



Screening for Croatia and Turkey

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Internal air transport market legislation

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The „Third Package” on the liberalization of the internal air transport market





The 3rd Package

Regulation 2407/92 on the licensing of
Community air carriers

Regulation 2408/92 on market access

Regulation 2409/92 on air fares





The 3rd Package

Regulation 2407/92: Operating Licence

- The Regulation defines the financial requirements that a Community air carrier must fulfill to obtain and keep an operating licence
- The licensing authorities of the Member States are responsible for the granting of Operating Licences and for the monitoring of their validity.





The 3rd Package

Regulation 2407/92: Operating Licence

Any air service undertaking can obtain an operating licence if:

- Its principal place of business and registered office are located in a Member State
- Its main occupation is air transport or repair and maintenance of aircraft
- It is continuously owned, directly or through majority ownership, by Member States and/or nationals of Member States
- It holds a valid Air Operator's Certificate (AOC)
- It fulfills the financial requirements specified in the Regulation





The 3rd Package

Regulation 2408/92: Market access

- **Basic principle: free access for Community air carriers, i.e. air carriers holding a valid operating licence issued by a Member State**
- **Member States permit Community air carriers to exercise unlimited traffic rights on air routes within the Community, including cabotage.**
- **Exceptions:**
 - Public service obligations
 - Traffic distribution in airport systems
 - Operational rules





The 3rd Package

Regulation 2409/92: Air fares

- **Basic principle**: Community air carriers freely set air fares
- **Price leadership**: on intra-Community air routes, only Community air carriers are entitled to introduce lower fares than the ones existing for identical products
- **Filing**: Member States may require the filing of air fares (not more than 24 hours in advance)





The 3rd Package

Commission's role

- The Commission monitors the compliance with the Regulations of the Third Package.
- The Commission may obtain all necessary information from the Member States which also ensure the provision of information by air carriers licensed by them.





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Slot allocation





Slot allocation

Regulation 95/93

Main elements:

- At congested airports slot allocation should be in conformity with the Regulation: “coordinated airports”
- Allocation on the basis of neutral, transparent and non-discriminatory rules
- Allocation by an independent slot coordinator



Slot allocation

Regulation 95/93

Main elements:

- Allocated slots have to be used for at least 80 % (“80-20 rule”)
- If not, returned to the slot pool
- Slots in the pool allocated for 50 % to “new entrants”, 50 % to incumbents
- Allocation twice each year: summer season + winter season





Regulation 793/2004 - amendment

Main elements:

- new definition of a slot
- wider definition of a new entrant
- new coordination parameters
- redefinition of priorities among slot allocation criteria
- introduction of sanctions against abuse



Regulation 95/93

Outstanding issues:

- administrative slot allocation
- no incentives to stimulate efficient use of airport capacity
- slot mobility is not improved
- slot transfers for money continue without transparency



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Ground handling





Ground handling



Before 1996:

- Closed market
- High prices
- Low quality



Ground handling

Directive 96/97

Objectives:

- Gradual (free) access to market
- Safety, security not to be compromised
- Capacity and space constraints





Ground handling

Directive 96/97

Basic principles:

- Airports > 1 million pax / 25.000 tons cargo
- Freedom to self handle
- “Restricted ground handling services”: minimum of 2 self handlers





Ground handling

Directive 96/97

Basic principles:

- Airports > 2 million pax / 50.000 tons cargo
- Freedom to provide land-side services
- “Restricted ground handling services”: minimum of 2 suppliers





Screening for Croatia and Turkey

Computerised reservation systems





CRSs

- CRSs act as intermediaries between the airlines and the travel agents.
- CRSs provide travel agents and ultimately consumers with instantaneous information about the availability, schedules and fares of air transport services.
- CRSs allow travel agents to make confirmed bookings on behalf of the customer.



CRSs

- Regulation 2299/89 on a code of conduct for computerised reservation systems regulates the competitive behaviour of CRSs.
- The Regulation aims at improving transparency and preventing discriminatory behaviour by the CRSs and the airlines, especially those having an ownership stake in a CRS (“parent carriers”).



CRSs

- **Rules applicable to all CRS services offered in the EU**
- **Rules for CRSs:**
 - Participation available on a non-discriminatory basis
 - Non-discriminatory display
 - Non-discriminatory and cost-reflective booking fees
- **Rules for air carriers:**
 - Provide accurate and transparent data
 - PARENT CARRIERS: mandatory participation in all CRSs
- **Rules for travel agents**
 - Provide consumers with non-discriminatory and non-misleading data



CRSs

- It is for the European Commission to monitor the application and enforcement of the CRS rules.
- The CRS Regulation gives the Commission strong powers to investigate, open infringement cases and issue fines against CRSs and airlines.



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Insurance





Insurance requirements:

- Minimum insurance requirements to cover aviation-specific liability
- Applies to aircraft operating in the airspace of an EU Member State and both to Community and non-Community carriers
- Regulation 785/04 on insurance requirements for air carriers and aircraft operators



Passengers, baggage and cargo

- Liability governed by Montreal Convention and extended to domestic flights by Regulation 2027/97 on air carrier liability in the event of accidents
- Minimum insurance requirement:
 - 250 000 SDRs per passenger
 - For baggage, 1000 SDRs per passenger
 - 17 SDRs per kilogram cargo
- 1 SDR = 1.476 USD = 1.171 EUR



Third Parties

- Liability governed by national law in EU Member States
- Minimum insurance requirements vary with the maximum take-off mass of the aircraft
- From 750 000 SDRs for aircraft with less than 500 kg MTOM
- To 700 million SDRs for aircraft with more than 500 000 kg MTOM



Other legislation

● Working time

- **Directive 2000/79/EC concerning the European Agreement on the Organisation of Working Time of Mobile Workers in Civil Aviation concluded by the Association of European Airlines (AEA), the European Transport Workers' Federation (ETF), the European Cockpit Association (ECA), the European Regions Airline Association (ERA) and the International Air Carrier Association (IACA)**
- **Directive 93/104/EC concerning certain aspects of the organization of working time**



Other legislation

- **Regulation 3925/91 on the elimination of controls and formalities applicable to the cabin and hold baggage on intra-Community flights**
- **Regulation 437/2003 on statistical returns in respect of the carriage of passengers, freight and mail by air and Commission Regulation 1358/2003 (implementing)**





Other legislation

- **Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity**
 - **EU Member States may agree to tax aviation fuel used on intra-Community flights**



Thank You!



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