

## TALKINGPOINT

## EFFECTIVE AVIATION REGULATION



➤ **MATTHIAS RUETE, DIRECTOR GENERAL OF DG TREN FOR THE EUROPEAN COMMISSION (PICTURED), EXPLAINS WHY EUROPE-WIDE COOPERATION AND HARMONISATION IS THE MOST EFFECTIVE WAY OF MAINTAINING A SAFE AND COMPETITIVE INDUSTRY.**

**THE AVIATION INDUSTRY IS A CRUCIAL ELEMENT IN THE FABRIC OF EUROPE.** Aviation is not just about flying from A to B; it is also an important component in the glue that holds Europe together. The aviation industry provides large-scale employment, contributes considerably to GDP and acts as a vehicle for the introduction of new technologies in other fields. Secondary effects of the aviation industry are felt throughout society as a whole.

#### Uneven progress

Despite all these successes, progress has been piecemeal. There are still gaps, overlaps and inconsistencies in the system, and the interface with previous regulations is not always as clean as we would like it to be.

As a result of this gradual approach, we now have a regulatory landscape influenced by a mixture of EU member states and international organisations, all with their own varying approaches.

## AIR TRANSPORT – WHAT'S AT STAKE?

# 7.5 million

jobs depend on air transport in Europe alone –

through direct, indirect, induced and catalytic impacts. Air transport provides access to otherwise isolated regions, offering new business and employment opportunities. Some 25% of all companies' sales depend on air transport, and almost 60% of them state that air connections have a significant impact on their business.

'This triologue between member states, industry and the EU institutions should be fundamentally important in assessing, for example, the way in which a level playing field can be achieved for the airline-airport relationship in Europe.'

ULRICH SCHULTE-STRATHAUS, SECRETARY GENERAL, ASSOCIATIONS OF EUROPEAN AIRLINES (AEA)

Air transport has not become one of the safest forms of transport by chance, but through the long, patient work of regulators and their industry counterparts. However, recent events in the form of security risks and adverse economic circumstances have shown that our sector remains fragile.

#### Cross-border cooperation

The European air transport industry has been extensively liberalised, but further measures are required if it is to become a true cross-border industry.

The EU has contributed through its Europe-wide competences, time-tested decision-making and enforcement mechanisms, and it has tackled many important issues. As well as liberalising the industry, considerable progress has been made on safety, airports, air traffic management and airframes.

The member states have legal powers, but lack the ability to implement policies efficiently across Europe's borders. The international organisations act naturally as cross-border forums, but they lack legislative and enforcement powers. Only the EU system combines the two, but it is not always consistent. The present system is complicated, costly and may lead to ill-defined responsibilities.

#### The challenge

We must streamline the regulatory structures to avoid inefficiency and bureaucracy. And we must develop a consistent and effective framework for aviation regulation that makes use of all available competencies, that understands the needs of the aviation industry as a whole and that is responsive to the various stakeholders. ○

Efficient air connections boost productivity, attract investment and act as a spur to innovation.

Far from enjoying tax privileges, air transport finances its entire infrastructure costs through user charges and taxes paid to national treasuries. By paying for the building, maintenance and use of its infrastructures, air transport is a net contributor to public funds. In Germany, for example, aviation charges and taxes generate a net surplus of €10 per 1,000km, while rail infrastructure benefits from a public subsidy of €54 per 1,000km – borne by the taxpayer.