

EUROPEAN PARLIAMENT

# Working Documents

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5 October 1981

DOCUMENT 1-553/81

## Report

drawn up on behalf of the Committee on Transport

**on the proposal from the Commission of the European Communities to the Council (Doc. 1-824/80) for a Regulation concerning the authorization of scheduled interregional air services of passengers, mail and cargo between Member States**

**Rapporteur: Mr J. JANSSEN van RAAY**



On 13 January 1981 the Council requested the European Parliament to deliver an opinion on the Commission proposal for a Regulation concerning the authorization of scheduled inter-regional air services for passengers, mail and cargo between Member States (Doc. 1-824/80).

The President of the European Parliament referred this proposal to the Committee on Transport as the committee responsible and to the Committee on Regional Policy and Regional Planning for an opinion.

On 30 January 1981 the Committee on Transport appointed Mr JANSSEN van RAAY Rapporteur.

It considered the subject of the draft report at its meeting of 15 May 1981 and the report itself at its meeting of 24 September 1981. At the latter meeting it adopted the motion for a resolution, explanatory statement and amendments unanimously with three abstentions.

Present: Mr Seefeld, Chairman; Dame Shelagh Roberts, Vice-Chairman; Mr Janssen van Raay, rapporteur; Mr Albers, Mr Buttafuoco, Lady Elles (deputizing for Mr Cottrell), Mr Gabert, Mr Gendebien, Mr Key, Mr Moorhouse, Mr Moreland, Mr Prag (deputizing for Lord Harmar-Nicholls) and Mr Tolman (deputizing for Mr De Keersmaeker).

The opinion of the Committee on Regional Policy and Regional Planning is attached.

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The Committee on Transport hereby submits to the European Parliament the following amendments and motion for a resolution together with explanatory statement :

AMENDMENT No. 1

tabled by the Committee on Transport

Proposal from the Commission Doc. 1-824/80

for a Council Regulation (EEC) concerning the authorization of scheduled inter-regional air services of passengers, mail and cargo between Member States

Proposal for a Regulation

Article 1

Amend to read as follows:

"This Regulation shall apply to procedures for authorizing scheduled inter-regional air services for the transport of passengers, mail and/or cargo between Member States."

(Rest deleted)

AMENDMENT No. 2

tabled by the Committee on Transport

Proposal from the Commission Doc. 1-824/80

for a Council Regulation (EEC) concerning the authorization of scheduled inter-regional air services of passengers, mail and cargo between Member States

Proposal for a Regulation

Article 6.3 :

Replace paragraph 3 with the following new text:

'The state of registration shall verify the financial and technical standing of the Community air carrier and shall refuse authorization only if it is seriously dissatisfied with the results of this verification.'

AMENDMENT No. 3

tabled by the Committee on Transport

Proposal from the Commission Doc. 1-824/80

for a Council Regulation (EEC) concerning the authorization of  
scheduled inter-regional air services of passengers, mail and  
cargo between Member States

Proposal for a Regulation

Article 6

Delete subparagraph 4

AMENDMENT No. 4

tabled by the Committee on Transport

Proposal from the Commission Doc. 1-824/80

for a Council Regulation (EEC) concerning the authorization of scheduled inter-regional air services of passengers, mail and cargo between Member States

Proposal for a Regulation

Article 7

Add a subparagraph d) to read as follows:

'd) the service applied for is likely to cause serious environmental nuisance.'

AMENDMENT No 5

tabled by the Committee on Transport

Proposal from the Commission Doc. 1-824/80

for a Council Regulation (EEC) concerning the authorization of  
scheduled inter-regional air services of passengers, mail and  
cargo between Member States

Proposal for a Regulation

Article 8 d :

To this paragraph, add the words:

'..... at the operator's discretion'

AMENDMENT No 6  
tabled by the Committee on Transport

Proposal from the Commission Doc. 1-824/80

for a Council Regulation (EEC) concerning the authorization  
of scheduled inter-regional air services of passengers, mail  
and cargo between Member States

Proposal for a Regulation

Article 9.3

Delete the words :

'..... or to attach conditions to .....

AMENDMENT No 7

tabled by the Committee on Transport

Proposal from the Commission Doc. 1-824/80

for a Council Regulation (EEC) concerning the authorization  
of scheduled inter-regional air services of passengers,  
mail and cargo between Member States

Proposal for a Regulation

Article 10(3)

After the words 'Member State' add the words :

'and air carrier'.

AMENDMENT No 8

tabled by the Committee on Transport

Proposal from the Commission Doc. 1-824/80

for a Council Regulation (EEC) concerning the  
authorization of scheduled inter-regional air services  
of passengers, mail and cargo between Member States

Proposal for a Regulation

Article 10 (4) :

'After the words 'shall be' add: 'accompanied by  
a statement of reasons and'.

AMENDMENT No 9

tabled by the Committee on Transport

Proposal from the Commission Doc. 1-824/80

for a Council Regulation (EEC) concerning the  
authorization of scheduled inter-regional air services  
of passengers, mail and cargo between Member States

Proposal for a Regulation

Article 10 :

Add the following subparagraph 5 :

5. Should the Commission decide that authorization  
is to be granted, the State of registration and the  
States concerned shall comply within one month. If this  
time-limit is not adhered to, authorization shall be  
deemed to have been granted.

AMENDMENT No. 10

tabled by the Committee on Transport

Proposal from the Commission Doc. 1-824/80

for a Council Regulation (EEC) concerning the authorization of scheduled inter-regional air services of passengers, mail and cargo between Member States

Proposal for a Regulation

Article 13 :

Replace this paragraph with the following new text:

"Community air carriers operating inter-regional air services covered by this regulation shall in each State affected enjoy the most favourable treatment granted by the Member State on the same or neighbouring routes to other air carriers in particular with respect to ground handling arrangements including fuel and spares and navigational services."

AMENDMENT No. 11

tabled by the Committee on Transport

Proposal from the Commission Doc. : 1-824/80

for a Council Regulation (EEC) concerning the authorization of scheduled inter-regional air services for passengers, mail and cargo between Member States

Proposal for a Regulation

Article 15

Replace '1 January 1984' by '1 January 1985'

AMENDMENT No. 12

tabled by the Committee on Transport

Proposal from the Commission Doc. 1-824/80

for a Council Regulation (EEC) concerning the authorization of scheduled inter-regional air services for passengers, mail and cargo between Member States

Proposal for a Regulation

Article 16

Replace '1 January 1981' by '1 January 1982'

AMENDMENT No. 13  
tabled by the Committee on Transport

Proposal from the Commission Doc. 1-824/80

for a Council Regulation (EEC) concerning the authorization of  
scheduled inter-regional air services for passengers, mail and  
cargo between Member States

Proposal for a Regulation

ANNEX

Delete the following as major inter-continental airports:

- Copenhagen Kastrup
- Paris Charles de Gaulle
- Frankfurt/Main
- Roma Fiumicino
- Amsterdam-Schiphol
- London-Heathrow

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a regulation concerning the authorization of scheduled inter-regional air services of passengers, mail and cargo between Member States

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council (COM(80) 624 final),
- having been consulted by the Council pursuant to Article 84(2) of the EEC Treaty (Doc. 1-824/80),
- having regard to the report of the Committee on Transport and the opinion of the Committee on Regional Policy and Regional Planning (Doc. 1-553/81),
- having regard to its resolution of 17 October 1980 on the Memorandum of the Commission of the European Communities on the contribution of the European Community to the development of air transport<sup>1</sup>,
- having regard in particular to paragraphs 22 and 23 of the abovementioned resolution, in which Parliament 'sees it as an important task of the Community, particularly in the spirit of Article 80 of the EEC Treaty, to encourage the development of expansion and economic integration of the air transport network, taking adequate account of the needs of less-favoured regions, in particular the peripheral regions and islands', and 'is firmly convinced that in the context of the economic exploitation and development of these regions permanent air services are of prime importance and should therefore be encouraged',
- whereas the introduction of inter-regional air services under the condition laid down in the Commission proposal is designed to make a positive contribution to regional development, and hence to economic and social integration, within the Community,

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<sup>1</sup> OJ No. C 291/80, 10.11.80, pp. 65-70

1. Reaffirms its belief in the merits of an evolutionary approach to air transport within the Community as advocated in the Commission's 1979 Memorandum and reiterated in Parliament's resolution thereon<sup>1</sup>;
2. Supports the Commission proposal inasmuch as it reflects such an evolutionary approach and seeks to further the following objectives:
  - (i) the improvement of transport links between the regions of the Community,
  - (ii) the provision of greater scope for innovation with regard to market access in the context of inter-regional air services;
  - (iii) the saving of energy;
3. Is concerned that the proposed measures should not jeopardize the financial position of the national airlines of the Member States, cause disruption to existing routes, or carry the risk of adversely affecting the employment situation in this sector;
4. Notes that the studies available to the Commission indicate the existence of a certain number of inter-regional routes which are not operated at present but which would be commercially profitable;
5. Believes that, in cases where evidence has been established of a demand to operate such routes as supplementary services to existing trunk air services by carriers providing suitable guarantees of satisfactory financial standing, the application of the Commission proposal, by ensuring a sufficiently flexible and rapid procedure for the authorizing of services, will have a generally positive effect on the Community's regional network;

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<sup>1</sup>See report by Mr HOFFMANN (Doc. 1-469/80)

(a) Airports

6. Believes that greater use of regional airports, a number of which are at present under-utilized, should ease congestion at the larger airports and in the main airways;
7. Notes with satisfaction, while welcoming the provision of fifth freedom rights for Community air carriers, that these rights do not include extensions of a service beyond a category I airport;
8. Recommends, moreover, that major inter-continental airports should be excluded from the scope of the regulation;
9. Considers it important that inter-regional air services should not lead to an inordinate deflection of traffic from the principal trunk routes to the detriment of inter-continental services and existing gateways;
10. However, believes that inter-regional air services, by attracting new traffic, will stimulate market growth and thus benefit the industry as a whole;

(b) Economic development

11. Believes that the proposed regulation will provide a boost for the activities of regional airports throughout the Community, and by improving accessibility, should help to promote industrial investment in the regions;
12. Takes the view that the potential of the Community tourist industry will also be strengthened by the provision of inter-regional air services and increased accessibility through regional airports;
13. Urges the Commission to ensure that all regional airports eligible for aid under the Regional Fund and other relevant Community instruments may be provided with rapid and comprehensive information on the possibilities of their receiving aid for infrastructure improvement;
14. Points out that the proposed regulation would also have the advantage of facilitating the carriage by air of small cargo on inter-regional air services;
15. Stresses the need, for both business travellers, and all other users, to reduce travel time between regional centres as compared with the current situation on the Community network;

(c) Aircraft

16. Firmly believes that the proposed regulation will provide a stimulus for the Community aircraft manufacturing industry, in particular manufacturers of those aircraft types most suited to inter-regional air services in terms of capacity and energy-saving considerations (especially turboprop aircraft);
  17. Is convinced that the capacity of aircraft flying regional routes should be determined by the criterion of demand alone, and thus considers it unnecessary to impose a limit, as in the proposed regulation, on the size of such aircraft; also opposes the fixing of a minimum distance for these services;
  18. Expresses the hope that the application of the proposed regulation will, on the one hand, bring benefits to the market in second-hand aircraft and, on the other hand, improve the employment situation in the air transport and manufacturing industries in general and for pilots in particular.
- (d) Authorization procedure
19. Takes the view that the likelihood of serious environmental nuisance should be included among the possible grounds for the refusal of authorizations;
  20. Considers that any decision on the economic viability of proposed services should rest solely with the airlines wishing to operate them;
  21. Emphasizes, in the interests of the effective application of the proposed regulation, the need for any disputes to be settled by the competent authorities without undue delay;
  22. Favours the setting up of an Air Transport Users Committee but believes that such a committee could more usefully concern itself with Community air transport as a whole rather than exclusively with inter-regional air services;
  23. Welcomes the provisions of the proposed regulation concerning tariffs in that they are designed to ensure that air fares reflect more closely than under present arrangements the requirements of the various current and potential user categories and to preclude any abuse of monopoly;

24. Believes, moreover, that this regulation will have the further advantage of facilitating the provisions of the EEC Treaty regarding competition, in particular Article 3(f) thereof;
25. Calls upon the Commission to adopt the foregoing amendments pursuant to Article 149(2) of the EEC Treaty;
26. Approves the Commission proposal subject to the above considerations.

B.

EXPLANATORY STATEMENT

I. BACKGROUND

1. The Commission proposal under consideration follows naturally from a growing number of initiatives taken by the Community in recent years in the field of air transport. The process leading to this particular proposal began in June 1977, when the Council instructed the Committee of Permanent Representatives to set up a working party with a view to establishing those areas of government activity in the air transport sector which could usefully be examined at Community level. One year later, in June 1978, the Council approved a list of nine priority matters including 'possible improvements to inter-regional air services'.

2. The Commission's Memorandum on 'Contributions of the European Communities to the development of air transport services'<sup>1</sup>, published in July 1979, suggested among other things that improvements could be introduced with respect to market access and tariffs, with particular implications for inter-regional air services. Following the publication of this Memorandum, in December 1979 the Council invited the Commission 'to develop its ideas further with the assistance of national experts and to present proposals in the first half of 1980'. The current proposal for a Regulation was finally submitted to the Council on 27 November 1980.

3. In the meantime the European Parliament had also given active consideration to the development of air transport within the Community. In particular, in the course of 1980 the Committee on Transport held four public hearings on different aspects of the Commission Memorandum within the framework of the abovementioned report by Mr HOFFMANN. The subject of the second of these hearings was 'The air transport network and regional air services', and this aspect of the Memorandum was also dealt with in a specific section of the resolution adopted by the European Parliament on 17 October 1980. Paragraphs 22 and 23 of this resolution state respectively that the Community should 'encourage the development of expansion and economic integration of the air transport network, taking adequate account of the needs of less-favoured regions, in particular the peripheral regions and islands', and that 'in the

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<sup>1</sup> COM(79) 311 final; see also report thereon by Mr HOFFMANN (Doc. 1-469/80)

context of the economic exploitation and development of these regions permanent air services are of prime importance and should therefore be encouraged'.

Your rapporteur believes that the Commission proposal on inter-regional air services goes a considerable way towards meeting the wishes expressed by the European Parliament in the above resolution.

4. However, he is naturally not unaware of the wider implications of the proposal over and above the purely regional aspect. On the one hand, the structure of air transport both within the Community and throughout the world has hitherto been determined by the extensive influence of governments, through the system of bilateral agreements which regulate the network, tariffs and capacity. On the other hand, from a Community point of view this sector should undoubtedly be developed in pursuance of the general objective laid down in Article 2 of the Treaty, namely the harmonious development of economic activities<sup>1</sup>, and in compliance with Article 3(e) and (f) providing for a common transport policy and a system ensuring against distortions of competition in the common market.

Each new Community initiative in the field of air transport must therefore successfully reconcile these two factors - the structure of the world system as it has been shaped and operated by governments hitherto, and the relevant provisions of the Treaty of Rome. In every case there must be clear evidence of the Community dimension and the Community advantage of the measures proposed. Your rapporteur will endeavour to illustrate below his reasons for believing that the proposal in question is both desirable and feasible within the particular context of the Community without carrying the risk of unduly affecting the existing structure to the detriment of either airlines or users.

5. He would emphasize, nevertheless, that the current financial position of most of the Community's national airlines would justify any desire expressed by them for a cautious and prudent approach to new measures. Nor is the prevailing economic climate likely to enable an improvement in their performance. As the Secretary-General of the Association of European Airlines has put it: 'each percentage point of GNP growth produces about 1½ points of traffic growth, while each 4-5%

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<sup>1</sup> cf. 1974 ruling of the Court of Justice confirming that air and sea transport are covered by the Treaty

fuel increase produces a 1% fare increase and an equivalent decline in traffic'<sup>1</sup>. Within Europe scheduled passenger kilometres flown in 1980 were 2% below the 1979 level, representing the first decline since records began in the early 1950s<sup>2</sup>.

6. Your rapporteur believes most strongly that these economic difficulties should not preclude attempts to adapt and improve the regional network by providing for a more flexible procedure for authorising services and extending market access with the possibility of lower fares. The result 'should be growth in local and regional air transport to the benefit of existing or new carriers, major airports, which will be less congested, and the users'<sup>3</sup>.

## II. EFFECTS OF THE REGULATION IF ENACTED

7. The Governments of the Member States would be required to authorise Community airlines to operate certain categories of inter-regional services with only limited grounds on which such authorization might be refused. In particular, authorization may be refused (Article 7) when airports have insufficient facilities, navigational aids are inadequate or the proposed tariffs do not meet certain basic requirements such as being 'in reasonable proportion' to costs. The state of registration may also refuse if the airline is not economically or technically viable, or when the route is not economically viable (your rapporteur is opposed to this latter restriction).

8. The services covered would be those between secondary airports in one state and another, between minor airports in one state and another, and between a major airport in one state and a minor airport in another. Your rapporteur has certain reservations concerning the latter category of service (see para. 15 below).

9. The basic sector applied for must have one of the airports in the airline's state of registration; additional sectors may also be permitted between airports neither of which are in the airline's state of registration (fifth freedom rights) inasmuch as they are extensions of a basic sector applied for.

10. The proposal lays down certain time-limits (Articles 9 and 10) to ensure that applications are dealt with reasonably quickly.

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<sup>1</sup> AEA Facts and Figures, April 1981

<sup>2</sup> World Air Transport Statistics 1980, No. 25

<sup>3</sup> ITA Bulletin No. 10, 9 March 1981

11. In the event of a dispute concerning the application of the regulation (Article 10) or non-compliance with the time-limits, the interested parties may either enter into direct negotiations, seek arbitration or appeal to the Commission.

12. A Users' Committee is to be set up in each Member State to express its views on matters relating to the services covered.

13. In its present form, the proposal contains a number of provisions which, in your rapporteur's view, are unduly restrictive (see paras. 19 and 21 below), namely the fixing of a minimum distance for services of 200 km, a maximum capacity for aircraft of 130 seats or a maximum take-off weight of 55 tonnes, and the verification by the State of registration of the viability of a service, as mentioned above.

### III. AIRPORTS AND ECONOMIC DEVELOPMENT

14. Your rapporteur considers that the provision of new services is an important aspect of employment generation in regional development and also endorses the view that new services will generate new traffic. This new traffic should increase the market opportunities and income of the businesses that use the service, and correspondingly increase the real wealth of the region. This view, together with the potential benefits for the tourist industry in many regions, has been repeatedly confirmed to the rapporteur in contacts with regional authorities in the various Member States, amongst other bodies. In addition, in its opinion on the proposed regulation, the Association of German Chambers of Industry and Commerce welcomes the Commission's proposal to improve air links between the different regions and thereby to take greater account of the air transport needs of business in the regions. We also support the idea of preventing such developments from unduly affecting the main trunk routes by making the provisions of the regulation apply only to certain routes through an airport classification scheme'.

15. Your rapporteur shares this concern that inter-regional air services should not lead to an inordinate deflection of traffic from the principal trunk routes to the detriment of inter-continental services and existing gateways. While emphasizing the importance of the provision of fifth freedom rights for Community carriers, he also notes with satisfaction that these rights do not include extensions of a service beyond a Category 1 airport. As a further safeguard against disruption of existing routes

and any possibility of inter-regional services acting as feeder services to the main trunk routes, it is also recommended that major inter-continental airports (as defined in proposed amendment No. 7 to the proposal) should be excluded altogether from the scope of the regulation.

16. It is also hoped that increased use of regional airports, many of which are at present under-utilized yet equipped with runways and other facilities which would enable them to meet an increased volume of traffic without the need for additional investment, will help to reduce the current level of saturation both in the main airways and at airports. In a submission<sup>1</sup> to the Committee on Transport last year, the British Airports Authority made the further point that airport authorities 'would gain from the diversion of passengers away from crowded airports through the postponement of the heavy capital investment required to meet the growth in traffic'.

The following statement by the International Civil Airports Authority<sup>2</sup> may be taken as summarising the position with regard to airports: 'In specific European conditions, when it is becoming more difficult to build new airports and expand existing ones, the development of regional services from regional airports may well be in the long-term interests of users and providers alike'.

17. The proposed regulation should also help the air cargo industry in the Community, particularly with regard to small low-weight cargo which is the subject of a report currently being drawn up on behalf of the Committee on Transport by Mr KEY<sup>3</sup>. The Commission proposal offers increased flexibility as compared with existing licensing and tariff-fixing procedures, and should help to clear the way for a more efficient and rapid carriage of cargo by air.

18. As a final point concerning regional airports, your rapporteur would point out that the European Regional Development Fund and the European Investment Bank have issued a number of grants and loans for airport infrastructure developments in peripheral and/or assisted areas. In reply to Written Question No. 684/80 by Mr KLINKENBORG<sup>4</sup>, the Commission stated that, up to September 1980, the ERDF had granted assistance totalling 25.63m EUA to seven major airport infrastructure investment projects, each costing more than 10m EUA, and to 59 projects costing less than 10m EUA each.

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<sup>1</sup> PE 64.611

<sup>2</sup> PE 63.522

<sup>3</sup> PE 73.943

<sup>4</sup> OJ No. C 283/80, pp. 14 and 15

The Committee would urge the Commission to set up a rapid and comprehensive information procedure for the benefit of regional airports eligible for and requesting aid for infrastructure improvement under the ERDF and other Community instruments.

#### IV. AIRCRAFT

19. The rapporteur believes that the capacity of aircraft flying regional routes should be determined by the criterion of demand alone, and thus considers it unnecessary to impose, as in the proposed regulation, a maximum capacity or take-off weight for such aircraft. Quite apart from the fact that this restriction would render the authorization procedure less flexible, it would seem to have no obvious justification on commercial grounds. It can be generally assumed that if airlines apply to operate inter-regional air services, they do so with the aim of covering their costs: it should therefore be left to them both to use aircraft suited to the nature of the demand and to decide on the economic viability of a proposed service.

20. The Committee on Transport trusts that the proposed regulation will provide a boost for Community aircraft manufacturers of those aircraft types most suited to inter-regional air services in terms of capacity and energy-saving considerations, and indeed that it may also bring benefits to the market in second-hand aircraft. In particular, the proposal should promote greater use of turboprop aircraft which, together with the operation of more direct air services, will lead to important energy savings over short and medium length routes. The Commission has calculated<sup>1</sup>, by way of example, that a direct turboprop flight from Bordeaux to Frankfurt shows a saving of 45% compared to a turboprop flight from Bordeaux to Paris followed by a wide-body jet flight from Paris to Frankfurt. Further calculations indicate that turboprops become more energy-efficient than single-occupier motor cars over distances of more than 200 km<sup>1</sup>.

21. Such energy-saving advantages clearly cannot be claimed in any comparison with rail transport. Your rapporteur, however, endorses the Commission's view<sup>2</sup> that 'it seems unlikely that air transport would be

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<sup>1</sup> Explanatory memorandum, pp. 14 and 15

<sup>2</sup> idem, para. 33

able to compete against efficient rail services over distances of less than 400 km, or possibly 600 km. Experience to date, and particularly experience with the introduction of fast intercity trains, seems to point to this conclusion'. He therefore opposes the fixing of a minimum distance for inter-regional services, in the interests of healthy competition between the modes.

22. The Association of German Chambers of Industry and Commerce has laid particular emphasis on the differing nature of the demand for the two types of service: 'At present, the quality of crossborder rail passenger services for business travel purposes leaves much to be desired, both in frequency and travel time. In many cases, however, where links between Category 2 and Category 1 airports are concerned, it would make more economic sense to meet the demand through air services than to call for more frequent rail services between these points. It is precisely on these routes that air transport seems the better and more economic solution, given the potential capacity and the nature of the demand'.

#### V. AUTHORIZATION PROCEDURE

23. Articles 9 and 10 of the proposal are designed to ensure that applications and any resulting disputes are dealt with quickly and without unnecessary delay. Although it is true that, if all the maximum time-periods are added together, a delay of one year could occur before a new route is established, such a delay would hardly be exceptional in comparison with the length of current authorization procedures in most Member States.

It is essential for the effective application of the regulation that any disputes should be settled by the competent authorities as rapidly as possible.

#### VI. POTENTIAL DEMAND

24. To what extent is there a genuine need and demand for inter-regional air services within the Community? A first glance at the current air transport network might give the impression that there is little room

left for new routes. A large number of routes remains even after those between major airports have been excluded. However, a closer examination will show that these remaining routes are mainly concentrated on routes to and from major airports and mostly constitute domestic star systems. The table in annex to this report indicates the degree of concentration of intra-Community air traffic between the major airports.

25. The studies available to the Commission<sup>1</sup> point to the existence of a certain number of inter-regional routes which are not operated at present but which would be commercially profitable, as exemplified in the following table:

Distribution of routes predicted by ECAC at regional level

<u>Airport links</u>	<u>Routes predicted not operated</u>	<u>Routes operated not predicted</u>
1 - 1	-	9
1 - 2	5	10
1 - 3	8	14
2 - 2	3	1
2 - 3	9	-
3 - 3	1	-
	—	—
	26	34

We are thus given a picture of a somewhat distorted overall network, one possible reason being that major airlines may prefer to keep traffic concentrated on the routes between the main airports in the interests of cost benefits and to enable the use of larger aircraft. Your rapporteur maintains that this concentration policy has hitherto generally been endorsed by governments.

26. He would further point out that the ECAC study, being based on current traffic determined by the prevailing concentration, may not be the ideal source for evidence of potential traffic.

27. The EIU report, which at your rapporteur's time of writing had regrettably not yet been officially published, estimates a total number of passengers, in the event of all predicted routes being operated, of approximately 6% of the passenger volume on existing services. A substantial part of this traffic potential would be diverted from road

<sup>1</sup> ECAC (European Civil Aviation Conference) Doc. No. 15, Report on Intra-European Air Services, Paris 1978

SOFREAVIA, Study No. 8, February 1980, 'La Desserte Aérienne Inter-régionale en Europe'

Economist Intelligence Unit Report, not yet published

transport. Undue disruption to the principal trunk routes is unlikely on this evidence, although traffic growth on some of these routes could be slightly reduced.

28. The SOFREAVIA study, undertaken for the French Government and the Commission, bears out this evidence of a potential demand for increased inter-regional services and of a certain distortion at present in favour of trunk routes. Despite being restricted to links between French regional airports only and the rest of Europe (excluding Greece), it predicts 11 routes for 1985 of which 10 would fall within the scope of the proposed regulation.

## VII. CONCLUSIONS AND PROPOSED AMENDMENTS

29. The precise level of the demand for inter-regional air services will only become clear after the enactment of the regulation. Your rapporteur is convinced, however, that the evidence of potential demand is sufficiently strong as to warrant approval of the Commission proposal, particularly as it is designed to further the two important objectives of economic convergence and increasing market access in air transport within the Community. He therefore recommends the approval of this proposal subject to the proposed amendments listed below, in the belief that its application, by ensuring a sufficiently flexible and rapid procedure for the authorising of services, will have a generally positive effect on the Community's regional network.

Finally, he would point out that, under Article 15, the proposal may be amended after three years in the light of experience acquired during its initial period of application.

### Proposed amendments

30. Article 1: the rapporteur is opposed to any restrictions on capacity, take-off weight or distance, for the reasons stated in para. 19 above.
31. Article 7: the likelihood of serious environmental nuisance should be included among the possible grounds for the refusal of authorizations, in order to reflect current thinking in several Member States, notably Germany and the United Kingdom, on the siting and utilization of airports.

32. Article 11: while fully supporting the suggestion to set up an air transport Users' Committee, your rapporteur feels that such a committee should concern itself with Community air transport in general, rather than confining itself to inter-regional air services.
33. Articles 15 and 16 necessitate a change of date as the deadline originally fixed by the Commission for the entry into force of the regulation has already expired.
34. Annex (airport classification): to guard against deflection of traffic from the principal trunk routes to the detriment of inter-continental services and the main gateways, major inter-continental airports should be excluded from the scope of the regulation (see para. 15 above).

OPINION OF THE COMMITTEE ON REGIONAL POLICY AND REGIONAL PLANNING

Draftsman : Mr BLANEY

On 24 June 1981 the Committee on Regional Policy and Regional Planning appointed Mr BLANEY draftsman of an opinion.

The draft opinion was considered by the committee on 26 September 1981 and adopted by 16 votes to 1 with 2 abstentions.

Present: Mr DE PASQUALE, Chairman; Mr COSTANZO, vice-chairman; Mr BLANEY, draftsman; Mrs BOOT, Mr CARDIA (deputizing for Mr Kappos), Mr CECOVINI, Mr CRONIN, Mr FANTI, Mr GIUMMARRA (deputizing for Mr Lima), Mr GRIFFITHS, Mr HARRIS, Miss HOOPER (deputizing for Mr. J. D. Taylor), Mrs KELLETT-BOWMAN, Mr MAHER (deputizing for Mrs Martin), Mr O'DONNELL, Mr PRICE (deputizing for Mr Hutton), Mr Karl SCHON, Mr VERROKEN (deputizing for Mr Brok) and Mr von der VRING.

1. Transport is one of the keys to regional development and revival - as it has also been one of the keys to regional decline in the past decades. Improved transport facilities have played their part in the excessive concentration of economic activities in certain areas of each country, and of the Community, and the accompanying exodus from outlying areas. Improved transport can be, potentially, an instrument for promoting regional development, and this can certainly be true of improved and more numerous inter-regional air links between member countries. But the positive impact is not automatic. It will follow only in the framework of coherent regional development strategies, of which improved air transport is one element. From the development point of view, the Commission's proposals on the authorisation of scheduled inter-regional air services are to be welcomed in so far as this condition is met.

2. The Commission's proposals cover two kinds of air links. The first are those between major established airports, located in the main economic areas of one member country, and minor regional airports in others. These could be expected to encourage cross-frontier investment, and decentralisation in the Community framework. The others are the links between one region and another, both at similar levels of development, where the main potential is likely to be for the expansion of flows of trade hitherto channelled via national capitals.

3. Inter-regional air services can be of importance for the development of the regions, particularly the outlying ones and the islands, from several points of view, and in the first place by encouraging investment. By facilitating access (eliminating stop-overs in national airports) and shortening travel times, inter-regional services can render regional locations more attractive to investors from other parts of the Community. Executives can more easily visit plant located regionally, or tour factories in several different regions. With more and more new investment taking the form of sophisticated plant using advanced production control and communications technology, it is important for technicians and spare parts to be able to arrive rapidly, to avoid costly delays.

4. In certain cases, an improved network of direct airlinks to other Community countries could boost export possibilities, by eliminating time-consuming and costly trans-shipment at hub airports. This could apply to firms specialising in equipment aimed at the markets of outlying areas (eg wind energy equipment, bio-mass technology), or producers of perishable goods (flowers, vegetables).

5. An improved network of air services could have a very considerable potential for developing tourism, especially in outlying regions. The attraction of direct flights, combined with benefits such as lodging and

car hire on the spot, could encourage holidaymakers to seek out hitherto inaccessible areas, especially on the islands.

6. More generally, and in the longer term, by reducing the isolation of certain regions, and opening up contacts not dependent upon passing through national capitals, there could be a favourable impact in cultural, social and political terms by persuading key elements of the population not emigrate to the central areas.

7. However, if improved air links were to encourage concentration of economic and other activities in too limited a number of major regional centres, it could actually help to worsen and accelerate regional decline. While easier air access may make investment more attractive, there is a natural tendency on the part of investors to maximise the advantages offered by clustering round the airports. More investment round Cork airport will do little for the west of Ireland, more around Glasgow little for the Highlands and Islands of Scotland. Such airport nuclei could attract other investment which would normally have been located elsewhere in the region.

8. One way in which this risk can be obviated is by integrating airports into regional transport networks (road, rail), so that there is rapid and easy access to them from other parts of the region where they are located. It is to be hoped that the Commission and member states, in developing regional policies, will devote attention to this problem.

9. Equally if not more important is the development of more numerous regional airports with the necessary standards of staffing, and equipment in modern air traffic control procedures. In Ireland, for instance, the only modern airport outside Belfast, Dublin and Shannon (a special case, as trans-Atlantic staging post) is in Cork. The Irish government has long term plans to build and equip airports at Knock, County Mayo (a pilgrimage centre) and near Lifford County Donegal (which would serve the north-western region of Counties Derry, Tyrone and Donegal). There are also local proposals for airports at Sligo and Galway. There would seem to be a similar shortage of regional airports in several other member countries. It is vital, then, to make any proposal for expanded inter-regional scheduled air services of real benefit to the most isolated regions, that proposals be made in parallel for steps to encourage the development of airports which would generate traffic and commerce into such regions.

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10. Of particular importance are the development of regional airports, as a basis for inter-regional services, in the most distant of the peripheral areas, and in the islands (Corsica, Sicily, Sardinia, Ireland, Scottish Islands, etc.), where the relative gain from air access is greatest.
11. National carriers have sought to muster evidence, over the years, that existing air services are adequate, and argued, as the Commission says, against filtering off of traffic from them. But from the regional point of view, the economic difficulties which the national carriers advance to justify restricting services certainly cannot be accepted as a legitimate argument for depriving the people of the Communities peripheral areas of the benefits of modern communications, as the Commission is seeking.
12. The Committee on Regional Policy and Regional Planning is concerned at the implications of Article 4 of the Commission's proposals, namely the restriction of authorisation to services originating in the state of registry (though with landings in several other member states allowed). This not only seems incompatible with the most basic Community principles of free competition throughout the area. By not authorizing carriers to fly services between regional airports in different member countries irrespective of whether the point of origin was in the state of registry, there would be a distinct risk of penalising the smaller countries with fewer registered carriers, by reducing competition on the lines affecting them.
13. The Committee on Regional Policy and Regional Planning appreciates that the same liberalism that has characterised the Community's approach to transport policy underlies these proposals. The Commission's primary motivation is to facilitate the access of smaller, independent carriers, whilst leaving it entirely to their initiative to develop services where they can make them pay. From the point of view of regional development, however, the impact of the proposals, if adopted in isolation, is likely to be slight. The Commission in its explanatory memorandum provides little evidence for thinking that the proposals will be adequate to stimulate any considerable expansion of inter-regional air services. The Committee therefore hopes that the Commission will take this occasion to examine what can be done, in the broader framework of regional policy, to encourage the emergence of a network of air services,

based on regional airports with adequate infrastructure and equipment integrated into regional transport networks, so as to serve as a positive factor in regional development.

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ANNEX

DISTRIBUTION OF DIRECT\* AIR SERVICES IN THE EEC BY COMBINATION OF AIRPORT CATEGORIES - August 1980

Type of route by airport category	Total number of routes	ROUTE BY TYPE OF CARRIERS					ROUTE BY NUMBER OF CARRIERS			
		EEC Carriers			Non-EEC Carriers	Combination of EEC & Non-EEC	1	2	3	3
		AEA Members	Non-AEA	Combination						
1 - 1	60	23	5	2	2	28	14	18	10	18
1 - 2	101	85	3	2	4	7	59	38	4	-
1 - 3	103	46	53	4	-	-	90	13	-	-
2 - 2	9	8	-	-	1	-	8	1	-	-
2 - 3	5	2	3	-	-	-	5	-	-	-
3 - 3	18	-	18	-	-	-	18	-	-	-
<b>TOTAL</b>	<b>296</b>	<b>164</b>	<b>82</b>	<b>8</b>	<b>7</b>	<b>35</b>	<b>194</b>	<b>70</b>	<b>14</b>	<b>18</b>

\* May include intermediate stop-over

Source : Commission services