

Position Paper

28 October 2011

AEA Position on EU / Israel Transitional Arrangements (Annex II of the Draft EU / Israel ASA)

The AEA would like to offer the following comments on the Commission's draft paper dated October 20 on the **transitional arrangements** to be included in Annex II of the EU/Israel Air Services Agreement.

General remarks

AEA believes that, although the draft Air Services Agreement and the transitional arrangements do provide for incremental steps, timelines and the accompanying procedure for achieving a further liberalisation of the EU/Israel air transport market, the complexity of the combination of these factors could in fact hamper the realisation of this objective. We therefore call on the Commission to take this concern into account.

Detailed comments

Scheduled/Non-scheduled services

The AEA airlines' most important concern is the fact that non-scheduled services are treated more favourably than scheduled services.

For example, Para 4 of the proposal states that "*with regard to non-scheduled services, no limitation shall be imposed on the number or the capacity of air carriers authorised by the Contracting parties from the first day of the first summer IATA season*"

- AEA cannot accept that the provisions of Annex I will apply to all non-scheduled services from the outset, whereas scheduled services will be subject to limitations at least until the beginning of the third IATA summer season, pending the review of the first two stages announced in Para. 5.
- This provision is discriminatory and will put scheduled carriers at a competitive disadvantage vis-à-vis non scheduled services, as well as low cost services operated from secondary airports.

We therefore urge the Commission to make it clear to Israel that scheduled and non- scheduled services should be treated equally from the start.

Additional comments

AEA feels that the following issues should also be addressed in the transitional arrangements:

- In order to avoid a more restrictive interpretation, the definition of scheduled / non-scheduled flights should be brought into line with the 3rd Package (Regulation 1008/2008) which only defines scheduled services;
- The proposal would lead to severe discrimination between business models on the 7 main routes defined in the Annex, to the benefit of non-scheduled carriers by introducing a two-speed model for the development of routes. This is unacceptable from a competition point of view;
- In Point 2b(ii) the phrase 'air carriers of Israel and each one of the Member States of the European Union' needs clarification.

Additional comments on the Air Services Agreement

In the Air Services Agreement code share operations require a permit from both the Israeli aviation and competition authorities. As this procedure is unique and severely hampers operational flexibility for airlines, the AEA's view is that such a provision is unacceptable .