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## DECLASSIFICATION

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Subject:	Preparation of the Council (Transport) on 12/13 December 1996 Negotiations between the Community and the United States in the field of air transport

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Delegations will find attached the declassified version of the above document.

The text of this document is identical to the previous version.

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Brussels, 22 November 1996

11821/96

RESTREINT

AVIATION 22

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**NOTE**

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from : Secretariat General

to : Delegations

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No. prev. doc. : 11088/96 AVIATION 21 **RESTREINT**  
Council Decision : 8415/96 AVIATION 12 **RESTREINT**

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Subject : **PREPARATION OF THE COUNCIL (TRANSPORT) ON  
12/13 DECEMBER 1996**

- Negotiations between the Community and the United States in the field of air transport
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The Working Party on Aviation discussed, at its meeting on 18 November 1996, the outcome of the first round of the talks between the Community <sup>(1)</sup> and the United States on a Common Aviation Area, held in Washington on 30 - 31 October 1996.

The Commission Representative considered the general outcome of the negotiations to be positive, pointing out that the US <sup>(2)</sup> were willing to cooperate.

The Commission Representative elaborated on the following issues that were discussed with the US:

RESTREINT

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<sup>(1)</sup> Including Norway as an observer.

<sup>(2)</sup> The talks were held in the Department of State with the participation of the Department of *Transportation* (DOT). Canada took part as an observer.

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11821/96  
DG D II

PK/JMDB/dmp

EN

- 1 -

# RESTREINT

## i) antitrust and competition rules

- while the Department of Justice is actually the counterpart authority to grant anti-trust immunity under the signed agreement <sup>(1)</sup> between the Community and the US, it is the Department of *Transportation* that has competence for competition policy in the US as regards matters related to air carriers;
- the US seemed interested in movement on this matter;
- the US were prepared to exchange views on block exemptions;
- State aids were not raised by the US;

## ii) ownership and control

- a shareholding up to 49 % of the voting stock of carriers from the other Party was considered reasonable during the talks - a revision of the relevant US legislation seems possible following the continuation of President Clinton's Administration;

## iii) CRS

- the DOT reacted positively to the need to deal with new forms of distribution as regards reservation and ticketing systems (Internet etc.); DOT showed interest in cooperating on technical matters related to this issue;

## iv) code sharing

- the US were open about this issue, underlining the importance of adequate transparency of information to consumers;
- the US stressed that this question is linked to traffic rights;

RESTREINT

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<sup>(1)</sup> Agreement between the Government of the United States of America and the European Communities regarding the application of their competition laws. Published in OJ L No 95/47 on 27.4.1995.

# RESTREINT

## v) dispute settlement

- the US seemed not interested in entering into discussions on this issue before the very last phase of negotiations, which is traditional in air transport negotiations;
- EU should find an attractive and simple model to offer to the US counterpart;

## vi) leasing

- the US emphasized safety on this matter;
- a clear distinction between leasing aircraft registered in the Common Aviation Area and leasing aircraft registered in non-contracting Parties should be made;
- the US called for close contacts between FAA and JAA;

## vii) environmental clause

- the US agreed that coordination between EU and US in international fora should be improved.

In addition, the Commission representative indicated that the US is more interested in the possibility of speaking with a single voice on matters of safety.

Summing up, the Commission representative stressed that work needs to proceed, with a view to further talks, on the following issues: competition, CRS, dispute settlement, leasing (and, later on, environment and safety).

He also pointed out that contacts will be established with the US side to agree on the appropriate timing for the next meeting, which is expected to take place by March 1997.

# RESTREINT

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11821/96  
DG D II

PK/JMDB/dmp

EN

- 3 -

# RESTREINT

Two delegations (I, NL) while congratulating the Commission on the results of these talks formulated some questions regarding the way the US understood the concept of a Common Aviation Area.

The Working Party agreed to suggest the inclusion of this issue in the agenda of the forthcoming Transport Council, for a presentation by Commissioner Kinnock.

The Working Party agreed that, during further negotiations and the internal consultation procedure, Iceland can be involved in a dialogue as appropriate, following a request by this EEA member state.

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RESTREINT

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11821/96  
DG D II

PK/JMDB/dmp

EN

- 4 -