



EUROPEAN COMMISSION
IMPACT ASSESSMENT BOARD

Brussels,
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Opinion

Title

DG MOVE - Impact Assessment on measures enhancing the efficiency and overall quality of groundhandling services (amending Directive No 96/67/EC on access to the groundhandling market at Community airports)

(draft version of 9 June 2011)

(A) Context

Groundhandling services provide all ground-based aviation-related activities (e.g. baggage, ramp and fuel/oil handling, aircraft services and maintenance, catering services etc) and are key elements of the aviation chain. Historically, groundhandling activities were integrated in the airport or airline perimeter, which often created monopoly situations. With the Council Directive No 96/67/EC on access to the groundhandling market, groundhandling services have been gradually opened up to competition: the number of service providers has increased, prices have generally decreased and quality of service has improved with an enlarged choice of competitors. However, as recognised in the 2011 Transport White Paper (Roadmap to a Single European Transport Area), there is room for further improvement. This IA report analyses options for future action.

(B) Overall assessment

While the IA report contains a wealth of supporting analysis, it requires significant further work in several regards. Firstly, the problem definition should be clearer about the issues with the current legislative framework and should better substantiate the efficiency and quality problems occurring in the groundhandling sector. Secondly, the report should better assess the effectiveness and proportionality of certain employment protection measures, in particular the mandatory full takeover of staff. Thirdly, the report should discuss a wider range of feasible policy options, possibly by combining certain less ambitious measures with the more ambitious ones, to better reflect the scope of policy choices available to decision makers. The report should also further clarify the content of certain measures, and should better justify the suggested shift from a directive to a regulation. Finally, the report should further improve the comparison of options.

(C) Main recommendations for improvements

(1) Better focus the problem definition and improve the evidence base. The report should be clearer about the main issues which the amendment of the directive aims to address: (i) gaps in the implementation of the current Directive, (ii) deficiencies in some of its provisions, and/or (iii) general developments in the aviation sector and groundhandling. On that basis, the report should better substantiate the main identified problems (i.e. inefficient services, quality issues, limited choice of service provider) by exploiting more systematically the factual evidence provided in the annexes, and by using anecdotal evidence or quality surveys, where available. Problems encountered when comparing groundhandling performance across EU airports (such as lack/incomparability of data, confidentiality issues) should be clarified up-front. Finally the report should strengthen the intervention logic by ensuring that all identified problems (e.g. insufficient attention to environmental standards) are systematically followed up.

(2) Clarify the provisions for social protection in case of transfer of employees. The report should better demonstrate the feasibility, effectiveness and proportionality of a mandatory full takeover of staff, when the service provider changes. Particularly given that employment costs account for 65-80% of the groundhandlers' expenses, the report should explain how staff performance can be boosted if changes are *de facto* excluded. Furthermore, the report should clarify whether the EU has the competence to require the mandatory takeover of staff given that, according to the TFEU, employment measures fall in the competence of the Member States.

(3) Extend the range of options, and clarify the content and impact of certain measures. Firstly, to reflect more adequately the available policy choices, the report should add further packages to the current three policy packages (each addressing the identified root causes with increasing intensity), by combining certain more and less ambitious measures. Secondly, the report should be more specific about the content of some measures contained in the packages, for instance by clarifying how the rules on subcontracting will be revised, and how the role of the Airport Users Committee will be changed. Thirdly, the report should better assess the proportionality of the suggested exclusion of airports from performing groundhandling services, and assess the compliance of this measure with the Charter of the Fundamental Rights (in particular, the right to conduct a business). Finally, the report should discuss in more depth the proposed change of the legislative delivery instrument from a directive to a regulation, in particular possible flexibility drawbacks of a regulation to accommodate for varying situations in Member States.

(4) Strengthen the comparison of options. The report should present the impacts comparison table in the main part of the report (currently in an Annex) and should complement it with available quantitative estimates (e.g. administrative costs and employment figures). The report should also include a comparison table on the effectiveness, efficiency and coherence of the options in terms of delivering on the specific objectives. Finally, the efficiency results should be better corroborated by giving information on the relative scale/range of the implementation and operational costs, on the one hand, and the expected benefits, on the other hand. The report should indicate more clearly where the evidence base for assessment has been less robust.

Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.

(D) Procedure and presentation

Given the often opposing views of stakeholders, the report should always justify why it at times favours the opinions of certain groups while being less attentive to others (and *vice versa*). The executive summary should flag clearly and justify the proposed change of the legislative instrument. The option comparison tables in the executive summary should include key quantitative estimates.

(E) IAB scrutiny process

Reference number	2011/MOVE/008
External expertise used	No
Date of Board Meeting	6 July 2011