

POSITION PAPER

The European Commission Aviation Strategy for Europe

CLECAT, the European association for forwarding, transport, logistics and customs services, welcomes the European Commission's initiative to assess the competitiveness of European aviation. Air transport is a key part of the logistics chain, the success of which is a vital element in the health of the economy.

As transport users, CLECAT members have a keen interest in a modern, innovative aviation sector which guarantees choice, quality, connectivity, transparency and fair competition. The EU should provide the conditions necessary for an open market to flourish both within EU airspace as well as between the EU and third countries.

The new [Communication on an Aviation Strategy for Europe](#) is therefore an important step in ensuring that the market meets these criteria. For the time being, it remains simply a policy strategy, requiring concrete proposals to implement the principles set out in the communication.

In particular, the strategy focuses on air transport at a general level or from a passenger point of view. We believe that cargo-specific issues should be accorded equal importance, given the essential nature of air cargo to the European economy. The Commission's proposals to implement this strategy must explicitly address the benefits to the cargo market of the action being taken, following full impact assessment and consultation of stakeholders.

With a view to aiding in the implementation of the strategy, CLECAT therefore wishes to draw attention to the following points.

Fair, free competition in a global market

The European Commission's strategy seeks to "[tap] into growth markets by improving services, market access and investment opportunities with third countries, whilst guaranteeing a level playing field."

Air cargo is an integral part of linking Europe with these markets, and a global industry, operating in a global marketplace requires a global policy strategy. We therefore applaud the Commission's intentions in seeking to ensure that Europe is properly connected to this global market. Future proposals must take into account the impact on the air cargo market as well as the needs of passengers.

The shift in the global market's centre of gravity to the East, and increasingly to the South East, over the past decades, has undoubtedly affected Europe's position in the global supply chain, and as a global aviation hub. The booming aviation market in the Middle East and Asia



both follows shifts in global supply chains, and opens up new opportunities for European businesses to source goods and access new export markets.

It is clear that these market developments have not been without their share of challenges and controversies. The air carriers of the Gulf countries in particular have been the subject of allegations regarding unfair commercial practices, which are referenced to in the Commission strategy.

It is right that European airlines should be able to compete on a level playing field across the globe. This is a necessary pillar of a free market. We therefore welcome the Commission's intention to assess the functioning of Regulation 868/2004 and to explore whether new measures to address potential unfair commercial practices are required.

The proposal to recommend authorisation to negotiate comprehensive EU-level air transport agreements with a range of international partners, including the United Arab Emirates, Qatar, China, Turkey and ASEAN, and to use these agreements to liberalize the aviation market while ensuring the respect of fair and sustainable competition, is therefore sound. This approach would open up new markets and opportunities for the aviation value chain in the EU and third countries, and is in line with the EU's philosophy of extending respect for its values in return for access to the benefits of the single market.

However, it is also vital that the EU and its Member States do not respond to any unfair practices, whether proven or perceived, with protectionist measures of their own. There have been instances to date of EU countries seeking to protect their national carriers from exposure to international competition by limiting traffic rights and pursuing other measures against third country carriers.¹

Fair competition must mean exactly that, with transport users given a true choice of carriers, both European and third-country. Europe is currently the most connected global region², bringing extensive trade and growth benefits, but complacency and misguided policy must be avoided. Responding to unfair commercial practices in third countries with arbitrary protectionism in Europe is counterproductive, unsustainable, and would only serve to limit connectivity and growth.

Should evidence be found of unfair commercial practices in third countries, to the detriment of European carriers, responses must be based on clear criteria, laid down in law and communicated transparently with market operators.

Moreover, competition from third country carriers must not be used as cover for failures by EU airlines to take internal measures to maintain their own competitiveness. A modernised air transport market requires carriers to be competitive, and external factors are not the only determinant of competitiveness.

The Commission should examine using the EU's air service agreements to open up fifth-freedom traffic rights for all-cargo operations. Cargo supply chains are complex and multi-

¹ [Financial Times, 19/11/2009](#); [FT, 31/3/2009](#); [Bloomberg, 17/1/2011](#)

² http://www.dhl.com/content/dam/Campaigns/gci2014/downloads/dhl_gci_2014_study_high.pdf



national, and opening up this market freedom would provide greater choice and efficiency in the air cargo market. The negotiations for air service agreements should contain specific cargo chapters, as the factors influencing liberalisation of cargo services may be different from those for passenger transport, allowing liberalisation to follow separate cargo and passenger tracks and better taking the needs of the cargo market into account.

Similarly to opening up markets with growth regions, remaining barriers within the EU Internal Market should be removed. There are no traffic rights restrictions when a Community carrier operates a flight between two Community airports. However, as soon as an intra-EU flight continues to a destination outside the EU, the intermediate Member State may raise objections, even in cases where the third country does not raise objections. The underlying justification is the ancient bilateral air service agreements between Member States which do not contain fifth freedoms and unfortunately these agreements have not been abolished by Regulation 1008/2008. If the objective is to make Europe's carriers more competitive, remaining internal market barriers should be removed. It should be noted that fifth freedoms are in particular important for cargo as trade flows are often imbalanced.

An efficient European air transport system

The 2011 proposal on ground handling services was a welcome step forward, which CLECAT strongly supported at the time. It was therefore regrettable that lack of agreement within the Council, and between the Council and the European Parliament, led to the proposal's withdrawal in 2015.

It is encouraging that the European Commission is committed in this strategy to improving the implementation of the existing 1996 Directive, and to assess whether it needs to be reviewed. CLECAT strongly believes that the Directive should be reviewed, so as to fully liberalise the ground handling market and allow greater competition, a higher level of service and lower rates. A concrete proposal is therefore required from the European Commission to address this limit on efficiency. In order for such a proposal to be successful this time, a full examination of the state of the internal market is required in order to demonstrate the current constraints on capacity and efficiency and how they will be alleviated by EU action.

We also call on the Commission to maintain its focus on the functioning of the Airport Charges Directive, along with the Thessaloniki Forum of Airport Charges Regulators. Transparency in the setting of airport charges is an essential part of the market, as is proper information and consultation of all airport users in the charge-setting process.

CLECAT agrees with the Commission's assertion that digitalisation brings many benefits for a competitive aviation sector. The move away from paper-based documentation and processes for transport, customs and other purposes is an essential part of modernisation. The recent creation of the Digital Transport and Logistics Forum is a step in the right direction which can ensure a coordinated approach to digitalisation between industry and public authorities.

The air cargo industry has already made great advances in digitalisation, however, the deployment of innovative ICT technologies, within Europe and internationally, is still



hampered by widely differing operational practices and standards. This restricts the speed of implementation and slows down innovation. The European Commission should focus on removing these barriers in order to spur greater uptake of solutions such as the e-Air Waybill, as well as efforts to digitise commercial invoices, House Air Waybills, packing lists, dangerous goods declarations, and cargo security declarations.

The use of digital technology not only creates immediate cost and time efficiencies by removing the need for paper documentation, but also creates new opportunities for using data-based innovation. The Commission's proposed Aviation Big Data Project to enhance safety is a welcome step, but safety is not the only aspect which can be enhanced by big data. Big data provides visibility over the supply chain, allowing smart logistics planning and more efficient use of resources. This creates new business opportunities, which the EU should support in order to build Europe's position as a hub of innovative logistics solutions.

We further support the Commission's focus on cybersecurity as a vital accompaniment to the drive to digitalise. Due to the multi-modal nature of transport and logistics, ensuring cybersecurity requires coordinated approach throughout the Commission, involving not only DG MOVE but also DG CNECT and other relevant services. The European Aviation Safety Agency has an important role in addressing the physical risks to aircraft from cyberattacks, but primary responsibility must remain with the European Commission in order to ensure coordination with all relevant authorities and proper consultation with stakeholders.

CLECAT applauds the Commission's commitment to a collective, holistic effort with stakeholders in order to address the competitiveness of European aviation. Collaboration is increasingly seen as the key to smart, sustainable logistics and should be at the centre of the Commission's aviation strategy. Silo thinking leads to decisions which may benefit one party in the short term but ultimately disadvantages all.