6/4/2011, pp. 49-52.

[9]   Idem.

8.7   The U.S. Government this year will expand its expedited screening program known as "pre-check" to 28 airports. The program is now in place at seven airports. It allows frequent fliers and individuals enrolled in a trusted traveller scheme to avoid removing their shoes, belts, and coats while passing through security. This should also be considered for European airports.

Brussels, 28 March 2012.

The President
of the
European Economic and Social Committee

Staffan Nilsson

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