

ROADMAP			
TITLE OF THE INITIATIVE	Communication: a Comprehensive Strategy for Improving the Competitiveness of the EU Aviation Sector		
LEAD DG – RESPONSIBLE UNIT	MOVE E	DATE OF ROADMAP	09 / 2015
<p><b>This indicative roadmap is provided for information purposes only and is subject to change. It does not prejudice the final decision of the Commission on whether this initiative will be pursued or on its final content and structure.</b></p>			

### A. Context and problem definition

- (1) What is the political context of the initiative?
- (2) How does it relate to past and possible future initiatives, and to other EU policies?
- (3) What ex-post analysis of existing policy has been carried out? What results are relevant for this initiative?

(1) Over the last 20 years, as a result of liberalisation of the internal market and substantial growth of demand within the EU and worldwide, the aviation sector developed steadily. The number of routes flown and the number of passengers increased substantially; some low cost carriers have become amongst the top carriers in terms of passengers. Growth of the sector has however not been matched by sustainability in terms of competitiveness and profitability for parts of the sector. Therefore, stakeholders in the aviation field (EU Member States, airlines, airports, employee representatives, aeronautical manufacturing industry) have consistently addressed the Commission to express concern about the challenges facing the European aviation market and to ask for renewed action at EU level. Although the EU aviation industry is still a leading player in the world, it is facing important challenges that require an effort of adaptation to the changing landscape of global aviation if it is to continue to thrive. Some issues are not specific to the industry (volatile oil prices, the financial crisis, weakening global economic performance), but others are specific to the sector: aircraft capacity limitations on the ground and in the sky, the emergence of global competition paired with the lack of appropriate safeguards to ensure fair competition, restricted market access in non-EU markets and technological developments impacting the industry – time truly is of the essence.

Studies give strong evidence to the role of aviation as a driver of economic growth, jobs and trade with a key impact on the EU's economy and the life and mobility of its citizens. Insufficient international competitiveness of the EU aviation sector risks undermining jobs and growth of EU industry in what is a global growth industry. It further impacts on direct connectivity to and from and within the EU with consequences for the development of the overall economy as a global business hub. The task of finding many of the solutions lies now as much with the industry as with the regulators but the regulator has a responsibility to create the right enabling environment. The initiative will encompass all fields of aviation policy related to the competitiveness of the EU's aviation industry.

In this respect, this initiative will contribute to the following political priorities of European Commission:

- a new boost for jobs, growth and investment
- a deeper and fairer internal market with a strengthened industrial base
- a deeper and fairer internal market with a strengthened consumer protection
- a connected digital single market
- a stronger global actor
- development and application of front-edge technologies
- a resilient Energy Union and a forward looking climate change policy

It is necessary for the Commission to respond to the claims and requests from stakeholders by analysing them and, where justified, by proposing action.

(2) This initiative will identify challenges for maintaining the competitiveness of the aviation industry in a comprehensive way.

Past initiatives:

- The aviation market was gradually liberalised within the EU through three successive packages of measures adopted at EU level which covered air carrier licensing, market access and fares. The internal aviation market is regulated in Regulation 1008/2008 on common rules for the operation of air services. It may be considered as a success story in terms of the transport internal market.
- Airports package, consisting of three proposals: Noise Regulation (EC) 598/2014 – adopted, revision of Slot Regulation (EC) 793/2004 – legislative procedure is ongoing and recast of Groundhandling

Directive 96/67/EC – proposal withdrawn (OJ C 80, 7.3.2015, p. 17–23)

- The development of the EU's external aviation policy has been the logical consequence of the creation of the EU internal market and associated common rules. The Council conclusions reached on the 2012 Communication "The EU's External Aviation Policy - Addressing Future Challenges", COM(2012) 556 final, will serve as a starting point.
- The Single European Sky (SES) is the flagship initiative dealing with the modernisation and performance of the Air Traffic Management (ATM) system, including technological development and deployment of the SESAR programme. The first SES framework dates back to 2004. This was updated in 2009. In 2013, the Commission adopted a further package to accelerate its implementation, so called the SES2+ package. This is currently going through the decision making process by the co-legislators
- The backbone of the EU aviation safety system is constituted by a set of common safety rules which are directly applicable in a uniform manner across the EU, based on Regulation 216/2008. The European Aviation Safety Agency was created to support this system.
- Initiatives related to industrial base are Flightpath 2050 and SRIA agenda

For possible future follow-up initiatives see the list under section C, option 1.

(3) Ex-post analysis is being carried out for Regulation 216/2008 on common rules in the field of civil aviation and establishing a European Aviation Safety Agency and for Regulation 868/2004 on protection against subsidies and unfair pricing practices which cause injury in the air transport sector in combination with the ongoing impact assessments. Ex-post analysis has been carried out for Regulation 1008/2008 on common rules for the operation of air services ('Fitness check') and for the SESAR Joint Undertaking.

What are the main problems which this initiative will address?

As explained in the introductory part, the EU aviation industry is under significant competitive pressure due to the changing landscape of global aviation. Currently the EU has different strategies for each segment – airlines, airports, service providers, passengers, manufacturing industry – but no overall overview of the whole aviation ecosystem. A comprehensive approach is needed to facilitate the step-change required for a competitive EU aviation sector, highlighting the achievements of the European aviation policy and the challenges ahead for enhancing the competitiveness of the EU aviation policy. Main challenges identified are the sector's cost base compared with key competitors, market access including in the field of international aviation services (to and from third countries), the lack of a global level playing field, a relative loss of direct origin-to-destination connectivity to and from the EU (although not necessarily to the detriment of passengers), air connectivity within the EU, capacity in the EU's aviation system (airports and air traffic management), lack of implementation of the Single European Sky, difficulties encountered by parts of the EU aviation industry when trying to restore profitability, lack of clarity regarding the permissibility of foreign investment in EU carriers (effective control), the continued challenge of adapting the regulatory framework of aviation safety to the sector's growth rates and an antiquated global regulatory framework. Aviation is a global industry facing global challenges and the EU's internal rules have a global impact. Therefore the EU's internal rule-making cannot be detached from the global aero-political context which includes multilateral developments in the framework of the International Civil Aviation Organisation (ICAO).

Who will be affected by it?

This initiative will affect EU industry (airlines, airports, and manufacturing) and their employees, Member States, EU citizens and consumers, other stakeholders such as regions or cities, and potentially also third country aviation stakeholders.

Is EU action justified on grounds of subsidiarity? Why can Member States not achieve the objectives of the proposed action sufficiently by themselves? Can the EU achieve the objectives better?

Yes, the EU action is justified on grounds of subsidiarity. Significant achievements and benefits for the economy, the industry and the consumer have been obtained as a result of common EU aviation policy. The EU has clearly been able to demonstrate its added value and leverage and results have been achieved that could never have been achieved without coordinated action at EU level. However, it is important to stress that the EU's aviation policy is being implemented in close cooperation with Member States and that Member States are actively involved in the implementation policy including through participation (stakeholder consultations, participation in negotiations, or coordination in ICAO). In relation with third countries, the EU has greater leverage in pursuing and defending EU interests than Member States individually.

## B. Objectives of the initiative

What are the main policy objectives?

This initiative aims to put forward a crosscutting analysis of existing challenges with proposals for enhancing of the sector's competitiveness, taking account of consumers/passengers' needs, which will serve as a road-map

for follow-up initiatives. Additionally, this initiative will put forward a long-term vision for the global regulatory framework of civil aviation.

To achieve the overall objective of bolstering the sector's competitiveness, this initiative will identify three key priorities: a competitive aviation market to improve connectivity, growth and jobs; high standards for public confidence, growth and jobs; strengthening European aviation through innovation and investment. The aim of these priorities is to improve market access for air transport services, enhance fair competition towards key aviation partners, strengthening the compliance of the global airlines' sector with the EU consumer acquis and on a global level, facilitate appropriate connectivity of EU airports, including intermodal connectivity if necessary, set the basis for a competitive EU manufacturing industry (including the currently non-regulated area of remotely piloted aircraft systems (RPAS)), promote high standards in the EU and abroad (including aviation safety, aviation security, consumer rights, social, climate and environment) which serve as a trigger to growth in aviation and contribute to a global level playing field, and improve the implementation of existing regulations regarding the competitiveness of the industry, the quality of the EU aviation system and consumer benefits while contributing to the fight against climate change.

More in detail, this initiative and its follow-up initiatives aim at:

1. Enhancing the competitiveness of the industry by providing commercial opportunities through enhanced market access, safeguarding fair competition, regulatory convergence;
2. Enhancing consumer benefits and the quality of the EU aviation ecosystem (connectivity, transparency);
3. facilitating air connectivity to, from and within the EU;
4. Wider public policy objectives: ensuring overriding public safety, security and environmental goals.

Do the objectives imply developing EU policy in new areas?

This initiative is in line with current EU policies.

## C. Options

- (1) What are the policy options (including exemptions/adapted regimes e.g. for SMEs) being considered?
- (2) What legislative or 'soft law' instruments could be considered?
- (3) How do the options respect the proportionality principle?

(1)

**Option 0: baseline scenario:** no further coordinated EU action is taken beyond the already existing EU aviation policy. There would be no comprehensive vision of the achievements and objectives of the European aviation policy and no identification of the challenges ahead for enhancing the competitiveness of the EU aviation policy across all areas of EU aviation policy. The EU would fail to respond to the specific calls for action already expressed by stakeholders. There would be no opportunity to engage in a broad debate to reach a shared vision that would give greater clarity and legitimacy to actions at EU level.

**Option 1: adopt a Commission Communication: a Comprehensive Strategy for Improving the Competitiveness of the EU Aviation Sector:** it will contain a crosscutting analysis of existing challenges including an evaluation of the current situation and proposals for enhancing of the sector's competitiveness which will serve as a road-map for follow-up initiatives. Additionally, the initiative will provide a long-term vision for the global regulatory framework of civil aviation. The follow-up initiatives will be subject to the internal procedures as required (individual roadmaps, evaluations and impact assessments where necessary). Areas the Commission will consider for potential follow-up initiatives could be as listed below in a non-exhaustive manner:

- Request of negotiating authorisations for comprehensive aviation agreements with key aviation partners to enhance competitiveness by providing better market access in growth markets and to promote regulatory convergence;
- Development of a legal framework at EU level for remotely piloted aircraft systems (RPAS) (2015/MOVE+005) to enhance competitiveness by providing the regulatory framework for growth and jobs;
- Promote cooperative arrangements with the key partners in relation to SESAR development and deployment and air traffic management network functions to optimise traffic flow management on main routes to/from Europe to enhance competitiveness by providing the regulatory framework for growth and jobs;
- Promotion of high standards within the EU and abroad (safety, security, environment, social, competition) to enhance competitiveness to enable of growth and contribute to a global level playing field;

- Revision of Regulation 216/2008 on common rules in the field of civil aviation and establishing a European Aviation Safety Agency (2015/MOVE 001) to enhance competitiveness through the promotion of common standards;
- Implementation of Connecting Europe Facility support to SESAR related technologies to harmonise and synchronise its deployment phase to enhance competitiveness through the promotion of common standards;
- Revision of Regulation 868/2004 on protection against unfair practices causing injury to Community air carriers in the supply of air services from countries not member of the European Union (2014/MOVE + 009) to enhance competitiveness by providing for an effective instrument addressing possible unfair practices;
- Improved implementation of existing legislation and possible analysis of alternatives (Regulation 1008/2008 on the internal market, incl. Public service obligations and ownership and control of airlines; Directive on Airport charges; Ground handling Directive) to guarantee a well-functioning market;
- Analysis of the impact of developments of the EU's air connectivity on the EU's overall economy (intra-EU, extra-EU hubs, direct connectivity, one-stop connectivity);
- Analysis of the social conditions of workers in air transport and possible regulatory and non-regulatory measures; promotion of social dialogue to enhance the competitiveness by enabling social partnerships, cooperating to ensure the long-term future of EU aviation;
- Launch the discussion on the long-term future of economic regulation and the appropriate global forum for liberalising air services under the right conditions.

**Option 2: adopt potential follow-up initiatives without the communication:** individual initiatives might be proposed in an isolated manner and not tied into a comprehensive approach with a focus on the competitiveness of the EU aviation sector in the context of the Juncker Commission priorities. All or some of the initiatives identified in option 1 could be pursued as and when necessary.

(2) Option 1 is a soft law instrument. Possible follow initiatives might include legislative proposals. For these initiatives, separate roadmaps will be made available.

(3) The global aviation market does not solve existing competitiveness issues due to a number of reasons including the lack of a global level playing field and efficient global regulatory mechanisms. Stakeholders requested the Union to reflect on possible ways of actions to enhance competitiveness. The option of issuing a Commission Communication fully respects the proportionality principle. Follow-up initiatives will be subject to the required procedures (individual roadmaps, evaluations and impact assessments where necessary) where the respect of the proportionality principle will be presented.

## D. Initial assessment of impacts

What are the benefits and costs of each of the policy options?

**Option 0:** The existing challenges with regard to the competitiveness of the EU's aviation industry would not be tackled in a comprehensive manner with a clear focus in bolstering the competitiveness. The position of the industry would be under pressure, with growing social and commercial disputes and with a potential negative impact on growth and jobs in the aviation industry and the EU's overall economy.

**Option 1:** The general Communication will identify key challenges for the sector's competitiveness, take stock of and analyse the different existing EU aviation policies which have an impact on competitiveness and provide a brief overview of policy options. As such, the initiative will together with possible follow-up initiatives contribute to enhanced competitiveness both of the aviation sector as for the EU's overall economy. Additionally, there will be a global impact given the nature of aviation, the size of the EU's aviation market and the potential external impact of possible follow-up initiatives. Before any concrete actions may be proposed an analysis of the benefits and costs will be undertaken. The Roadmap will be listing a number of potential actions.

**Option 2:** Possible follow-up initiatives might contribute to enhanced competitiveness both of the aviation sector as for the EU's overall economy. However, without the comprehensive approach of a general Communication to identify the key challenges, it will not be possible to see the full extent of potential measures to bolster the sector's competitiveness. The lack of an overall long-term vision for European aviation would therefore not strike a balance between the various interests and challenges at stake. It would also make it more difficult to achieve agreement on isolated initiatives in the European Parliament and Council, or to get the support from stakeholders, because there would be no clear shared vision and no ability to see the trade-offs that need to be made in order to achieve the overall objectives. The industry would be in a worse position than under option 1, with a potential negative impact on growth and jobs in the aviation industry and the EU's overall economy.

Could any or all of the options have significant impacts on (i) simplification, (ii) administrative burden and (iii) on relations with other countries, (iv) implementation arrangements? And (v) could any be difficult to transpose for certain Member States?

<p>As the initiative is intended to serve the competitive edge it is likely to have a positive impact in terms of simplification, administrative burden and on relations with other countries. The initiative will provide the comprehensive overview, tie potential follow-up initiative into the overall objective of enhancing the competitiveness and serve as a reference document. A comprehensive approach will underline the mutually reinforcing character of potential follow-up initiatives and facilitate political processes as it addresses various priorities of stakeholders with a view to generate a maximum of added value for the competitiveness of the sector. Before any concrete actions may be proposed, the impacts will be laid out in detail in a separate roadmap and related impact assessment where needed.</p>
<p>(1) Will an IA be carried out for this initiative and/or possible follow-up initiatives?  (2) When will the IA work start?  (3) When will you set up the IA Steering Group and how often will it meet?  (4) What DGs will be invited?</p>
<p>No impact assessment will be carried out for this initiative, as this initiative is only intended to provide a crosscutting analysis of existing challenges using existing evaluation information and studies and will suggest proposals for enhancing of the sector's competitiveness which will serve as a road-map for follow-up initiatives. However, concrete commitments will only be taken in follow-up initiatives. If a possible follow-up initiative requires an impact assessment, it will be carried out for each individual initiative.</p>
<p>(1) Is any option likely to have impacts on the EU budget above € 5m?  (2) If so, will this IA serve also as an ex-ante evaluation, as required by the Financial Regulation? If not, provide information about the timing of the ex-ante evaluation.</p>
<p>No.</p>

<p><b>E. Evidence base, planning of further work and consultation</b></p>
<p>(1) What information and data are already available? Will existing IA and evaluation work be used?  (2) What further information needs to be gathered, how will this be done (e.g. internally or by an external contractor), and by when?  (3) What is the timing for the procurement process &amp; the contract for any external contracts that you are planning (e.g. for analytical studies, information gathering, etc.)?  (4) Is any particular communication or information activity foreseen? If so, what, and by when?</p>
<p>(1) The Commission has considerable data available about the development of the EU's aviation industry and its competitiveness (various aviation related databases such as Eurostat, OAG, ICAO; ASCEND fleets, flightglobal, science direct database of scientific journals; studies on Gulf competition, air connectivity, benefits of comprehensive air transport agreements etc.). Existing impact assessment and evaluation work will be used (Revision of the SES regulatory framework [SES 2+]; Regulation 216/2008 on common rules in the field of civil aviation and establishing a European Aviation Safety Agency; Revision of Regulation 868/2004 on protection against unfair practices causing injury to Community air carriers in the supply of air services from countries not member of the European Union)</p> <p>(2) The Commission will gather further information and data through consultation of relevant stakeholders, including a public consultation.</p> <p>(3) NA.</p> <p>(4) When the Communication will be adopted by the Commission, external communication is foreseen, including press release and information campaign.</p>
<p>Which stakeholders &amp; experts have been or will be consulted, how, and at what stage?</p>
<p>EU aviation stakeholders (airlines, airports, manufacturing, associations, trade unions and EU Member States) are consulted on a regular basis and will be consulted along with citizens and other stakeholders through a public consultation, ad-hoc consultations and a hearing/workshop.</p>