

THE EUROPEAN COMMISSION'S WHITE PAPER ON EUROPEAN TRANSPORT POLICY FOR 2010: DECISION TIME!

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GENERAL REMARKS

On September 12, 2001 the European Commission adopted its White Paper entitled 'European Transport Policy for 2010: decision time', which deals with all modes of transport.

The Commission has tried to develop a comprehensive transport policy for the ten years to come, so as to meet the demands of the future enlargement of the EU and sustainable development, whilst at the same time respecting the concept of environmental protection. It recalls that the transport sector in Europe employs more than 10 million people, and that its total expenditure runs to some 1000 billion Euros, which is more than 10% of the EU's Gross Domestic Product (GDP).

The Commission underlines the unequal growth in the different modes of transport and announces that its main objective is to shift the balance between modes of transport by revitalising the railways, and by promoting maritime and inland waterway transport. Most of the actions proposed concern freight transport and how to move traffic from road to rail and waterways. In such a context, the emphasis is not on air transport. For more details of the various proposals made in the White Paper, please refer to the attached Annex.

BRIEF SUMMARY OF THE SECTION ON AVIATION

The main analysis concerning aviation can be found under Part I entitled "Shifting the Balance between Modes of Transport", Section C "Controlling the Growth of Air Transport". The report states that, expressed in passenger kilometres, air transport has increased by 7.4% a year on average since 1980, while the traffic handled by the airports of the 15 EU Member States has shown a five-fold increase since 1970.

In order to control the growth in air transport, the Commission has considered four main topics, for which it proposes several specific actions:

1. ***Tackling saturation of the skies.*** The Commission recognises that the European Union is handicapped by the lack of integration in air traffic control. Therefore the creation of the Single European Sky is one of the European Union's current priorities. The Commission proposes to create a Single Sky by 2004, by adopting a regulatory framework to ensure that aircraft follow harmonised procedures, use regulation equipment and observe common rules on the use of airspace.

The Commission will also propose a mechanism enabling military authorities to maintain their defence capabilities. It will initiate a dialogue with the social partners, possibly starting with air traffic controllers, it will cooperate with Eurocontrol, and it will set up a surveillance, inspection and penalties system to ensure effective enforcement of the rules.

2. ***Rethinking airport capacity and use.*** In response to the growth in traffic, it is time to re-think how airports operate in order to make optimum use of existing capacity. However, this will not be enough and Europe will not be able to cope without new airport infrastructure. Although the Commission declares that today its priority is to limit the construction of new airports, for which it is hard to gain public support, it admits that policy makers will not be able to find a way out of building new runways or new airports in the long term. Such investments will require proper planning at European level over the next 20 years.

The only measures proposed by the Commission are the following, familiar solutions: revision of the slot allocation system to allow greater access to the market; airport charges, which must be adjusted to deter bunching of flights at certain times of the day; environmental rules, which must encourage efforts to find alternative measures before restricting operations at an airport; inter-modality with rail, which could produce significant capacity gains by transforming competition between rail and air into complementarity between the two modes.

3. ***Striking a balance between air transport growth and the environment.*** The Commission points out that the introduction of measures to reduce noise and gaseous emissions caused by air traffic is a sine qua non if the industry is to continue to grow. The next ICAO Assembly will adopt a new noise standard. However, it must be backed up by a plan to phase out the noisiest aircraft in the world fleet, starting with hush-kitted aircraft.

On the issue of aviation kerosene, international agreements mean that the exemption for kerosene could not be abolished unilaterally by the EU, but should be decided by ICAO. Another solution is to abolish the tax exemption for kerosene on intra-Community flights only. As an additional or alternative solution the Commission proposes the introduction of differential en-route air navigation charges to take account of the environmental impact of aircraft.

4. ***Maintaining safety standards.*** The Commission recognises that air transport is one of the safest modes. The establishment of a European Aviation Safety Authority (EASA) will provide a regulatory framework for all aspects of air transport activities, from aircraft certification to operational rules.

Under Part IV "Managing the Globalisation of Transport", one section is devoted to "the urgent need for an external dimension to air transport". Here, the Commission explains the need for a TCAA type agreement with its main partners (USA, Japan, Russia, etc.) based on the principles of free access to traffic rights, equal conditions of competition, safety, environmental protection and the elimination of property rights.

COMMENTS

1. **No positive support for aviation.** The first comment concerns the respective place of aviation vis-à-vis the other modes within the structure of the White Paper. The Commission considers that the road sector needs improving, and that the railways need to be revitalised. However, when it comes to aviation, the objective is *to control its growth*. This sounds very negative and does not take into account the numerous measures which could improve the functioning of our sector.
2. **No concrete solution to airport congestion.** It seems that, far from being satisfied with the results of its liberalisation policy, the Commission is reproaching the aviation sector for its success. Although the Commission recognises the need to resolve airport congestion and to build new airports and new runways, not a single firm proposal is made on these key issues. On the contrary, the only solution suggested by the Commission is that in response to the congestion at most major airports, airlines should seek to maximise the number of passengers carried per flight and, hence, aircraft size.
3. **The question of airport infrastructure development is not properly tackled.** The White Paper is particularly disappointing and does not contain any new proposals for the expansion of airport capacity, although it does state that projected air traffic growth will require proper planning at European level over the next 20 years. The only positive element is the Commission's proposal to launch a debate in 2002 on the future of airports, in order to determine what new airport infrastructure is required.

4. **The Trans-European Networks continue to give preference to surface transport.** Projects include completing the alpine routes, easier passage through the Pyrenees, new high-capacity rail crossing in the Pyrenees, East European high-speed train/combined transport, the bridge/tunnel of the Fehmarn Belt, satellite radio navigation project (Galileo), inter-operability of the Iberian high-speed network, etc. Not a single airport project!
5. **The Commission recycles old solutions, which have already proved ineffective.**
 - Slot allocation is expected to allow greater access to the market. How can slot allocation, which is an instrument to manage scarce resources, expand the market?
 - Airport charges to deter bunching of flights at certain times of the day: this system has been tested and abandoned by most major European airports.
 - The Commission expects too much from inter-modality with rail. Although some airlines are currently conducting joint ventures with railways, these are limited experiences, which do not support the Commission's general conclusion that "we can no longer think of maintaining air links to destinations for which there is a competitive high-speed railway alternative". The handful of routes eligible for air/ail modal shift could not produce the significant capacity gains expected by the Commission.
6. **Lack of global vision for the environment.** It is again disappointing to see that the Commission only concentrates on reduction of aircraft noise at source, through new standards and phase out, with no mention of the concept of a balanced approach, already adopted by ICAO, which encompasses other key measures such as land use planning and the use of cost-benefit analysis before implementing any operating restrictions.

The only positive point is that the Commission seems to exclude the application of a kerosene tax to aviation, having set its sights instead on differential en-route air navigation charges, to take account of the environmental impact of aircraft. Again the Commission confirms that it takes a piecemeal approach to the environmental problems of aviation.

7. **Absence of legislation on two key issues which AEA considers vital**
 - Although the Commission expressed its concerns about airport privatisation and the need to keep this trend under control given the *de facto* monopoly held by airports, there is no firm proposal to establish such regulatory control. The only information is that the Commission will launch a debate in 2002 on the future of airports. That will come too late for those airports currently being privatised.

- The second shortcoming relates to airport charges. The Commission observes that care will have to be taken to ensure that airport charges accurately reflect the level of services provided. What can be done to revitalise the initial proposed directive on airport charges? No other firm commitment from the Commission, except a debate in 2002 to review the system of airport charges.
8. **Infrastructure charging.** The Commission will propose a framework directive in 2002 to establish the principles of infrastructure charging and a pricing structure for all modes of transport. The proposal will include a common methodology for setting price levels, which incorporate external costs, and will specify the conditions for fair competition between modes. However, it seems that this proposal concerns road, rail and maritime rather than air transport.

For air transport the Commission is considering taxes on ticket prices, charges based on the distance covered and the type of aircraft engine used, and charges for take-off and landing. These are all other forms of en-route charges, and therefore nothing really new. Nevertheless, we continue to maintain that taxation is not the most efficient instrument to control demand and to protect the environment.

9. **How to use passengers' rights as an advertisement for the Community's achievements?** The Commission widely promotes the Air Transport Charter and announces that it will publish two additional documents: a classification of airlines according to their performance (or lack of performance) in terms of punctuality, number of passengers denied boarding, lost baggage, etc; and a new version of the Air Transport Charter. The next step is to extend the Charter to other modes of transport, notably rail and maritime navigation and, as far as possible, urban navigation systems.

In light of the efforts put in by the AEA Secretariat and the airlines, it comes as a surprise that the text contains the following statement: "The Commission has launched initiatives to bring European airlines and airports to an agreement on voluntary codes to round off and clarify the regulatory framework".

10. **Urgent need for an external dimension to air transport.** Aviation is the only sector referred to under this heading. The AEA will continue to support the concept of TCAA.

11. **A new concept of 'Declaration of European Interest'**. The idea is to consider some specific infrastructure as being of strategic importance to the smooth functioning of the internal market. The mechanism will be designed to help to bring the points of view of the various local, national and European players closer together.

For years the AEA has been pushing for such a concept to be applied to hub airports. We have been campaigning to convince European institutions that "hub airports are essential components for the functioning of the single market and also provide the vital links to the world for passengers and priority freight" (AEA Hub Study, April 1995).

We should use this new idea to promote the hub airports in Europe, although for the moment the Commission is only planning to apply this idea to some surface transport projects, such as high speed train or other railways plans.

ANNEX

PRINCIPAL MEASURES PROPOSED IN THE WHITE PAPER

The White Paper proposes some 60 specific measures to be taken at Community level, based on the following 11 guidelines:

- ***Revitalising the railways*** by setting up a network of railway lines dedicated exclusively to goods services, in order to shift road freight onto the railways.
- ***Improving quality in the road transport sector*** through legislation allowing harmonisation of certain clauses in contracts in order to protect carriers from consigners and enabling them to revise their tariffs in the event of a sharp rise in fuel prices.
- ***Promoting transport by sea and inland waterways*** by building up veritable sea motorways within the framework of the master plan for the Trans-European Network. Tougher rules on maritime safety will also be introduced. The Commission will also develop a genuine maritime traffic management system.
- ***Striking a balance between growth in air transport and the environment.*** In order to achieve the 'Single Sky in Europe' the Commission proposes to implement by 2004 a series of specific proposals establishing Community legislation on air traffic control. This reorganisation of Europe's skies must also be accompanied by a policy to ensure that the inevitable expansion of airport capacity remains strictly subject to new regulations to reduce noise and pollution caused by aircraft.
- ***Turning inter-modality into reality***, through technical harmonisation and inter-operability between systems, particularly for containers. The new Community support programme ('Marco Polo') targets innovative initiatives to promote sea motorways.
- ***Building the Trans-European Transport Network.*** The Commission proposes to concentrate the revision of the Community guidelines on removing the bottlenecks in the railway network, completing the routes identified as the priorities for absorbing traffic flows generated by enlargement, particularly in frontier regions, and improving access to outlying areas. In 2004 the Commission will also present a more extensive review of the Trans-European Network aimed at introducing the concept of 'sea motorways', developing airport capacity, linking the outlying regions of the European continent more effectively, and connecting the networks of the candidate countries to the networks of EU countries.

- ***Improving road safety.*** The Commission will propose two specific measures for the Trans-European Network: harmonisation of signs at particularly dangerous black-spots and harmonisation of rules governing checks and penalties for international commercial transport with regard to speeding and drink-driving.
- ***Adopting a policy on effective charging for transport:*** harmonisation of fuel taxation for commercial users, particularly in road transport; alignment of the principles for charging for infrastructure use; the integration of external costs to encourage the use of modes of lesser environmental impact. One point for consideration is that different levels of taxation apply to the energy used by different modes, e.g. rail and air can distort competition on certain routes served by both modes.
- ***Recognising the rights and obligations of users.*** The Commission informed that air passengers' rights to information, compensation for denied boarding due to overbooking, and compensation in the event of an accident could be extended to other modes.
- ***Developing high quality urban transport.*** The emphasis is put on exchanges of good practice aimed at making better use of public transport and existing infrastructure.
- ***Putting research and technology at the service of clean, efficient transport.*** The objectives of the White Paper will be supported by the new Research Framework Programme 2002-2006. In the case of air transport the priority will be to improve the environmental impact of engine noise and emissions – a sine qua non for the adoption of stricter standards – and to improve air safety and aircraft fuel consumption.
- ***Managing the effects of globalisation.*** The Commission will propose reinforcing the position of the Community in international organisations, in particular the International Maritime Organisation (IMO), the International Civil Aviation Organisation (ICAO) and the Danube Commission.

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