

ANNEX 1 - European Common Aviation Area Agreement

Introduction

The Commission services negotiated a European Common Aviation Area Agreement with eight Balkan Partners (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Former Yugoslav Republic of Macedonia, Romania, Serbia and Montenegro and the United Nations Mission in Kosovo).

The Commission has been negotiating on the basis of a mandate agreed at the Transport Council of 10 December 2004. The negotiations were launched on 31 March 2005 in Brussels and in total two rounds of multilateral negotiations and one bilateral negotiation per ECAA Partner have taken place.

The draft agreement is a commitment by all ECAA Partners to align their aviation legislation with Community acquis and should, by creating a single aviation market, deliver substantial immediate economic benefits for air travellers and the aviation industry.

Background

In October 1996, the Council granted the Commission a mandate to negotiate a multilateral agreement with the then candidate countries as well as Iceland and Norway. The reason for such a mandate was to open up markets between Europe and its neighbours, so that an ECAA between the Community and third countries follow the same pattern as the internal market itself:

- Full market opening in terms of access, capacity and fares and freedom of establishment without nationality clauses (on a reciprocal basis).
- Alignment with Community legislation on issues such as safety, security and air traffic management (ATM).

The negotiations with the then candidate countries were discontinued in 2002, in view of impeding accession. The extension of the mandate to the Balkan region was an important step forward and will help these parties to come closer to the EU in this sector of key economic importance. The text of the multilateral agreement was accepted by all ECAA partners during the final round of negotiations on 20 December 2005. The text has been significantly simplified since it was first negotiated in 1996 with the then ten candidate countries. For instance, competition issues will now be dealt with through the Stabilisation and Association process.

Objective of the Agreement:

The ECAA was expressly designed as an open framework accessible for European countries which wish to fully integrate into the European aviation family and to fit into the Neighbourhood Policy of the Commission.

Architecture of the Agreement

A common, “multilateral main text” forms the basis of the ECAA, which is applicable to all signatories. To this common text are added a series of Protocols accommodating for specific needs of each country joining the ECAA, including the appropriate transitional arrangements. Finally, the Annex to the agreement lists the Community aviation acts that will become applicable within the ECAA.

Technical Assistance:

To benefit from the ECAA Agreement as early as possible, the Commission’s essential role is to provide technical assistance to the Balkan partners. The Commission, with funds from TAIEX

organised a seminar in May 2005 to inform the Balkan Partners about legislative developments in the field of aviation. An assessment mission to each partner has also taken place in June-July 2005 to verify the level of harmonisation already achieved. The ensuing report identified several areas for further improvement and the Commission will organise further monitoring visits and assistance for training, twinning etc, with the continued help and assistance from DG ELARG.

The key benefits of the agreement:

- Creating new market opportunities to reach the combined population of the Balkan region of the order of 52 million people, creating a single market for aviation consisting of 35 countries and more than 500 million people. Air traffic between the EU and South-East Europe has seen significant growth recently, 121% growth since 2001, and this trend would be accelerated through full integration in a common air transport market;
- An opportunity for industry and consumers, especially as tourism is a major growth area in the coastal regions. Forecasts for aircraft movements in the region predict an average annual growth rate of more than 6% per annum between 2005 and 2011. There are potentially 414 airports in the region to operate to; therefore there is an opportunity for further growth to be attained. As a result, affordable air travel will be increasingly accessible to a greater number of people;
- Committing all eight ECAA partners to continue harmonising legislation with EU laws, which should result in equal high standards in term of safety and security as well as fair competition across Europe;
- Removing the remaining market access restrictions on flights between the EU and Balkans, creating a level playing field between Community carriers;
- Removing existing blockages in air traffic management system, left over from the war period, which resulted in closure of airspace;
- Committing the region to work together and to improve inter-regional relationships, to the benefit of further European integration;
- Establishing a Joint Committee which will be responsible for resolving questions relating to the interpretation or application of this Agreement;
- Creating investment opportunities and enable capital flow from both sides as a result of easing ownership and control rules present in bilateral agreements.

Conclusions

The outcome of these negotiations constitutes significant and valuable progress. The level of regulatory convergence is unprecedented, as all 8 ECAA partners have accepted to align their national aviation legislation to the complete aviation acquis of the Community. Harmonised rules in Europe will create a common, free and safe air transport market, which can be a driving force for other sectors and contribute to the development of the whole region, benefiting consumers and industry alike. This a major step forward where air transport will play a key role in putting impetus on the political and economic integration of Europe.

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