



European Economic and Social Committee

TEN/569
Integrated EU
Aviation Policy

Brussels, 17 September 2015

OPINION

of the
European Economic and Social Committee
on
Integrated EU Aviation Policy
(exploratory opinion)

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Rapporteur: **Mr Krawczyk**
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On 2 March 2015, the European Commission decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on an

Integrated EU Aviation Policy
(Exploratory opinion).

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 31 August 2015.

At its 510th plenary session, held on 16 and 17 September 2015 (meeting of 17 September), the European Economic and Social Committee adopted the following opinion by 95 votes in favour with 3 votes against and no abstentions.

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1. Conclusions and recommendations

- 1.1 The competitiveness of EU aviation is at stake if the entire European aviation value network cannot compete in a globalised economy. To this end, "more intermodality, better connectivity, better use of secondary hubs and regional airports, as well as optimisation of current processes are of utmost importance"¹.
- 1.2 The European Commission (Commission) has developed several regulatory initiatives for the aviation value network within the EU; it reviewed the Guidelines on state aids for airlines and airports, introduced an airport package, legislation to promote progress towards a Single European Sky; but further work will be needed to ensure complete implementation of EU legislation in the field of aviation by Member States.
- 1.3 EU aviation is at a crucial junction: without a compelling and coherent strategy, it runs the risk of further difficulties in providing for reliable connectivity for its citizens and trade and tourism, and thereby losing its economic clout and growth potential. This does not, however, require new legislation in all cases. The EESC again urges the Commission to do more to ensure that current EU legislation is implemented.
- 1.4 In light of the fragmented airline landscape, the increasingly competitive non-EU hubs, the slow progress towards implementation of a Single European Sky and the increasing risk of insufficient connectivity to smaller and/or peripheral regions, the Commission's strategy for

¹ [OJ C 230, 14.7.2015, p. 17–23.](#)

EU aviation should be driven by a compelling vision of how best to promote European competitiveness without distorting competition or undermining the social and labour relations.

- 1.5 The EESC believes that the Commission should identify the drivers of competitiveness and base its strategy on the economic benefits that aviation creates for Europe, as well as the social and environmental values, which characterise European Union.
- 1.6 The EESC urges the Commission to ensure that comparable international norms and standards will be applied to EU and non-EU competitors. This includes promoting the international application of principles of fair competition as well as ILO fundamental conventions. This may involve a review of the current provisions governing stakeholder involvement in international negotiations.
- 1.7 The EESC believes, that the aviation strategy to be developed must be based upon a constructive social dialogue. At EU level the Sectoral Social Dialog Committee for Civil Aviation should be consulted on initiatives by the EU institutions concerning the sector. Several provisions exist at national level, which should be implemented to secure social and labour conditions and prevent distortions to competition through flags of convenience. Although the European Union's jurisdiction is limited in this area, the Commission should do its utmost to build strong support from social partners at EU and MS levels for its initiatives.
- 1.8 The EESC also recommends that the Commission consults with the Committee on the ongoing development and implementation of the Commission's aviation strategy. The EESC will launch a separate project to allocate appropriate resources and expertise.
- 1.9 The EESC calls upon all aviation stakeholders to commit to the implementation of a new EU aviation strategy. Only if particularisms in the European aviation value network are overcome, can it regain momentum and restart to build new valuable economic and social contributions to EU development. Strong political leadership of the European Commission is a must.
- 1.10 For more detailed recommendations please look also into par. 3 of this opinion.

2. **Introduction:** The economics of aviation drive strategy and urgency

- 2.1 The air transport system generates benefits beyond the immediate aviation industry. Apart from providing connectivity and mobility to people and businesses, these include: trade and tourism, securing investments, supplying labour and improving productivity and innovation, thus contributing to society's welfare.

- 2.2 In 2012, the air transport industry in Europe directly generated an estimated 2.6 million jobs; the spending of tourists arriving at their destination by air were estimated to have added 4.7 million jobs and USD 279 billion in GDP.
- 2.3 Manufacturing of aviation hardware and software in Europe matches the world's highest innovative standards. The same is now true for innovation in air traffic organisation and procedures and business development and management.
- 2.4 Given that air traffic is an enabler of economic growth, SESAR (the technological part of Single European Sky – SES) is expected to create a combined positive impact on GDP of EUR 419 bn over the period to 2020 and approximately 42 000 additional jobs.
- 2.5 The EU has developed a regulatory framework for the European aviation market:
- 2.5.1 The **Single European Sky** – a project started in 2004, updated in June 2008 with the SES II regulation, and in 2013 with SES II+. The main objective is to reform ATM in Europe in order to cope with continued air traffic growth and air traffic operations under the safest, and yet more cost- and flight-efficient and environmentally friendly conditions. (See EESC Opinion TEN/504² and TEN/354³).
- 2.5.2 The **Airport Package** – On 1 December 2011, the European Commission adopted a comprehensive package of measures to address capacity shortage at Europe's airports and improve the quality of services to passengers. The European Parliament approved the legislative proposals in December 2012. (See EESC Opinion TEN/475⁴).
- 2.5.3 **Inclusion of aviation in the EU Emission Trading System (ETS) in 2012.** The European Commission introduced a scheme based upon trading of emission certificates. After an unsatisfactory result of ICAO 2013 Assembly, the EU adopted a modified version of the ETS, to be temporarily applied for intra-EU flights only subject to the outcome of the 2016 ICAO Assembly.
- 2.5.4 The **review of State Aid rules** – adopted by the Commission in February 2014 to update and modernise earlier regulations from 1994 and 2005. The key features of the current guidelines define new criteria for airports eligible for state aid, as well as for start-up aid to airlines launching new routes (See EESC opinion CCMI/125⁵).

2 [OJ C 198, 10.7.2013, p. 9–13.](#)

3 [OJ C 376, 22.12.2011, p. 38–43.](#)

4 [OJ C 181, 21.6.2012, p. 173–178.](#)

5 [OJ C 451, 16.12.2014, p. 123–126.](#)

- 2.5.5 **Airport capacity** –The Community Observatory on Airport Capacity was set up for a period of five years under the Commission's 2007 "Action plan for airport capacity, efficiency and safety in Europe", and from 2008 to 2013 played a crucial role in the plan's implementation. The Observatory enabled stakeholders to provide valuable feedback for the Commission, including exchange of best practices and policy solutions for problems (See EESC Opinion TEN/552⁶).
- 2.5.6 **Consumer protection** – In March 2013 the European Commission announced a package of measures updating air passengers' rights that focused on four key areas: clarifying grey areas, new rights, enforcement, complaint procedures and sanctioning, disproportionate financial burden.
- 2.5.7 These are only some of the measures, policies and projects carried out by the EU on aviation. The Commission has also intensified cooperation with EU and European agencies such as EASA and EUROCONTROL, as well as a broad range of activities related to the international dimension of EU air transport.
- 2.6 The EESC is of the opinion, that the EU needs an integrated aviation strategy:
- 2.6.1 Politically, therefore, the EU aviation strategy must increase the efficiency of the aviation sector within Europe, and increase negotiation leverage internationally. This requires political will, vision and courage to balance the requirements of sovereignty with the need for compromise.
- 2.6.2 Economically, the strategy should lead to an improved aviation value network that will drive economic prosperity and growth across Europe.
- 2.6.3 Legally, the strategy should deliver a robust regulatory framework at the macro level, planning stability at the micro level, and procedurally all stakeholders should be encouraged to contribute to its development and implementation.
- 2.7 In the EESC view, the EU aviation sector requires such a strategy as a matter of urgency, because the European value network is inefficient. Aviation is not providing the possible impulses to economic growth; many non-EU governments, however, are adapting their aviation systems to the geopolitical shift of growth and to the requirements of a globalised economy. This trend can only be stopped if a robust, market-oriented strategy is implemented which is based upon European values.
- 2.7.1 European hubs and European airlines are not participating in traffic growth as they would, if they too benefitted from a favourable regulatory environment. The lack of efficiency in the coordination of air space leads to circuitous routings and unnecessarily high levels of CO₂.

⁶ [OJ C 230, 14.7.2015, p. 17–23.](#)

- 2.7.2 The multiplicity of certification processes with potentially divergent outcomes hinders innovation to flourish, and discourages investment in European products or the use of such new products in Europe.
- 2.7.3 In the absence of a shared strategy, opportunities to secure growth for European airlines outside of the EU are missed and EU Member States will remain inclined to pursue their own national interests even if the total advantage to be gained by EU mandates would be greater than the sum of its parts.
- 2.7.4 In the context of a globalised economy, and a geopolitical shift of traffic growth to Asia, a fragmented EU will continue to lose clout and international relevance. European standards, the shared values of its citizens, companies and Member States, would lose attractiveness as international standards.
- 2.7.5 The EESC commends the EU Commission for having initiated a **public consultation** on the "Aviation package for improving the competitiveness of the EU Aviation sector". The broad range of responses will add credibility and clout to the Aviation package Communication proposal.

3. **The way forward: aviation strategy to promote drivers of competitiveness**

The EESC has identified six factors which determine the degree of European competitiveness. An EU strategy should leverage these factors to ensure its successful implementation.

3.1 **Safety**

- 3.1.1 The key pillar for a sustainable EU aviation strategy is safety. Although aviation in general, and European aviation in particular is by far the safest mode of transportation, there is no room for complacency.
- 3.1.2 It is of utmost importance to further strengthen EASA's role and resources as the central agency for safety management, certification of aviation products, and the oversight of the pertinent organisations at national level. In this context, EASA's ability should be enhanced to coordinate with all stakeholders, not only in the context of aviation-related incidents, to improve safety standards by, for example, reviewing safety rules, stressing the role of training, avoiding undue overregulation and promoting "just culture".
- 3.1.3 The professionalism and expertise of EASA is internationally recognised, it has established itself as a quasi-counterpart of the US FAA. The implementation of the so-called blacklists of non-compliant non-EU airlines and/or governments is of paramount importance not only for the safety of European airspace and passengers, but as a pre-requisite for adherence to the highest international safety standards. The Aviation strategy should build on these

achievements. The Commission should also re-assess work standards and the possible risk of social dumping (See EESC Opinion TEN/565⁷).

3.2 Sustainability

- 3.2.1 A further factor determining the soundness of the EU aviation strategy is its ability to ensure that aviation can deliver sustainably.
- 3.2.2 Social partners, stakeholders, and international partners in the public and private sector need to be able to rely upon a credible and reliable EU aviation policy based upon a coherent and robust strategy. Sustainability thus covers economic factors, as well as the ability of the individual competitors to succeed in their respective markets; however, even economic and commercial success is short lived, if the aviation strategy is not also environmentally and socially sustainable.
- 3.2.3 Meeting the challenges of sustainability in a global context, whilst also recognising the need to comply with EU specific requirements and provisions and structures is only possible if a holistic approach is pursued and the EU stakeholders coordinate their activities with a shared understanding of the strategic objectives.
- 3.2.4 The creation of the Single European Aviation Market has created a dynamic which is rapidly impacting structural market changes, such as: cross-border acquisitions, quasi mergers of airlines; creation of holdings and strategic investments into airports and airlines by non-EU companies This also impact the role of EU institutions. As a consequence, the Commission should review its current **governance models** and develop proposals to adapt them to the institutional and market reality.
- 3.2.5 In the field of air traffic management, the relationship between the Deployment Manager and the Network Manager should be reviewed. The Performance Review Body should operate under clear leadership of the Commission.

3.3 Competitiveness through innovation and digitalisation

- 3.3.1 Digitalisation is a primary driver of innovation, changes to passenger expectation, increased utilisation of drones, product customisation and innovation. It is essential that the Commission embraces the positive effects of digitalisation as a main priority of the aviation strategy to promote and implement a comprehensive and integrated transport policy.
- 3.3.2 Airlines and airports have developed innovative business approaches to access new sources of revenue, increase operational efficiency and unbundle and rebundle their services to limit the commoditisation of their product and offer customised services.

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EESC Opinion [TEN/565 – Social dumping in civil aviation](#) (not yet published in the Official Journal)

- 3.3.3 The EU aviation strategy should build on these developments with the objective of securing a leadership role for the EU in the fields of a thus more broadly defined innovation. The use of SESAR as a technological tool should be further enhanced to boost competitiveness and promote growth.
- 3.3.4 Drones currently present the most challenging dimension to the need for and limitations of innovation. The proliferation of drones for military, commercial and private use poses several requirements, particularly with regard to safety of air traffic, security, personal privacy, and legislation on certification and licencing of their use, to name but a few. If the development and use of drones are promoted appropriately, Europe can assume a leadership role (See EESC Opinion TEN/553).
- 3.3.5 Europe should indeed be promoted as the world bio jet hub, R&D should foster up-scale production of bio jet fuel in EU.

3.4 **Social dimension**

- In line with the Commission Work Programme 2015, the creation of jobs in the EU economy including aviation should be a priority. Both existing and newly created jobs should be based on the best European standards.
- The success of European aviation depends on the skills and qualification of its employees. Therefore, measures should be adopted to increase the attractiveness of this sector and prevent a skilled workforce from leaving the sector or looking for work in other parts of the world ("brain drain").
- As a joint voice of the employers and employees in the sector, the EU Sectoral Social Dialogue Committee for Civil Aviation shall be consulted on initiatives by the European institutions concerning the sector. This will ensure that the voice of social partners is heard and increases the likelihood of their support.
- Any agreements in the field of EU External Aviation Policy should seek to ensure that principles of the ILO are addressed and mutually acceptable means of securing adherence sought (See EESC Opinion TEN/500).

3.5 **Operational excellence**

- 3.5.1 The success of the EU aviation strategy can be measured by the degree to which individual stakeholders from the public and private sector are encouraged to deliver their best. The larger the gap between the status quo and optimal operational excellence, the less competitive European aviation will be internationally. This principle applies to air space management, airport and airline efficiency and seamless interinstitutional cooperation within Europe.

- 3.5.2 Key Performance Indicators reveal suboptimal performance levels because of the divergence of national approaches, which contributes to a fragmentation of the Single European Aviation Market. A trade-off is required between legitimate legal and political national interests and the ability of stakeholders to achieve optimal operational excellence.
- 3.5.3 "We must do our homework". A functional and efficient Single European Sky is a *conditio sine qua non* for the sustainable competitiveness of the European aviation sector. Solving airport capacity crunch must be an integral part of this.
- 3.5.4 EU aviation policy cannot be limited to EU air space; by its very nature EU aviation affects the **entire geographic region of Europe**. Non-EU European governments and stakeholders should therefore be seen as natural partners of the EU, who, under the leadership of the EU Commission, will be consulted and included in the comprehensive EU aviation policy. The continued development of EUROCONTROL's databank and experience in central flow management is a prime example of building bridges between the EU Member States' air navigation management tools and those of other European nations.
- 3.5.5 The principle of One-Stop Security, which should be implemented across the EU, should also be considered with regard to other countries. Mutual recognition of standards should also be possible with "like-minded" countries and this would again contribute to a balanced global security regime where all efforts are targeted at the real threat⁸.

3.6 **Connectivity**

- 3.6.1 The aviation sector has in itself matured into an aviation value network, companies which are inter-linked to jointly deliver value. The Single Aviation Market has facilitated the growth of highly efficient pan European airlines and airline-groups; likewise niche carriers are developing. These "next generation" airlines as well as other airlines based on different business models, all depend upon a network of efficient and market-oriented suppliers for their sustainable success.
- 3.6.2 Such an inter-dependent network of airlines, airports, ground handling companies, air traffic management organisations etc. not only generates employment as a sector, but for the regions and communities this industry connects. The higher the degree of connections, the more relevant such connections are for a region or a community because of their attractiveness for tourism and trade, the greater the value of connectivity for the economy.

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[OJ C 100, 30.4.2009, p. 39–43.](#)

3.6.3 Efficient aviation is thus a facilitator of economic growth. A successful EU aviation strategy should therefore seek to improve economic growth by providing for a reduction of the external costs affecting the sector's activity in the EU, and for growth opportunities for aviation internationally.

3.7 **International aviation**

3.7.1 Aviation is one of the few service sectors that compete not locally, but globally. Therefore, production costs, available political support and funds granted to non-EU airlines, but denied to EU carriers, affect Europe's competitiveness.

3.7.2 The European Union has globally unparalleled strengths. Despite and because of its internal diversity, it has established conflict resolution mechanisms, approval schemes for state aids, social dialogue, and security standards these together with other standards form a set of values which are shared by its over 500 million citizens, and companies, of one of the most powerful, stable and influential economic regions of the world. Accessing this market is a highly attractive option for non-EU companies.

3.7.3 The EU aviation strategy should be built on these standards and in concerted and co-ordinated negotiations strive to seek their acceptance by third countries. The EU has already established a functioning EU-US Aviation Agreement, which contains provisions that enable both Parties to further develop consensus on enhancing, jointly implementing and even extending these standards to third countries. A comprehensive and integrated aviation policy should therefore seek to use current instruments, such as the EU-US Joint Committee, as a means of establishing a shared understanding with other like-minded nations across the world that sustainable aviation depends upon respect for basic values. The EU and the USA could take a lead role in establishing global standards (including SESAR/NextGen).

3.7.4 Particularly in the field of external relations, it is insufficient to ensure that all Member States and all stakeholders from the private sector can be involved in all phases of all talks; key should be to ensure that particularly stakeholders with specific interests in given markets regionally, globally or sectorally, should be consulted and involved so as to ensure a continued buy-in for an integrated, comprehensive aviation policy. Aviation can only foster economic growth if DG MOVE is fully supported by other Directorates, such as REGIO, TRADE and COMP.

3.7.5 In a globalised economy, ownership and control provisions should certainly be carefully reviewed and reconsidered. Future-oriented EU aviation strategy should consider codifying the European Union's principles for fair competition leveraging acceptance of such standards by non-EU carriers as a means to ensure fair competition in liberalised markets. To gain better understanding the EESC recommends that the Commission considers different options of possible modification of the current ownership and control requirements separately. Proposals should be based on further research and analysis.

Brussels, 17 September 2015

The President
of the
European Economic and Social Committee

Henri Malosse
