

# Opinion on the Commission's consultation document on ground handling services

(18 April 1994)

In the course of discussions based on the consultation document presented by the Commission, the following arguments and opinions were put forward:

(a) The AEA representatives said that airports had to be regarded as commercial enterprises and there was no reason to maintain a monopoly situation, which could have a detrimental effect on free competition.

This argument was based on the results of a study published in the journal *Business Airlines*, which compared the real costs applied at various airports. There were considerable differences, leading to distortions of competition.

This was why the airlines were in favour of legally separating regulatory and service-provision activities and opening up competition in the provision of services.

However, they were not asking for complete liberalization and felt that the proposals set out in the consultation document went beyond the industry's needs.

(b) The following arguments were put forward by the other parties represented.

There was already competition between airports, due mainly to the proximity of airports to one another and to competition between air transport and other modes of transport (high-speed trains).

Monopoly situations which created problems at certain airports were the result of specific circumstances (a study on disparities in costs would demonstrate this), and it would be better to devise individual solu-

tions in each case rather than setting up a general system of liberalization which had more drawbacks than benefits.

Furthermore, opening up to competition involved several risks:

- technical and economic risks, for example reduction in service quality owing to competition through cost-cutting, and the practice of setting up subsidiaries;
- social risks, in that the lessons learnt from the liberalization of air transport showed there was no guarantee that jobs would be created; some jobs would be moved and others might even be lost.

Finally, liberalization was likely not only to have an adverse effect on working conditions, but also to prejudice workforce training and qualification levels.

This was why the representatives of the airports, ACE and the trade union organizations seemed to agree on the following alternative proposals:

- total separation was not possible, but there could be operational and accounting separation in order to improve the transparency of costs and prices;
- the opening-up of the services market to competition was conceivable except where the airlines provided their own services and below a minimum traffic level;

- the opening-up to competition had to be accompanied by the preparation of specifications including a social aspect and guaranteeing that public service obligations would be complied with;
- the opening-up had to be achieved progressively.

However, the trade union representatives repeated their opposition in principle to the procedure set out by the Commission in its consultation document and said they would prefer reorganization rather than liberalization.

In conclusion, the participants jointly and unanimously called for the application of the specific consultation procedures referred to

in Article 3 of the Agreement on social policy.

They felt that the minutes of the previous meeting accurately reflected the positions of the parties at the end of the first phase of consultation on the possible shape of joint action as presented in the Commission's consultation document. They asked to be consulted again during the second phase on the content of the proposal planned by the Commission departments before it was adopted by the Commission itself.

