

EUROPEAN PARLIAMENT

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DOCUMENT 195/72

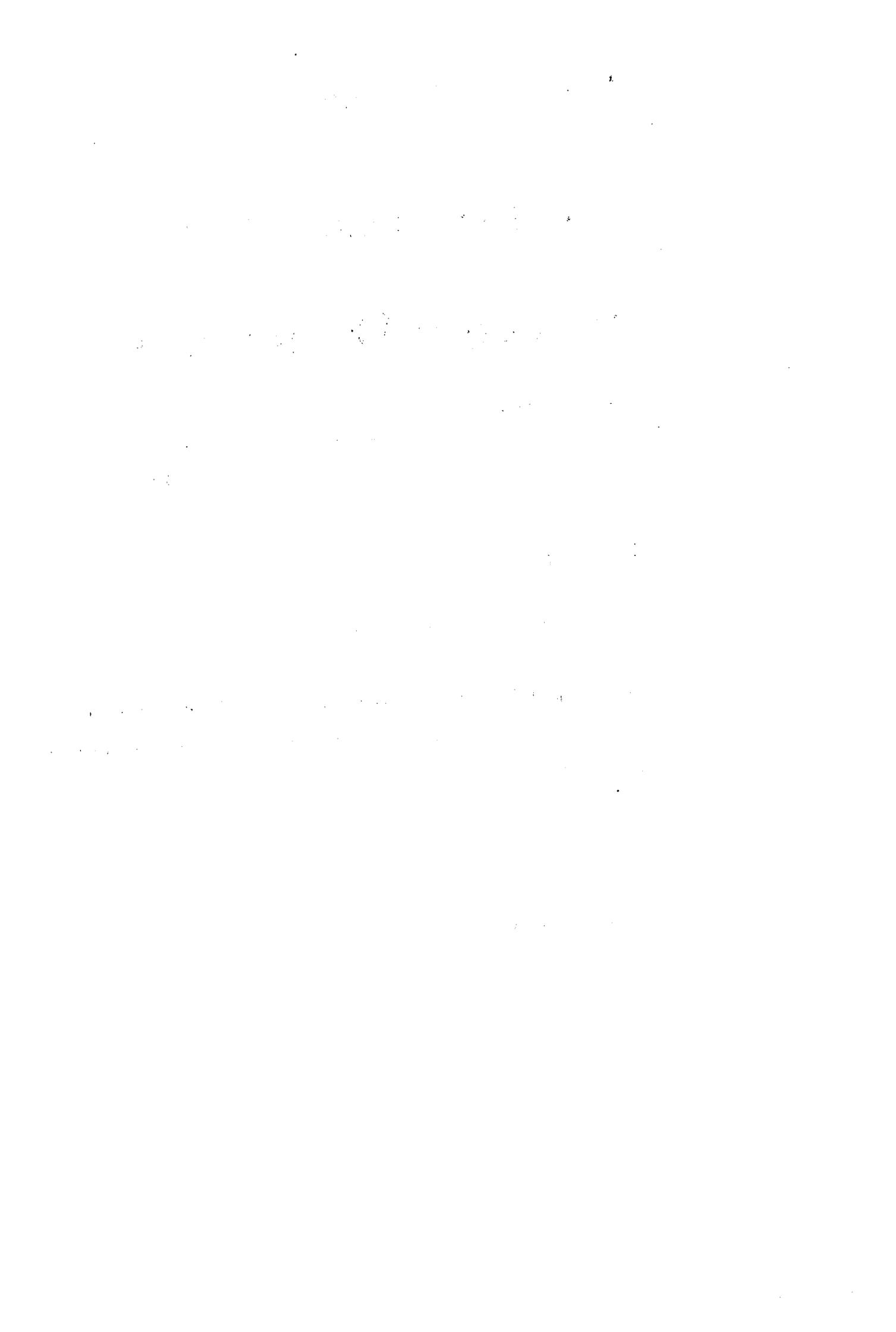
Report

drawn up on behalf of the Transport Committee

on the proposal from the Commission of the European Communities to the Council (Doc. 134/72) for a decision on the first measures of a common approach to air transport

Rapporteur: Mr L. NOE'

PE 30.248/fin.



# EUROPEAN PARLIAMENT

## CORRECTION

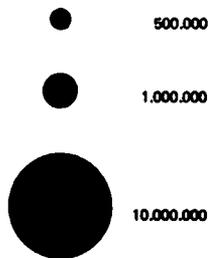
to report by Mr NOE', Document 195/72

1. The first paragraph of section 16 should read as follows:
  16. On 13 December 1960, because of the growing density of air traffic and the attendant risks, the Convention setting up the Eurocontrol Organization was concluded (coming into force on 1 March 1963) for the special task of coordinating air safety measures. Its members are seven countries of the enlarged Community; for two members of the enlarged Community (Italy and Denmark) only cooperation agreements at present exist. Such agreements exist also with six other European countries. Specific arrangements are in force (covering, however, only North Atlantic traffic) with the USA.
2. The map is replaced by the one shown on the reverse.

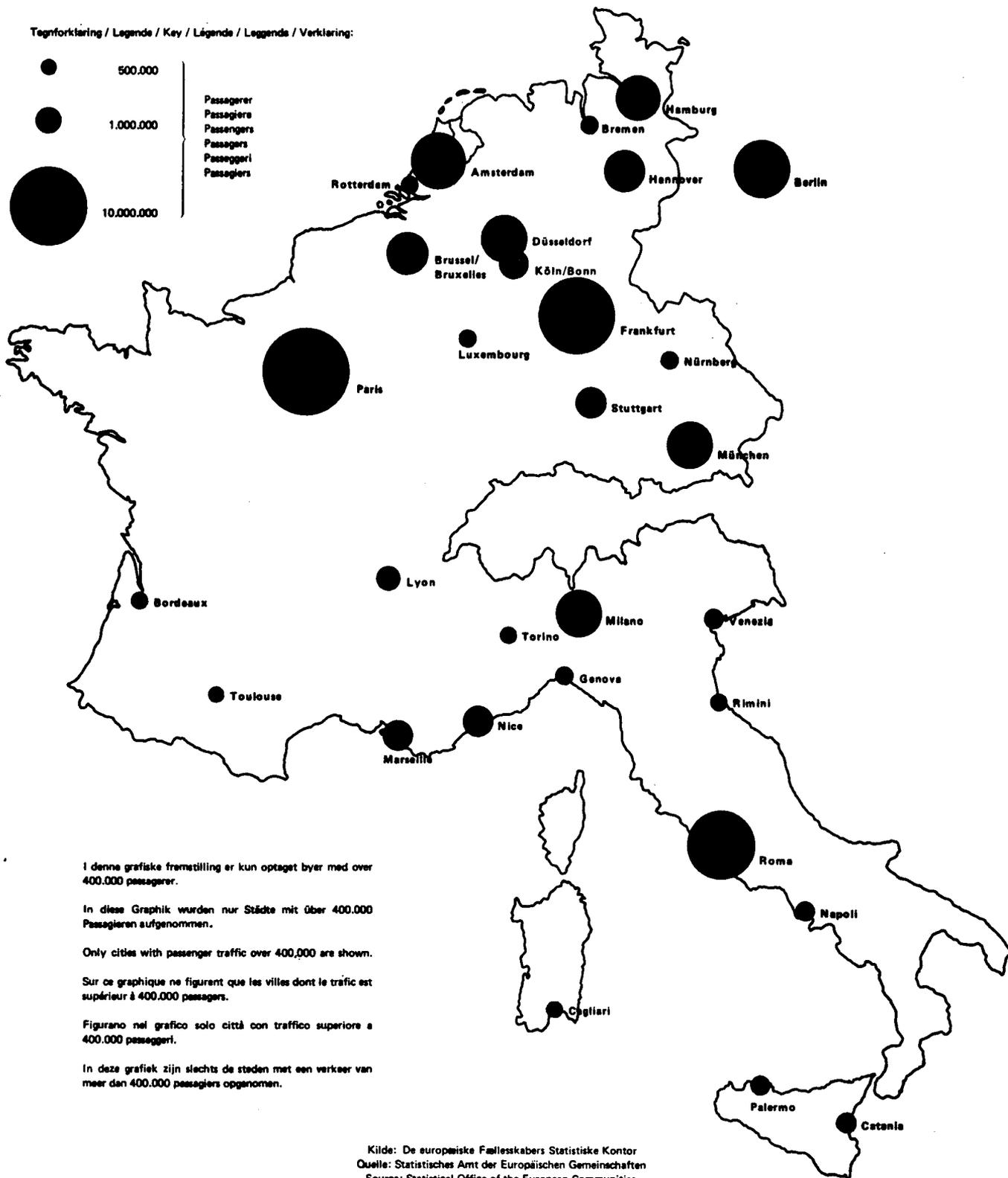
Passagertrafik på lufthavnene i de vigtigste byer i Fællesskabet  
 Passagierverkehr der Flughäfen der wichtigsten Städte der Gemeinschaft  
 Passenger traffic in the airports of the main cities in the Community  
 Trafic de passagers dans les aéroports des principales villes de la Communauté  
 Traffico passeggeri negli aeroporti delle città più importanti della Comunità  
 Passagiersverkeer op de luchthavens van de voornaamste steden der Gemeenschap

1970

Tegnforklaring / Legende / Key / Légende / Leggende / Verklaring:



Passagerer  
 Passagiers  
 Passengers  
 Passegeri  
 Passagiers



I denne grafiske fremstilling er kun optaget byer med over 400.000 passagerer.

In diese Graphik wurden nur Städte mit über 400.000 Passagieren aufgenommen.

Only cities with passenger traffic over 400,000 are shown.

Sur ce graphique ne figurent que les villes dont le trafic est supérieur à 400.000 passagers.

Figurano nel grafico solo città con traffico superiore a 400.000 passeggeri.

In deze grafiek zijn slechts de steden met een verkeer van meer dan 400.000 passagiers opgenomen.

Kilde: De europæiske Fællesskabers Statistiske Kontor  
 Quelle: Statistisches Amt der Europäischen Gemeinschaften  
 Source: Statistical Office of the European Communities  
 Source: Office Statistique des Communautés Européennes  
 Fonte: Istituto Statistico delle Comunità Europee  
 Bron: Bureau voor de Statistiek der Europese Gemeenschappen

By letter of 10 July 1970 the President of the European Parliament authorized the Transport Committee to draw up a report on 'European air transport problems'.

At the part-session of 3 July 1970 Mr Noè had already been appointed rapporteur with this in view.

On 21 June 1972 the Commission of the Communities submitted the 'draft of a Council decision on the first measures of a common approach to air transport.' (Doc. COM (72) 695).

By letter of 27 September 1972 the President of the Council of the European Communities consulted the European Parliament on this Commission proposal.

The President of the Council stated on this occasion that the decision to consult the European Parliament was without prejudice to any technical and procedural decisions that might prove necessary in the sphere covered by the Commission proposal.

The President forwarded this proposal, which was printed and distributed as Working Document 134/72, to the Transport Committee.

The draft report was examined at meetings held on 21 September, 19 October and 11 December 1970, 22 January and 18 February 1971 and 26 June, 18 September and 19 October 1972.

The Commission proposal was examined at meetings held on 18 September and 19 October 1972.

The Committee unanimously adopted the motion for a resolution and explanatory statement on 19 October 1972.

The following were present: Mr Oele, Chairman, Mr Kollwelter, Vice-Chairman, Mr Biaggi, Vice-Chairman, Mr Noè, rapporteur, Mr Bertrand, Mr Durieux, Mr Faller, Mr Giraud, Mr Kriedemann (deputizing for Mr Schwabe), Mr Meister and Mr Richarts.

## C o n t e n t s

	<u>Page</u>
A) Motion for a Resolution .....	5
Text proposed by the Commission of the European Communities for a decision of the Council on the first measures of a common approach to air transport .....	8
B) Explanatory Statement .....	10
 Chapter I - Introduction	
A) The EEC Treaty .....	10
B) Earlier reports by the European Parliament .....	11
C) The Commission's standpoint .....	12
D) European cooperation on air transport outside the Community framework .....	14
E) Notes on the unsuccessful project for an Air Union .....	15
F) Compatibility of a common air transport policy with existing international agreements .....	17
 Chapter II - The present air transport situation in Europe	
A) The structure of the European airlines .....	19
B) The development of charter transport .....	21
C) A comparison with the USA .....	23
 Chapter III - Air safety	
A) Accidents .....	26
B) Air piracy and sabotage .....	27
C) Environmental protection .....	30
 Chapter IV - Towards a common air transport policy	
A) Landing rights and flight scheduling .....	31
B) Harmonization of legal provisions .....	33
C) Technical and operational cooperation between the airlines ....	33
D) Cooperation between the Member States in research, development and industry .....	34
E) Commercial cooperation between airlines .....	35
F) Simplification of border formalities .....	36
G) Rates and fares .....	36
H) Common rules for charter transport .....	37
I) Infrastructure (airports and air traffic control) .....	37
 Chapter V - The Commission's proposals	
A) Explanatory statement .....	40
B) Draft decision .....	44
 Annex: Passenger traffic in the airports of the main cities in the Community (graphic)	

A

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

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposal of the Commission to the Council on the first measures of a common approach to air transport

The European Parliament,

- having regard to the proposal from the Commission to the Council<sup>1</sup>,
- having been consulted by the Council (Doc. 134/72),
- having regard to the report of the Transport Committee (Doc. 195/72),
- whereas:
  - (a) European air transport does not now measure up to all the requirements of the market;
  - (b) the air lines are in economic difficulties which are due, inter alia, to the fact that technology is advancing by leaps and bounds so that often, because of keen competition, reasonable provision cannot be made for the depreciation of equipment, and to the absence of any capacity control;
  - (c) it is to be feared that the growing deficits may fall on the shoulders of the taxpayer (particularly if a switch-over is made to supersonic aircraft);
- 1. Reaffirms the view it has already put forward a number of times that a common European air transport policy must be developed as an integral part of the common transport policy;
- 2. Calls, therefore, upon the Council of the European Communities to carry out the tasks falling to it in the sphere of air transport and apply Article 84(2) of the EEC Treaty;
- 3. Considers that the aim of a common air transport policy must be to create a more efficient European air service, which presupposes carrying existing agreements between air lines a stage further, improving not only technical but also operational and commercial cooperation and performance;

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<sup>1</sup> OJ C 110, 18 October 1972

4. Is convinced that to achieve this aim Member States will have to round off the present system of bilateral agreements on landing rights with a general agreement within the Community framework;
5. Trusts that an effort will shortly be made by the Governments, along the lines indicated in items 3 and 4, to achieve the essential minimum of rationalization in the technical, operational and commercial aspects of European air transport, particularly by forging ahead with the efforts already being made by the air lines in this field, notably:
  - (a) standardization of European air services and the necessary aircraft;
  - (b) changing two-way air routes into circular ones, at the same time improving the flight scheduling system with the aid of mathematic models;
  - (c) laying down a European flight scheduling system embracing both international routes of air lines that operate outside Europe but make stopovers on European territory, and European and domestic air transport;
  - (d) promoting the introduction of routes linking up regions on the borders of Member States by making more generous grants of landing rights of regional significance;
  - (e) using a common system of capacity control, which should under certain conditions also cover charter flights, so as to safeguard the future of air line transport;
6. Stresses that however the remedies proposed are applied they should not only serve to promote technical and operational efficiency but also largely contribute to giving passengers better and, if possible, cheaper service and to improving the economic position of air companies, particularly as regards scheduled services;
7. Urges that an air traffic plan be drawn up at Community level pointing the way from the situation as it is today to an efficient organization of Europe's internal and external air links;
8. Considers that even after the breakdown of the Air Union Project the retention of the present number of air companies must not be made an irreversible condition when assessing the scope for reorganization;
9. Trusts that in furtherance of the aims referred to, advantage will be taken of the opportunities afforded by existing international organizations to make the necessary contacts with other European countries that are not in the Community;

10. Considers that the European States must adopt a common standpoint on safety and cooperate more closely and in a more practical way with a view to:
  - (a) standardizing systems for the control of upper and lower airspace by making common use of Eurocontrol facilities;
  - (b) bringing current efforts to prevent acts of sabotage and hijacking rapidly to a successful conclusion, particularly by giving effect to the international agreements signed in Tokyo in September 1963, at The Hague in December 1970 and in Montreal in September 1971;
  - (c) bringing air transport steadily more and more into line with the needs of environmental protection, ensuring in the process, by harmonizing provisions at Community level, that the conditions of competition are not distorted;
11. Calls also for a common approach by Member States within the Community towards
  - (a) the harmonization of legal provisions affecting air transport;
  - (b) the promotion of cooperation in research and development in the aircraft industry;
  - (c) facilitating customs clearance at airports;
  - (d) working out a common line on ratemaking policy within existing international organizations, linking up ratemaking policy with capacity policy;
  - (e) working out common rules for charter flights;
  - (f) working out a common policy on air transport infrastructures;
12. Is firmly of the opinion that the European Parliament must be consulted regularly, in accordance with the spirit and letter of the EEC Treaty, on any measures that may be proposed by the Commission and enacted by the Council of the European Communities;
13. Approves the Commission proposal;
14. Requests the Commission, however, to incorporate the following amendments in its proposal, in accordance with Article 149(2) of the EEC Treaty;
15. Requests its President to forward this resolution and the report of its committee to the Council and Commission of the European Communities.

Decision of the Council on  
the first measures of a common approach to air transport

THE COUNCIL OF THE EUROPEAN COMMUNITIES

Official English version of this text  
not available.

having regard to the Treaty estab-  
lishing the European Economic Com-  
munity, particularly Article 84(2)  
and Article 235 - on a proposal  
from the Commission and after con-  
sulting the European Parliament,

WHEREAS:

(a) To pave the way for a common  
air transport policy it proves  
necessary to lay down appropriate  
provisions to be made by the Com-  
munity in the sphere of air trans-  
port so as to improve the condi-  
tions for the operation of air  
transport services within the  
framework of a general alignment;  
in the process special consider-  
ation is to be given to what could be  
achieved through closer cooperation  
between Member States and their air  
transport companies at Community  
level.

(b) unchanged.

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<sup>1</sup> For full text see OJ C 110,  
18 October 1972

HAS DECIDED AS FOLLOWS

Article 1

Official English version of this  
text not available.

Article 1

1. The Commission is instructed to check, jointly with governmental experts and representatives of the air companies appointed by each Member State, the air transport measures that should be taken at Community level with the following ends in view:

- improving scheduled flight connections within the Community and co-ordinating policy on the extension of air links between the Community and third countries;
- coordinating the ~~rate~~making policy of Member States;
- deleted
  
- harmonizing, where necessary, legal provisions affecting air transport;
- joint action to improve air safety;

2. unchanged

Article 2 unchanged

## EXPLANATORY STATEMENT

Chapter I - IntroductionA) The EEC Treaty

1. Article 84 of the EEC Treaty, which defines the scope of Title IV on the common transport policy, reads as follows:

## Article 84

1. The provisions of this Title shall apply to transport by rail, road and inland waterway.
2. The Council may, acting unanimously, decide whether, to what extent and by what procedure appropriate provisions may be laid down for sea and air transport.

Although this Article places the main burden on the Council, it does not release the Commission from its share of responsibility under Article 235:

## Article 235

If action by the Community should prove necessary to attain, in the course of the operation of the common market, one of the objectives of the Community and this Treaty has not provided the necessary powers, the Council shall, acting unanimously on a proposal from the Commission and after consulting the Assembly, take appropriate measures.

The representative of the Commission informed the committee that the Commission's Legal Service had come to the conclusion that Article 235 is applicable only where the EEC Treaty contains no provisions covering a particular field. Hence Article 84 rules out application of Article 235.

In a letter of 27 September 1972, in which he consulted the European Parliament on the Commission proposal, the President of the Council of Ministers, while avoiding reference to any legal basis for the consultation, did not describe it as 'optional'.

The Committee would point out that while Article 84 provides no grounds either for the Commission's right to make proposals or for an obligation to consult the European Parliament, both would arise if Article 235 were ap-

plied. The Commission's right to make proposals can in fact be regarded as a 'power' within the meaning of Article 235.

It would at all events be an advantage if further legal inquiry were to establish that Article 235 can be applied.

2. Moreover, the European Parliament has, on a number of occasions supported the view advanced by the Commission that the general provisions of the Treaty are applicable to the air transport sector because Article 84 only excludes air transport from the scope of Title IV on transport.

B) Earlier reports by the European Parliament

3. The basic report of the European Parliament was drawn up in 1961 by Mr Corniglion-Molinier under the title 'The problem of air transport in the European Economic Community' (Doc. 107/61). On the basis of this report the European Parliament stressed, in a resolution, published in the Official Journal (No. 3, 17 January 1962) the absolute necessity of European co-operation in air transport.

4. In 1962, after consulting the Transport Committee, Mr Edoardo Martino drew up a report on behalf of Parliament's Internal Market Committee 'on a proposal for an EEC Council regulation extending application of Articles 85 to 94 of the Treaty establishing the EEC to sea and air transport'. (Doc. 108/62) (See section C below).

5. In 1965, the European Parliament again delivered an opinion on air transport on the basis of a report by Mr Druot L'Hermine on 'The problems of integrating civil aviation in the Community' (Doc. 24/65). The resolution adopted by Parliament in connection with this report was published in the Official Journal (No. 95, 2 June 1965).

This report can draw to a large extent on both the above-mentioned reports, which unfortunately met with little response from either Commission or Council.

C) The Commission's standpoint

6. In 1960 the Commission submitted to the Council a memorandum on the interpretation and application of the Rome Treaty as regards sea and air transport<sup>1</sup>. In this the Commission argued that the Community institutions had to take decisions, in the interests of the economy as a whole and to ensure a sound development of sea and air transport that would bring these two modes of transport within the scope of transport measures needed to achieve the Treaty aims. The Commission adopted the same standpoint in its memorandum of 10 April 1961 on the basic lines of the common transport policy<sup>2</sup>.

7. In its Action Programme of 1962 the Commission reaffirmed this standpoint but proposed no concrete measures for air transport. It simply stated that it was investigating 'whether it is necessary to frame a special regulation in the sphere of competition for air transport'.<sup>3</sup> This investigation led before the end of 1962 to the issue of Council Regulation No. 17 to transport (Official Journal No. 124, 28 November 1962), which remains applicable to air transport for an unlimited period.

8. At the Council meeting of 20 October 1964, the Commission made a statement to the effect that the complete establishment of the European Economic Community did not permit the exclusion from the integration process of two such important sectors as sea and air transport. The Commission referred to the efforts made both at international and at European level to ensure cooperation in aviation. In the Commission's view the current negotiations between the Governments of Member States on a common air transport policy within the Community should be pursued in the Community bodies themselves in accordance with the Treaty. Any arrangement made in the process should be underpinned by suitable provisions to be made by the Council in application of Article 84 (2). All that the Commission achieved, however, was that the Council agreed to keep it regularly informed of the

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1 EEC Commission: 'The applicability of the rules of competition of the Treaty establishing the EEC to transport and the interpretation and application of the Treaty in so far as it affects sea and air transport'. (Memorandum of the Commission to the Council) (Doc. VII/S/05230, Brussels, 12 November 1960, sec. 29).

2 EEC Commission: 'Memorandum on the basic lines of the common transport policy', Brussels, 10 April 1961 (Doc. VII COM (61) 50, sec. 62).

3 EEC Commission 'Action Programme for the common transport policy' (Commission statement to the Council) (Doc. VII/Com (62) 88, sec. 237, 23 May 1962).

progress made by the negotiations then taking place on the Air Union<sup>1</sup>. Between then and 1970 the Commission made no comparable approaches to the Council.

9. On the occasion of the applications for membership from the United Kingdom, Ireland, Denmark and Norway, the Commission noted, in the opinions it delivered to the Council: 'On the other hand, it (the enlargement of the Community) would create a new situation for sea and air transport in view of the role they would play not only in trade between the enlarged Community and third countries but also in domestic trade'<sup>2</sup>.

10. At the Council meeting of 4 June 1970, the Commission representative again referred to the urgent need for Community air transport measures and outlined the objectives. The Commission itself announced that it would shortly be submitting concrete and more detailed proposals on the measures which it considered most urgent<sup>3</sup>. No such proposals have yet been submitted. The proposals of June 1972 (see below) were of a purely 'tactical' nature.

In its Fifth General Report the Commission briefly refers to the possibility that enlargement of the Community might necessitate changes in the schedule for implementing the transport policy, and states that further measures, particularly in regard to sea transport, air transport and ports policy, will obviously be required<sup>4</sup>.

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- 1 European Parliament, Working Document 50/65: 'Eighth General Report of the Commission of the European Economic Community on the activities of the Community (1 April 1964 to 31 March 1965)', page 234, sec. 239.
  - 2 Commission of the European Communities: 'Opinion delivered to the Council on the applications for membership of the United Kingdom, Ireland, Denmark and Norway', 1 October 1969, p. 94, sec. 86.
  - 3 ECSC/EEC/Euratom/Commission: 'Fourth General Report on the activities of the Communities 1970', Brussels-Luxembourg, February 1971, p. 253, sec. 302.
  - 4 ECSC/EEC/Euratom/Commission: 'Fifth General Report on the activities of the Communities 1971', Brussels-Luxembourg, February 1972, p. 344, sec. 396.

11. On 21 June 1972 the Commission adopted a 'draft Council (EEC) decision on initial steps towards common action in the sphere of air transport and submitted it to the Council as an official proposal'<sup>1</sup>.

This was not a detailed proposal from the Commission but, in the words of a Commission representative to your Committee, simply an attempt 'to open the door to Article 84 (2)'. It is examined more closely in Chapter V of this report.

D) European cooperation on air transport outside the Community framework

12. A common policy on air transport in the Community must obviously take existing European cooperation as its starting point.

13. World-wide cooperation on air transport immediately after the war led to the founding of ICAO and IATA (see Sec. F Below) but the need for closer cooperation at European or Western European level then became apparent.

14. The next step was taken by the Council of Europe which discussed various plans for cooperation on transport policy. These discussions eventually resulted in the establishment in 1963, of the European Conference of Ministers of Transport (ECMT), which, however, deals only with road, rail and inland waterway transport. It dealt with air transport, in the first thirteen years of its existence, only from the standpoint of its cooperation with surface transport. Finally, there were discussions on links between airports and road and rail networks and on long-term forecasts of demand in the passenger transport sector. Obviously the aim was merely to exchange views and experience and not to take any decisions. In recent years these questions have not been dealt with in any great detail in this context.

15. Just as the CEMT, the European Civil Aviation Conference (ECAC) derived its impetus from suggestions made by the Council of Europe. The ECAC came into being in 1954/1955 and has since served as a sort of regional offshoot of the world-based ICAO. It has roughly the same membership as the Council of Europe. Its main accomplishment so far, apart from serving as a forum for exchanges of views and experience by the governments belonging to it, has been the conclusion of the multilateral agreement on the liberalization, among the ECAC member countries, of non-scheduled and charter flights. This agreement of 1956 (which came into force in 1959) was the starting point for the current upswing in charter flights which has put the air companies in difficulties. Many of them would now be happier if the agreement had never been thought of. (See I F and II B).

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1 European Parliament, Working Documents 1972 - 1973, Doc. 134/72, 9 October 1972.

16. Because of the increasing density of air traffic and the dangers it has brought with it, the convention setting up Eurocontrol to coordinate air safety measures was signed on 13 December 1960. This came into force on 1 March 1963. Eurocontrol's members include seven of the countries of the enlarged Community; for another two of them (Italy and Denmark) only co-operation agreements exist at present. There are similar agreements with five - more recently six - other European States. Arrangements also exist with the United States (involving, however, only North Atlantic traffic).

Eurocontrol's task is to control upper airspace (above 7,500 m) and cooperate with military departments in the control of lower airspace (below 7,500 m). It also deals with harmonization of air traffic regulations, standardization of equipment, and the common training of air safety personnel.

Despite the useful and effective work Eurocontrol has done in individual cases, it has still not fulfilled the hopes pinned on it.

The air companies complain that they are already being called upon to finance Eurocontrol without its having effectively replaced national air traffic control bodies, so that overall there has been an increase in costs. Eurocontrol cannot become really operational until 1976. The cooperation of national institutions is not yet satisfactory.

17. The various cooperation agreements of individual air companies will be dealt with later in this report. The following section deals with the unsuccessful project for an Air Union.

E) Notes on the unsuccessful project for an Air Union

18. The same idea and the same economic necessity that acted as a spur to European unification and the establishment of the Common Market prompted the question as to how to reduce the number of competing European air lines. Europe is too small to carry the large number of air lines existing at present. Taken on their own, the countries of Europe are too small, by air line standards, to provide an adequate market for an air line of the optimum size.

The entire North American continent has no more than five air lines crossing the Atlantic on regular passenger services (National Airlines, PAA, TWA, Air Canada and C.P. Air) whereas nearly all West European countries are jamming these routes with thirteen air companies (not to mention Aeroflot and five non-European companies)<sup>1</sup>.

1 See footnote to sec. 57

19. When discussions began in 1957 on the project to merge the European air lines - initially under the name of Europair and later Air Union - the air companies were under the necessity to assume the heavy financial burdens involved in stepping out of the age of propeller-driven aircraft to the age of jets.

The negotiations went on too long and broke down at a time (1965) when all the companies had made the conversion.

20. It was a sad day in the history of European unification when the Council of Ministers of the Community declined to involve the Community in the negotiations, although the air line circles that wanted to cooperate in the Air Union coincided exactly with those of Community Member States after KLM, which had temporarily left the negotiating table, had returned and after Luxembourg had, in Luxair, acquired an official air line. By the time the Commission had bullied the Council into making the concession, at the end of 1964, that it should at least be informed about government negotiations on Air Union, there was no longer much to report apart from the suspension of negotiations and the collapse of the project in May 1965.

21. The Air Union project would have afforded an opportunity of working out a common European air transport policy. It could have been the starting point for a joint decision on landing rights in Community countries. Such a common air transport market would not only have obviated a good deal of unnecessary competition between European air lines but would also have greatly strengthened the negotiating position in relation to third countries. The result would have been a far-reaching rationalization of operations and an improvement in services, above all an improvement in the financial position of air companies.

22. Why did the project fall through? The six air lines involved had agreed on the text of a treaty which was submitted to the Governments. Agreement between the Governments foundered on three points:

- the French Government did not want the right of supervision over Air Union to be transferred to an inter-governmental ministerial committee;
- the other Governments were not prepared to fall in with French wishes that the Air Union should rely mainly on a common stock of aircraft (especially the Caravelle). Lufthansa had at that time just decided, in the interests of the uniformity of its air fleet, to use only Boeings for all classes of aircraft;
- no agreement was reached on the quotas that would be assigned under Air Union to individual member countries.

23. It may be supposed that these questions could have been settled if the Air Union project had formed part of a common air transport policy under Article 84 (2). This assumption is borne out by the fact that the air lines themselves had already agreed on the text of a treaty. At the negotiations between the Governments, however, the Commission was not present to represent the Community's interests.

24. Following the breakdown of the Air Union project - and there appears to be not the slightest chance of its being resurrected - it is very hard to put forward new proposals for a European air transport policy.

Probably all that can now be done is to put forward separate proposals on each of the individual problems which Air Union would have solved as a whole, with a view to ensuring, on the part of the national authorities, joint administration of landing rights, and, as far as the airlines are concerned, ever-increasing technical and operational cooperation and the promotion of economic cooperation in individual sectors.

F) Compatibility of a common air transport policy with existing international agreements

25. Since the end of the Second World War almost all the countries of the world have been cooperating as members of the International Civil Aviation Organisation. An independent agency of the United Nations, ICAO has done extremely useful work since it was set up nearly thirty years ago and can claim much of the credit for the boom in continental and oceanic air transport throughout the world. Among other things the organisation has established rules for international cooperation, promoted better legislation and introduced meteorological services.

The Soviet Union recently became a member, thus confirming ICAO's success and enhancing its status as a world organisation. As at 30 June 1972 the Organisation had 124 member countries.

26. These countries deal jointly with all matters requiring a decision at government level; IATA, on the other hand is a non-government organisation which was set up to improve cooperation between the airlines. Its members comprise almost all the world's airlines providing scheduled services, regardless of their legal status.

IATA's objectives are to facilitate international air traffic and in particular to promote standardisation in a wide range of fields through cooperation between the airlines for the benefit of passengers. IATA is not simply concerned with problems of rates and tickets but also with a variety of technical matters (standardisation of aircraft equipment and ground facilities, airport questions, etc.) and with flight safety (rules of

navigation, transport of dangerous goods, etc.). A standing committee on environmental protection was also set up recently. The Organisation also acts as a clearing-house, making it much easier to settle accounts between airlines and with a network of over 17,000 approved travel agencies it helps to simplify air travel for passengers throughout the world. In all matters that require government decisions and hence cannot be settled by the airlines themselves, IATA cooperates closely with ICAO, being represented, for example, on the latter's legal committee.

IATA's main achievement has been to prevent price wars between airlines. Although all tariffs must be approved by the various governments concerned, the Organisation has exerted a major influence on prices. Even if, as at the present time, negotiations within the organisation have occasionally led to clashes of interest, the system on the whole operates satisfactorily.

27. Given the achievements of those world-wide organisations, it is sometimes asked whether a common European air transport policy would not be a retrograde step. Air transport, so the argument runs, has world-wide implications that leave no scope for European action. The immediate rejoinder is that hardly any sector of the economy today is without equally far-reaching implications throughout the world. Neither the cereals sector, say, nor the clock industry can be viewed nowadays in purely continental terms. But the main point is that world-wide cooperation - which must necessarily be loose in form - does not rule out closer co-operation on a continental scale.

28. It is hardly surprising that world organisations view the establishment of continental - or regional - organisations with some suspicion as ICAO did when ECAC was founded. In the final analysis, however, it is to the advantage of world organisations when important regions join forces and speak with one voice.

29. The committee feels that a common Community air transport policy would not only not be in contradiction with existing international agreements but might well improve international cooperation. This holds just as true for world organisations as it does for ECAC whose objectives would be brought much more speedily within reach if the Community Member States could agree on a common air transport policy.

## Chapter II - The present air transport situation in Europe

30. It is not intended here to give a comprehensive account of the air transport situation in Europe but simply to make a few comments in support of the proposals put forward for Community action.

### A) The structure of the European airlines

31. The major airlines in the Community countries can all be considered as state enterprises although the Government share capital holdings vary considerably:

#### Government shareholding in the airlines<sup>1</sup>

<u>Airline</u>	<u>Government shareholding</u>
ALITALIA	96.2
SABENA	90.0
LUFTHANSA	73.0
KLM	72.0
AIR FRANCE	70.0
LUXAIR	43.0

Luxair is the only airline in which the state has a minority holding while the French UTA and the British BUA are entirely in private ownership. The federal German Railways and Post Office are large shareholders in Lufthansa while in Italy, the entire state holding is administered by the IRI. In both Germany and Italy the state holding is thus dispersed to some extent, whereas in the new Member countries where the figure is 100%, it is directly administered by the government (Aer Lingus Aer Linte, BOAC, BEA, SAS). Large private shareholders in the various airlines include banks, shipping companies, car manufacturers, steel producers and insurance companies.

In addition to the large airlines that are owned or part-owned by the state, there are a good many private charter companies. Whereas the airlines must comply with a wide range of binding regulations, the charter companies enjoy the advantage of far more liberal rules of operation. One or two airlines, moreover, have acquired a capital interest in charter companies (see 37 below).

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<sup>1</sup> Source: Commission of the European Communities and IATA.

32. The large European airlines pursue widely divergent equipment policies. Taking as an example the operation of jets of different manufacture as at 1 January 1970, Lufthansa and KLM had gone furthest in applying the principle of a homogeneous fleet: Lufthansa confined itself to various types of Boeings (67 aircraft) and KLM to Douglas (47 aircraft). The fleets of the other airlines showed greater variety: Air France operated 52 Boeings and 42 Caravelles, Sabena 17 Boeings and 10 Caravelles, Alitalia 2 Boeings, 55 Douglas and 18 Caravelles<sup>1</sup>. The fact that KLM and Lufthansa opted for the principle of a homogeneous fleet and thus did not purchase the Caravelle<sup>2</sup> was undoubtedly one of the reasons for the failure of the Air Union project.

33. The large airlines of the Community employ the following staff:

Staff employed by state-owned airlines<sup>3</sup>

<u>Airline</u>	<u>Total Staff</u>		
	31.12.68	31.12.70	31.12.71
AIR FRANCE	26 800	27 600	28 100
DLH	18 300	22 000	22 800
KLM	14 000	15 800	16 600
ALITALIA	11 100	14 100	14 400
SABENA	10 000	10 600	10 500

34. With the capital, equipment and personnel described above, the airlines provide the following scheduled national and international services:

<sup>1</sup> Figures from IATA's 'World Air Transport Statistics' Nos. 15 and 16, Geneva-Montreal 1970 and 1971. (Not including leased aircraft)

<sup>2</sup> A further factor behind their decision was that no plans had been made for the subsequent development of the Caravelle.

<sup>3</sup> Source: Statistical Office of the Communities, IATA (to the nearest 100).

Scheduled services provided by the airlines<sup>1</sup>

Airline	Length of route network covered by scheduled services at the end of the year (in km)		Overall operating results (Passengers, luggage and freight) in '000 t/km		Passenger load factor (utilization rate) as a percentage	
	1970	1971	1970	1971	1970	1971
Air France	415 000	425 000	1 321	1 361	53.5	53.4
Lufthansa	359 000	389 000	1 284	1 365	55.1	54.4
Alitalia	308 000	328 000	992	1 082	52.2	51.1
KLM	296 000	328 000	913	1 009	51.2	51.2
SABENA	156 000	179 000	405	456	50.4	54.4

35. The regional spread of air traffic in the Community countries is best seen from the statistics of the various airports which are given in graph form in an appendix.

B) The development of charter transport

36. The most striking change in the pattern of air transport in Europe over the last few years has been the boom in charter services. Although some of the large airlines also provide these, they are tightly bound by a resolution which they themselves approved in IATA to protect scheduled services against charter traffic.

Non-scheduled services provided by Air France, Alitalia and Lufthansa represent less than 5% of their scheduled traffic. The figure for Sabena is between 5% and 10% while KLM is the only airline to exceed the 10% mark.

37. Several airlines have acquired an interest in or in some cases the entire share capital of charter companies. Details are given in the following table:

<sup>1</sup> Source: IATA op. cit.

Charter subsidiaries of state  
airlines in the Community countries<sup>1</sup>

Airline	Subsidiary	Share capital holding  (%)	Number of passengers	
			1969	1971
			(' 000)	
Lufthansa	Condor	100	786	1,200
KLM	Martinair	25	440	503
Alitalia	Societa Aerea Mediterranea	95	360	300
Air France	Air Charter International	100	336	456
SABENA	Sobelair	100	110	150
<b>Total</b>			<b>2,032</b>	<b>2,609</b>

<sup>1</sup> Source: IATA and ACCA.

The above subsidiaries, however, accounted for no more than about 17% of total international operations in 1969 by charter companies established in Europe and the current figure is probably not much higher.

38. As already mentioned, European charter transport has been fully liberalised as a result of an agreement concluded on 30 April 1956 in ECAC ('Multilateral agreement on non-scheduled services') and there are a good many small to fairly large private charter companies in competition with the airlines and their subsidiaries.

39. Some of these private companies enjoy special tax relief on equipment purchases.

40. Companies licenced for charter transport are normally allowed to arrange group travel only. Unfortunately a group in this sense is extremely difficult to define. Furthermore, the definitions laid down by individual states and international organizations are easily bypassed and no checks are made to ensure that they are effectively applied. There is scope for Community action in this field. The Community could also seek to promote a common approach to charter transport with third countries

- the ECAC agreement is restricted to traffic in Europe. Charter transport agreements are still being negotiated on a bilateral basis, particularly with the United States<sup>1</sup>.

41. Against this background the charter companies' share in North Atlantic traffic, to take one example, rose from a mere 2% in 1962 to an estimated 22% in 1972 (not counting charter flights by IATA airlines).<sup>2</sup> If, as seems likely, this trend continues, private charter companies might well account for more than 50% of the traffic on the North Atlantic route by as early as 1974.

42. This must clearly prompt certain conclusions in regard to IATA's rate-making policy and the legal and licencing rules governing charter transport.

C) A comparison with the U.S.A.

43. Comparison with the U.S.A. is extremely helpful in assessing the air transport situation in Europe. In very many respects the United States is far ahead of Europe in this field and achieves much higher performances.

This is explained by a wide variety of factors some of which are immutable although others are susceptible to political influence.

44. In 1970 the European Air Research Bureau (EARB) in Brussels produced an extremely interesting study based on figures for the late sixties from which the factual information contained in this section has been taken<sup>3</sup>.

45. It is an inescapable fact that the 360,000,000 inhabitants of Western Europe are confined to an area of 4.4 million square kilometres while the territory of the United States with a population of 200,000,000 is more than twice as large covering 9.4 million square kilometres. In a larger country air transport naturally stands a better chance in competition against surface transport even with a smaller population.

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<sup>1</sup> See written question No. 2062 from Mr Oele in the Dutch parliament (Second Chamber, 1971-72 Session, Annex p. 4145) and the Dutch government's reply.

<sup>2</sup> From information supplied by IATA.

<sup>3</sup> European Airlines Research Bureau: Comparative study of EARB and American airlines, 1970.

Furthermore, the advantages of a larger population are forfeited in Europe where the main centres of population are all concentrated in an area roughly bounded by the cities of London, Paris, Rome and Berlin, while in the United States, there are at least three widely separated population centres in the East, the West and the South.

46. In the short term the standard of living in the United States, at approximately 4,000 dollars G.N.P. per capita, is also bound to remain considerably higher than in Europe, where the figure is only 1,700 dollars. The inhabitants of a more prosperous country will naturally tend to travel more, using the most modern means of transport.

47. The following facts, on the other hand, are determined by political considerations and are therefore amenable to change by political means:

The total intra-European air traffic network runs to about 850,000 kilometres as against approximately 500,000 kilometres in the United States. With this much smaller network the American airlines serve almost 1,100 localities as against the European airlines' figure of approximately 750. The average distance between landings in Europe is 660 km but the figure in the United States, with its much larger area, is not much higher at 800 km. The explanation for these remarkable figures lies in the political structure of Europe. Owing to the fragmentation of airspace, the European air transport network consists of repeated star-shaped patterns with too many direct flights and too few stopovers.

The system of bilateral transport arrangements featuring too many two-way instead of circular routes thus places the European airlines at a disadvantage.

The network structure is an inevitable consequence of the political system of bilateral landing rights. The airlines themselves can do nothing to change the situation which makes for lower cost-effectiveness. Any improvement must therefore come from government action at Community level.

48. Partly owing to force of circumstance, partly as a result of factors amenable to political influence, traffic density in the United States is much higher - 5,700 departures per airport per year as against only 900 in Europe.

49. The net result is that costs in Europe are very much higher - 0.27 dollars per available ton/kilometer as against 0.14 dollars in the United States. With the longer route network and larger aircraft capacity, productivity in the U.S.A. is also far superior - approximately 7,900 available

t/km per aircraft and year as against only 4,500 t/km in Europe.

A comparison of the productivity of labour shows Europe in a particularly unfavourable light: the European airlines produce no more than 76,000 t/km per employee per year whereas the corresponding American figure is 186,000 t/km.

50. Here again, many of the factors which make for poorer results in Europe cannot be influenced either by the airlines or even the governments. The EARB rightly points out that in other sectors of economic activity, productivity in the U.S.A. is also very much higher than in Europe. Closer examination shows, however, that productivity losses in Europe are largely explained by much steeper equipment maintenance costs; the size and homogeneity of aircraft fleets in the United States make for greater efficiency.

In the late sixties the two largest fleets of a single type of aircraft in Europe were the 43 Caravelles operated by Air France and BEA's 39 Tridents. The two largest fleets of single type aircraft in America were United Airline's 142 Boeing 727s and PAA's 110 Boeing 707s. The difference in productivity due to this fact alone is immediately apparent. With more aircraft of the same type, labour-saving maintenance equipment can be used and better arrangements made for the stocking of spares etc.

51. The fact that the creation of homogeneous fleets is amenable to political influence is of special significance for this report.

52. The general conclusion that may be drawn from the foregoing comparison between Europe and the U.S.A. - even if individual figures are disputed - is that the cost-effectiveness of the European airlines could be substantially improved by Community action in the following fields:

- improvement of the route network and flight schedules by the multilateral negotiation of landing rights;
- creation of homogeneous fleets through cooperation in development, procurement and maintenance, and possibly by merging the departments with responsibility in those areas.

### Chapter III - Air safety

#### A) Accidents

53. Aviation accidents are still a regular occurrence; their spectacular and tragic aspects are heightened by the increasingly greater loss of life aboard larger aircraft, whereas the appalling figures for road traffic accidents, for example, are not published until the end of the year.

54. In reality, airlines do not compare at all badly with many forms of surface transport.

55. At all events it cannot be said that scheduled air transport has become more dangerous, as the following figures for the last ten years will show, even if the sharply declining trend from 1960 to 1965 was broken by the high accident rate in 1966. As air traffic density increases, flight safety will continue to pose new problems.

#### World Aviation Safety Statistics<sup>1</sup>

Year	Passenger fatalities (number)	Passenger fatalities per 100 million passenger kilometres
1960	873	0.80
1961	805	0.69
1962	778	0.60
1963	715	0.49
1964	616	0.36
1965	684	0.35
1966	1,001	0.44
1967	678	0.25
1968	912	0.29
1969	946	0.27
1970	680	0.18
1971	859	0.22

<sup>1</sup> The figures are for schedule services provided by the airlines of ICAO member countries in the years 1960 - 1971 (non-member States: USSR and China).

Source: ICAO: "Annual report of the Council to the Assembly for 1971".

56. Air traffic safety depends on a great many factors for which the aircraft industry, the airlines and the airport administrations, are chiefly

responsible.

It should not be forgotten, however, that in many cases, the further development of European cooperation in a large number of specific sectors could help substantially to improve the situation.

Airport authorities must be expected to proceed with airport development in accordance with the most up-to-date standards. Greater safety must be the constant aim of the aircraft industry and the airlines.

57. One of the most important objectives of European air transport policy must be to establish a uniform air traffic control system in the upper and lower airspace<sup>1</sup>. So far, Eurocontrol has not succeeded in doing so.

Cooperation between air traffic control units in the various countries is still not satisfactory. Although it fortunately cannot be said that accidents are more frequent, there is an alarming increase in the number of air-misses.

58. The division between civil and military control is still a major source of danger in several Member States.

Italy is the only country with a uniform air traffic control system, all services being under the authority of the military. According to the latest planning the Federal Republic of Germany is to take the opposite course, with military ATC units due to be disbanded and air traffic control made the responsibility of a civil body, the 'Bundesanstalt für Flugsicherung', by the end of 1973.

If all countries were to follow either the Italian or German example, one of the major sources of danger would be removed.

59. A common approach to air traffic safety should be worked out as part of a common air transport policy.

#### B) Air piracy and sabotage

60. Over the last few years acts of piracy and sabotage against defenceless civil aircraft have unfortunately become a fairly common occurrence. Motives are extremely varied, ranging from the furtherance of more or less credible political causes through ransom demands to compulsive acts of the mentally unbalanced.

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<sup>1</sup> The boundary between upper and lower airspace lies at 6,000 m or 7,000 m depending on the country.

61. Every hijacker or saboteur is unfortunately assured of world-wide publicity and this in itself is sufficient motive for many of them. It might help in the long run if the mass media were to exercise some restraint in reporting such cases, but it is even more important that governments should agree to introduce a common policy for the sentencing and extradition of hijackers and saboteurs.

62. A promising start has been made in this direction. In 1963 an agreement was concluded in Tokyo on the punishment of crimes committed on board aircraft. The agreement stipulates that the country in which the aircraft is registered has the right to try crimes committed on board. Aircraft captains are authorised to take preemptive measures against unlawful acts on board and to force offenders to leave at the next airport. In the event of hijacking, the signatory states are required to take all necessary measures to restore command of the aircraft to the flight captain. Since the Tokyo agreement did not seem to go far enough, particularly where hijacking was concerned, a further agreement dealing specifically with the prevention of hijacking, was concluded at the Hague in 1970. It provides for the resumption of command by the flight captain, assistance to passengers and crews of hijacked aircraft to continue their journey and the arrest and punishment or extradition of the hijacker(s). The signatory states undertake to make hijacking a criminal offence carrying a heavy penalty.

In September 1971 a third agreement was concluded in Montreal to combat all other crimes against civil aviation except hijacking. Heavy penalties are stipulated in cases of attempts on the life of persons on board airborne aircraft and of sabotage and bomb incidents which damage aircraft or threaten flight safety.

63. All three agreements were concluded under the aegis of ICAO and hence the United Nations. So far unfortunately, there have been all too few ratifications and even signatures.

64. Faced with this situation, the International Air Transport Association and the International Federation of Airline Pilots Associations (IFALPA) made an approach to the United Nations. Matters came to a head on 20 July 1972 when pilot action seriously curtailed air traffic throughout the world. Despite this, the UN Security Council, meeting on 21 June 1972, merely issued what was a weak call for measures to combat acts of violence committed against civil aviation.

It is greatly to be regretted that the Member States of the European Community have not yet advanced very far with the procedure for signature and ratification of the air safety agreements, as the following table shows:

Situation as at April 1972 with regard to the  
signature and ratification of the Air Safety  
Agreements

Member States	Tokyo Agreement (1963)		The Hague Agreement (1970)		Montreal Agreement (1971)	
	signed	ratified	signed	ratified	signed	ratified
Belgium	Yes	Yes	Yes	-	Yes	-
Germany	Yes	Yes	Yes	-	Yes	-
France	Yes	Yes	Yes	-	-	-
Italy <sup>1</sup>	Yes	Yes	Yes	-	Yes	-
Luxembourg	-	- <sup>2</sup>	Yes	-	Yes	-
Netherlands	Yes	Yes	Yes	-	Yes	-
New Members:						
Denmark	Yes	Yes	Yes	-	-	-
Ireland	Yes	-	-	-	-	-
United Kingdom	Yes	Yes	Yes	Yes	Yes	-

Source: 'Air Line Pilot' April 1972.

<sup>1</sup>Italy recently voted a bill on air safety but ratification of the International Agreement is still necessary.

<sup>2</sup>Luxembourg ratified in July 1972.

65. Owing to an insufficient number of signatory states, the Montreal Agreement has not yet taken effect but the Tokyo and Hague agreements came into force in 1969 and 1971 respectively.

It should also be noted that many overseas countries have still not signed any of them.

66. Unfortunately, none of these agreements can be expected to produce an incisive deterrent effect on hijackers and other criminals until all the countries of the world, through ratification or at least signature, have made it clear to them that they will not be granted asylum or will, at any rate, face heavy penalties. Speedy ratification of the Hague and Montreal Agreements by a joint decision of the Community Member States might nevertheless make a considerable impression on potential wrongdoers.

The Community should develop a common approach to the problem along these lines; when negotiating trade and transport arrangements with inter-

ested third countries, especially after the enlargement, it could bring some pressure to bear on them to accede to the air safety agreements.

C) Environmental protection

67. In most countries of the Community, discussion of how air transport can be fitted into an environmental protection strategy is still at a very early stage.

Pollution and noise in the vicinity of many airports have clearly reached a point where legislation is required. Furthermore, if and when air transport enters the supersonic era, the sonic boom will probably be heard not only near airports but in all areas overflown.

68. The airlines for their part have already begun to tackle the problems. Answers to them may be found in aircraft construction, flight scheduling and in the selection of air routes.

69. There has been no indication so far of a generally recognised solution, either in public opinion or in responsible circles.

It would thus be all the more desirable for the Member States of the Community to seek a common approach in this matter, which they could then uphold against third countries. This would at least be simpler than having each Member State frame separate regulations that would have to be carefully harmonized at a later stage.

## Chapter IV - Towards a common air transport policy

70. Owing to their urgency and importance, the previous chapter was devoted entirely to questions of safety. We now come to the other areas in which a common air transport policy seems necessary and might well produce beneficial effects.

### A) Landing rights and flight scheduling

71. It is fairly widely acknowledged that the flight scheduling system in Europe, both for domestic and intra-Community operations and for services with European non-member and overseas countries, leaves something to be desired. It frequently happens that several flights by different airlines leave airports at almost the same times bound for the same destination while at other times of the day there are no departures at all; flights within Europe are too often scheduled to link up with trans-Atlantic services and cannot therefore be considered as an optimum response to intra-European requirements; there is often too much competition on some routes while others are not operated at all.

72. Closer cooperation between the airlines is not the answer in this case since they already cooperate to the fullest desirable extent in the IATA Scheduling Committee. The crux of the matter is that airlines cannot plan their routes on the sole basis of traffic requirements but must work from the premises dictated by bilateral negotiations on landing rights.

It was pointed out in Chapter II, Section C (a comparison with the USA) that one of the obvious reasons for the lower cost-effectiveness of the European airlines is that they are obliged to operate on irrational star-shaped networks whereas in the United States, where there are far more circular routes with more frequent stopovers, the return on capital and labour is higher.

73. For this reason the question of flight scheduling must be viewed and dealt with in conjunction with that of landing rights. At present, landing rights are first negotiated and the airlines must then make the best of the conditions imposed on them; in future, a flight scheduling system should first be established in outline (with, of course, substantial assistance from the airlines) and individual airline allocations then made.

74. This means that the Community Member States would switch from the system of bilateral negotiations on landing rights to negotiations on a multilateral basis or at Community level.

In these negotiations the competent authorities in the Member States together with the airlines' flight scheduling experts could perhaps establish a rational basic system of flight scheduling with the assistance of IATA experts.

Working by this rather than the present method of individual planning, it would be far easier to use electronic computers; BOAC is apparently the only airline to do so as yet.

The result would be a route network with many more circular routes than star-shaped patterns.

In establishing this flight scheduling system, the Member States could immediately make known any regional policy measures they wished to introduce. But if they put forward proposals based on regional policy considerations that were not economic propositions, immediate provision would have to be made under the system for offset payments to the airlines. It does seem, however, that if they could be introduced under appropriate landing rights agreements a good many air routes, particularly those linking regions across national frontiers, might well prove entirely economic. During the second stage, the scheduled routes and flights would have to be allocated to the various airlines; this in itself would be a more rational solution to the quota problem which partly caused the failure of the Air Union project.

This solution might also become one of the features of a common policy on the use of available capacity in air transport.

75. Common action or, in other words, the creation of a common European airspace would bring with it the added advantage that the Member States of the Community would be able to negotiate jointly with third countries from a much improved bargaining position.

76. At the present time overseas airlines are much better placed to operate to and from Europe than the European airlines themselves; when, for example, ten European airlines are each authorized to land in New York, each of the three American airlines may be allowed in return to make three or four landings in various European capitals.

77. On the whole it is difficult to see how the present European air transport situation can be improved without common action to negotiate landing rights on a multilateral basis.

## B) Harmonization of legal provisions

78. Just as no progress is possible in flight scheduling without common action, so technical, operational and commercial cooperation between the airlines (on which a few comments are offered below) cannot make much further headway without Community efforts to harmonize certain legal provisions concerning air transport.

79. Briefly, the present position is that the airlines have virtually reached the limits of what can be done under the legislation of the various Member States. They argue that a far-reaching step towards closer cooperation could be taken if the barriers created by legal provisions were removed. Very often those barriers reside simply in the differences between regulations applicable in the various countries. The problem was clearly recognized during negotiations on the Air Union project which is why Article 1b of the draft agreement (last version dated 19 and 20 May 1965) provided for the harmonization of legal provisions on air transport.

80. The individual regulations are too numerous to be listed here but the most important of them relate to airworthiness certificates, the licencing and registration of aircraft, the leasing of aircraft, pilots' examinations and a wide variety of operational instructions.

81. Especially after enlargement, the Community could set a trend in this field reaching beyond its own frontiers and the immediate objective of cooperation between the European airlines.

Be that as it may, the difficulties involved in this task of harmonization should not be underestimated.

## C) Technical and operational cooperation between the airlines

82. Provided that progress is made in harmonizing legal provisions as called for above, technical cooperation between the airlines may be expected to improve, even without the Air Union.

83. In the last four years, three technical cooperation agreements have been concluded - KUSS, ATLAS and the Montparnasse Committee (after the initials of the participating airlines or the place where the agreements were concluded).

Under the KUSS agreement, KLM, UTA, Swissair and SAS cooperate in the procurement and maintenance of various aircraft types; they have jointly purchased a flight simulator for the Boeing 747 and also cooperate on the maintenance and overhaul of this aircraft.

The main purpose of the ATLAS agreement concluded in 1968 between Alitalia, Lufthansa, Air France and Sabena, later joined by Iberia, is the maintenance of the Boeing 747: Air France checks the airframes, Lufthansa the power units, Alitalia and Sabena major items of equipment while Iberia provides assistance with the common flight simulator for pilot training.

The Montparnasse Committee consists of the KUSS and ATLAS members plus BOAC, Aer Lingus and El Al. They coordinate their long-term equipment policies and propose to act jointly in the introduction of SST equipment.

84. Although the membership of those groups should ideally be identical with that of the Community as was the case with the Air Union project, the airlines of the enlarged Community nevertheless form a nucleus for cooperation and there is no reasons to argue that the Community as such should not sponsor the groups (although the fact that only one of its three member countries is joining the Community may cause some difficulty for SAS).

D) Cooperation between the Member States in research, development and industry

85. Aircraft construction is one of the 'advanced technology industries' which will be given special consideration under the Commission's proposals on industrial and research policy<sup>1</sup>. The European industries have already made a promising start to cooperation in this field (Concorde, A 300 B Airbus, Fellowship, Mercury and VFW-614, to mention only civil projects) so that in any joint action the Community will not have to start from the beginning.

86. Details on the promotion of industrial research and development would be superfluous in a report on air transport policy. The European Parliament will be required to give full consideration to this matter on another occasion.

However, the Commission's thinking on the subject may be summarized as follows:

- The Community should promote cooperation between and perhaps even a merger of the European aircraft industries.
- A committee should be set up at Community level to coordinate Member States' planning in aviation.

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<sup>1</sup> See the 'Communication from the Commission to the Council on the industrial and technological policy measures required in the aircraft industry' Doc. COM (72) 850, 12 July 1972.

- Financial support for the aircraft industry should be decided at Community level; in particular the Community could let joint research and development contracts and provide financial guarantees etc.
- Community estimates could be made of airline requirements for various types of aircraft.
- The Community could remove some of the obstacles to the sale of aircraft manufactured in the Member States by scrutinizing the customs regulations of various countries, harmonizing technical norms and introducing standard airworthiness certificates and aircraft licencing regulations.
- The Member States of the Community could arrange for joint administration of landing rights and establish a common European route network and flight scheduling system, thus allowing more realistic advance planning of future aircraft requirements.
- The Statistical Office of the Communities could pursue its efforts to obtain consistent and more detailed air traffic statistics.

Many of the above industrial policy proposals fortunately coincide with the transport-policy orientated criteria set out in this report.

A final point in this connection is that radical improvement in the cost-effectiveness of air transport in Europe will depend among other things on whether aircraft can be built that are ideally suited to European (and not extra-European) conditions.

#### E) Commercial cooperation between airlines

87. Numerous commercial cooperation agreements, generally in the form of pooling arrangements have been concluded between the airlines of the Member States. Under these arrangements, the airlines share their landing rights on a specific route offering a flight schedule that is rationalized to the fullest possible extent; receipts are distributed in accordance with a fixed formula which is unaffected by the number of passengers carried by the aircraft of the individual airlines. Those pooling and similar arrangements are too numerous to list here, besides which most of them are secret.

The pooling arrangements may be described as a sort of Air Union for individual routes between individual airlines or, put in another way, the Air Union would have been an extension of the pooling system to all of the routes on which the six Community airlines operate.

88. The Community could do much to improve and extend pooling arrangements by harmonizing Member States' legislation in the matter of commercial cooperation between airlines. Under a multilateral landing rights policy certain routes in the European flight scheduling system could immediately be assigned to individual pools.

F) Simplification of border formalities

89. One of the causes for the much lower cost-effectiveness of European as compared with American air transport undoubtedly lies in the customs and passport formalities to which passengers are subject at airports almost everywhere. This factor was not mentioned in section C of Chapter II since it unfortunately cannot be quantified. But even if no figures can be provided, its cost to the European airlines in terms of staff requirements, loss of time and susceptibility to organizational error must certainly be considerable.

Acting jointly, the Member States should make greater efforts to remove customs and tax barriers and to abolish or relax passport controls. Although real progress has been made in this field in the last few years a great deal remains to be done. Unfortunately but inevitably, air piracy and other attempts on aircraft seem to be producing an opposite trend. Luggage and passenger searches for weapons and bombs certainly do not make formalities any easier but this of course applies equally to American air transport.

90. In addition to further easing of customs and passport controls, special importance must be attached to energetic measures to improve air traffic safety as called for above.

G) Rates and fares

91. As far as rates and fares are concerned, air transport has reached a crossroad where major decisions must be taken for the future. Should a cheaper fares policy be adopted with the risk that deficits originally accepted as a temporary necessity might become a permanent feature?

No decision has so far been taken in the matter. The position of the airlines and tariff policy authorities is reflected in the increasing number and variety of special rates now on offer. The result is that as in the case of the railways with their experimental fares, the average traveller no longer has a clear picture of the reductions to which he may be entitled (these depend on his age and occupation, the time and duration of the journey etc.).

92. International air fares are of course negotiated by IATA on government instructions at tariff conferences and must subsequently be approved by the competent authorities in the States concerned.

93. As the Commission has suggested, the Community might consider whether and how the situation could be improved through joint action and the requirements of the Common Market taken into account.

#### H) Common rules for charter transport

94. As mentioned in Chapter II, Section B, one of the most striking trends in air transport at the present time is the boom in charter traffic. The airlines see this as a threat to their existence or at least to their earning capacity.

95. New rules for charter transport therefore seem necessary if regular scheduled services are to be maintained. In particular the Member States of the Community should agree on a new definition of charter traffic and subsequently on a common licencing policy.

96. The committee wishes, however, to stress that there is no reason to go too far by interfering unduly with charter traffic which should not be inhibited in the special role it has to play in world air transport.

97. Joint action in this field must therefore be taken under a common transport plan in which charter traffic should be taken into account and restricted only to the extent absolutely necessary to maintain scheduled services.

#### I) Infrastructure (airports and air traffic control)

98. As already pointed out, the common air transport policy must logically be made part and parcel of the common policy for the other modes of transport.

The Community infrastructure principle that is to be applied to other means of transport should also hold good for air transport viz that the individual sectors should bear their own infrastructure costs in full, passing them on to the customer in accordance with an equitable formula.

99. Joint action in this field must therefore cover airport charges and air traffic control costs. Subsidies, including indirect subsidies, should be abolished, discrimination prevented and support given to ICAO's world-wide efforts in this direction.

100. The following two points are of European interest with regard to the joint planning of a European infrastructural network, which is still unfortunately only at the consultative stage:

- (i) All major airports need fast direct links with city centres by rail and urban motorway, otherwise time gained by flying is lost in travel to and from the airport.
- (ii) A study should be made, within the framework of European regional policy, of how communications between certain regions and the major European economic centres could be improved by developing some of the smaller airports.

## Chapter V - The Commission's proposals

101. As indicated in Section 11 of this report, the Commission submitted to the Council on 21 June 1972 a 'Draft Council (EEC) decision on initial steps towards common action in the sphere of air transport' (Doc. COM (72) 695).

102. In its preamble to that proposal the Commission invoked the EEC Treaty as a whole and made special reference to Article 84(2) only. There are nevertheless grounds for considering that the proposal is in fact based on Article 235, under the terms of which the European Parliament must be consulted. (See Section 1 of this report for the full text of Article 235).

In his communication of 27 September 1972, referring the Commission's proposal to the European Parliament for its opinion, the President of the Council expressly recognized that the Commission had submitted its draft 'in the form laid down for a proposal'. Since the Commission has no right of proposal under Article 84(2), the Council too seems to be assuming that the proposal has been made under Article 235.

103. As is clearly shown by the quotations in section 10 above from its general reports, the Commission originally intended to present the Council with a comprehensive proposal for the development of a common air transport policy.

However, it abandoned this idea - probably because, despite the expert reports prepared at its instigation it would not have been able to prepare a comprehensive proposal without considerable extra staff competent in air transport matters. In any event, the Commission now seems more determined than ever to put the Council's political will to the test. Its representative informed your committee that the main purpose of the proposal was to open the door to implementation of Article 84(2). The proposal is accordingly of procedural rather than practical importance.

104. Your committee would have preferred a detailed practical proposal for the sake of more rapid progress, but in the circumstances it accepts the Commission's procedural considerations as justified and raises no objections.

105. The Commission's proposal is extremely concise: an explanatory statement of nine points only and a proposed decision consisting of an extremely short preamble and recitals, followed by only two articles. Let us examine this proposal in detail.

A) Explanatory statement

Point 1

106. The Commission begins by recapitulating its own and Parliament's hitherto unsuccessful efforts to bring the Council to implement Article 84(2). A somewhat fuller account will be found in Chapter I, B) and C) of this report.

Point 2

107. The Commission then refers to the attempts at European cooperation on air transport outside the framework of the Community. This aspect is also dealt with in Chapter I, D) and E) of this report.

Point 3

108. Your committee agrees with the Commission that a fresh attempt at a common air transport policy is opportune in view of the new situation created by the technical and economic changes of recent years and the enlargement of the Community.

It also agrees that the Commission should base the common approach on:

- (i) allocation of landing rights at Community level;
- (ii) structural policy with respect to airlines;
- (iii) organization of a European airline network;
- (iv) technical cooperation between airlines.

Your committee also agrees that preparation of the basis for further integration and a clear definition of medium- and long-term objectives are in themselves a step forward.

It does not share the Commission's view that these objectives obviously cannot be reached in the near future. From the purely practical point of view, they could, for example, be rapidly achieved through the establishment of the Air Union. All that has been lacking so far is the political will to accept the attendant loss of sovereignty. This may have been partly due to a failure to make the necessary distinction between considerations of transport and defence.

#### Point 4

109. The Commission deals rather briefly with the Community's possible long-term air transport objectives, which it conceives in terms of two phases.

Phase one would entail closer cooperation between Member States and airlines within the institutional framework of the Community through the coordination of procedures for consultation and concerted action. This would be accompanied by harmonization of legal and administrative air transport provisions which hinder such cooperation.

Furthermore, cooperation would be a step-by-step process pursued simultaneously at government and airline level.

Phase two would be marked by the introduction of a real common air transport policy. While welcoming the Commission's statement of this objective at such an early stage, your committee regrets that the objective is neither described in detail nor mentioned in the proposed decision.

110. The Commission rejects in advance the contention that the world-wide ramifications of air transport make the Community too narrow a field of action. Your committee supports the Commission in this view. It shares the opinion that Europe has specific air transport problems of its own to which European solutions can be found.

111. Your committee regrets the weakness of the Commission's assertion that a joint study of the problems of cooperation with third countries and in international organizations 'could be of interest in certain respects'. It should have made the point that the whole idea of a common air transport policy and of the EEC Treaty itself is that Member States should proceed jointly in such matters. (See Article 116 of the EEC Treaty)

#### Point 5

112. The Commission does not propose that all the necessary measures laid down for the initial phase described in Point 4 should be implemented simultaneously. In Point 5 it gives a list of priorities which form the basis of Article 1 of the proposed decision. The list contains two items only:

- (i) improvement of air transport services among the countries of the Community and between those countries and third countries;
- (ii) ratemaking policy.

113. Your committee regrets that the list does not include safety matters and the harmonization of legal provisions. It also doubts whether rate-making policy can be tackled as the very first priority in a step-by-step process.

#### Point 6

114. Points 6 to 8 deal in more detail with the Commission's reasons for wishing to establish priorities for the matters referred to in Point 5.

115. By 'improvement of the air transport network within the Community' the Commission means:

- (i) replacement of bilateral negotiations on landing rights by negotiations at Community level;
- (ii) development of an overall conception of the air traffic network, with due regard for the requirements of regional policy;
- (iii) necessary technical and commercial cooperation between airlines, especially in standardizing aircraft types.

Your committee supports the Commission's proposals on these matters.

#### Point 7

116. Your committee is disappointed with the weak assertion that 'it would be rather unrealistic to suppose that .... IATA can be superseded'. On the contrary, it is essential that all plans adopted at Community level should make use of IATA, an instrument which has been in existence for almost thirty years. However, the Community should endeavour to ensure that its airlines regularly adopt joint positions within IATA. The Member States of the Community should likewise coordinate their attitudes to the approval of rates proposed by IATA.

117. As mentioned in Point 113, your committee doubts whether there is any urgent need to fix guidelines for ratemaking policy and eliminate tariff discrepancies on specific routes, except as regards agreement on a common procedure for the approval of proposed rates. Rigid guidelines may not be possible until Member States have harmonized legal provisions which influence costs.

## Point 8

118. Your committee regrets that the Commission's proposal makes so great a distinction of a purely formal nature between possible common action with regard to the intra-Community air network and that concerning air connections with third countries; at the end of Point 6 of its explanatory statement the Commission itself mentions the close connection between the two, while rate-making policy concerns intra-Community traffic and traffic with third countries alike.

119. By 'development of air transport connections between the Community and third countries' the Commission means:

- (i) support for a coordinated plan for long-haul transport;
- (ii) a coordinated policy for the exchange of landing rights with third countries;
- (iii) concerted action on the revision of provisions governing charter flights.

120. Your committee agrees with these objectives.

## Point 9

121. Here we see the Commission's immediate purpose in proposing this decision: it wishes the Council to recognize its right to 'examine' air transport problems with representatives of Member States and of the airlines and to draw up a report.

In fact the Commission already has this right, but under Article 235, not Article 84(2). Clearly Member States have not yet been prepared to appoint representatives for such discussions. In proposing this decision the Commission hopes to persuade the Council to bring about the change of attitude which it considers opportune.

The proposal does not provide for the establishment of a committee, but only for a rather informal ad hoc working party.

122. While Point 9 of the explanatory statement refers to experts from Member States and to representatives of the airlines, Article 1(1) mentions experts from Member States only.

In your committee's view, the participation of at least one government representative and at least one airline representative from each Member State should be ensured at the outset.

## B) Draft decision

### Preamble

123. Your committee would welcome a reference to Article 235 as well as to Article 84(2) in the preamble, since Article 235 makes consultation of Parliament mandatory and gives the Commission the right to submit proposals.

### Recitals

124. Your committee would welcome a reference in the recitals to the need for a common air transport policy.

### Article 1

125. Your committee considers that this article should specify that Member States shall appoint both a representative of the authorities and a representative of the airlines.

126. Your committee considers that, in the statement of objectives for Community action, the improvement of the intra-Community transport network and that of connections with third countries should come under one heading.

It also considers that safety problems (flight safety, anti-hijacking measures and environmental protection) are urgent enough to warrant special mention, and that reference should be made to the need for harmonization of Member States' legal provisions on air transport, despite the fact that the Commission apparently considers such harmonization part of the 'improvement of air traffic connections' and, as such, already covered by the decision.

### Article 2

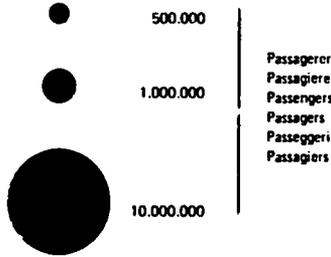
127. No comment.

128. Your committee has included proposed modifications to the Commission's proposal in its motion for a resolution on the basis of the foregoing observations.

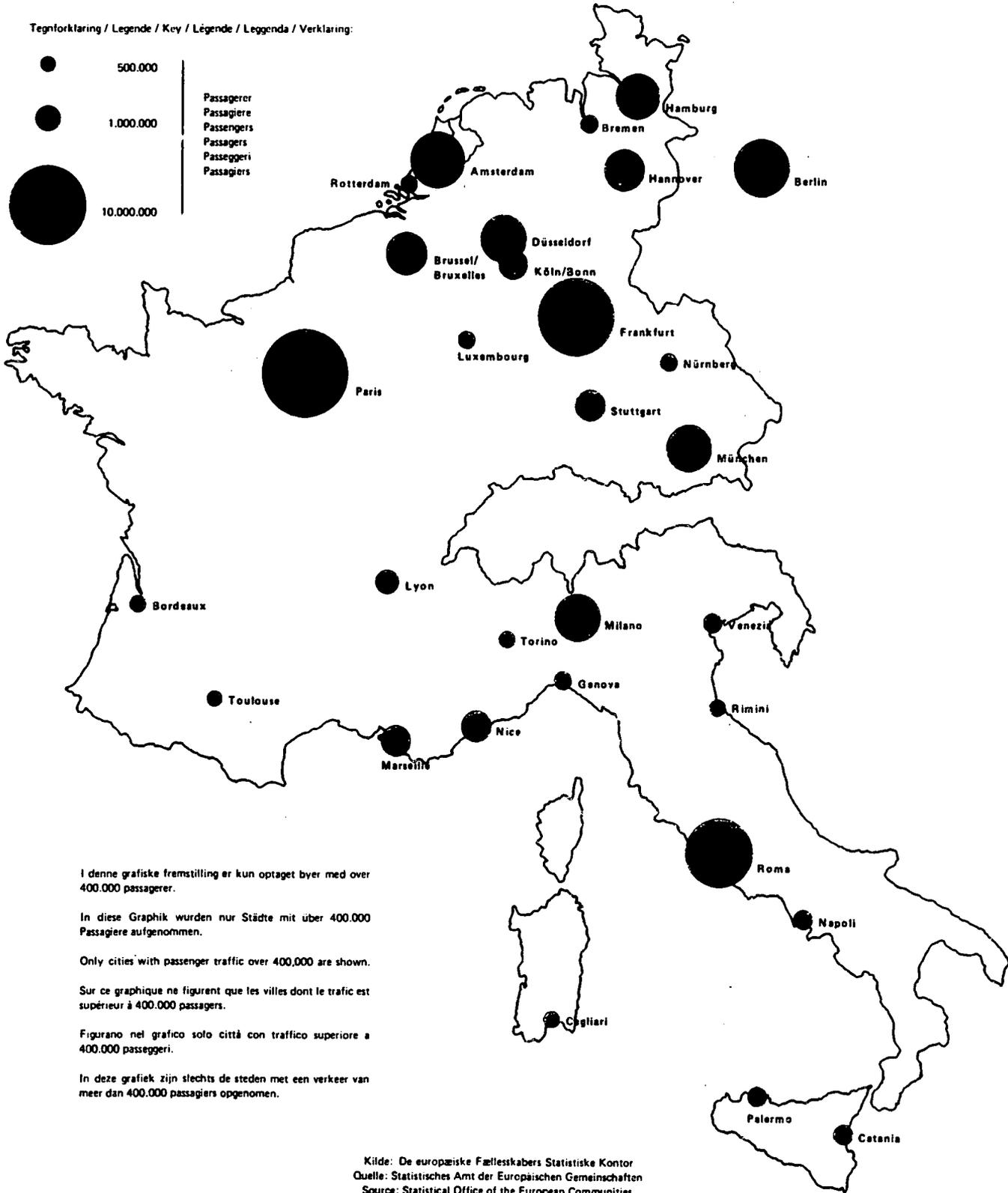
Passagertrafik på lufthavnene i de vigtigste byer i Fællesskabet  
 Passagierverkehr der Flughäfen der wichtigsten Städte der Gemeinschaft  
 Passenger traffic in the airports of the main cities in the Community  
 Trafic de passagers dans les aéroports des principales villes de la Communauté  
 Traffico passeggeri negli aeroporti delle città più importanti della Comunità  
 Passagiersverkeer op de luchthavens van de voornaamste steden der Gemeenschap

1970

Tegnforklaring / Legende / Key / Légende / Legenda / Verklaring:



Passagerer  
 Passagiere  
 Passengers  
 Passagers  
 Passeggeri  
 Passagiers



I denne grafiske fremstilling er kun optaget byer med over 400.000 passagerer.

In diese Graphik wurden nur Städte mit über 400.000 Passagiere aufgenommen.

Only cities with passenger traffic over 400,000 are shown.

Sur ce graphique ne figurent que les villes dont le trafic est supérieur à 400.000 passagers.

Figurano nel grafico solo città con traffico superiore a 400.000 passeggeri.

In deze grafiek zijn slechts de steden met een verkeer van meer dan 400.000 passagiers opgenomen.

Kilde: De europæiske Fællesskabers Statistiske Kontor  
 Quelle: Statistisches Amt der Europäischen Gemeinschaften  
 Source: Statistical Office of the European Communities  
 Source: Office Statistique des Communautés Européennes  
 Fonte: Istituto Statistico della Comunità Europea  
 Bron: Bureau voor de Statistiek der Europese Gemeenschappen

