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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.

10786/97

RESTREINT

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NOTE

from: the General Secretariat

to: the Permanent Representatives Committee / Council

No. Cion report : 8800/97 AVIATION 20 PECOS 82

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I. INTRODUCTION

- i. On 3 October 1996, the Council authorised the Commission to open negotiations on air transport market access agreements between the European Community and Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia, and adopted the relevant negotiating directives.⁽¹⁾
- ii. During the first five months of 1997, the Commission held bilateral meetings with the Central European Countries (CECs) covered by the negotiating mandate. These meetings were dedicated to questions relating to the existing market situation, existing bilateral agreements, the harmonization of legislation in the field of air transport, market access, as well as potential problem areas.

⁽¹⁾doc. 10533/96 AVIATION 18 PECOS 141 RESTREINT.

- iii. Following those meetings, the Commission submitted to delegations extensive revised information documents on the countries concerned.
- iv. In parallel to the bilateral meetings organised by the Commission, the Joint Aviation Authorities (JAA)⁽²⁾ carried out a thorough assessment of the air safety standards and the oversight capabilities of each Central European Country.⁽³⁾
- v. On 2 June 1997, the Commission submitted to the Council a Commission Staff Working Paper on the "negotiations on air transport agreement with Central European Countries".⁽⁴⁾
- vi. On 17 June 1997, the Council (Transport) took note of the report referred to above, which had been presented to the Council by Commissioner KINNOCK.
- vii. On 18 September 1997, the Special Committee, which had been appointed by the Council to assist the Commission in the negotiations with the Central European Countries concerned, held a preparatory meeting with a view to the "Senior Officials Meeting on EU/CECs aviation negotiations", scheduled for 25 September 1997 in Brussels. The outcome of that preparatory meeting is contained in Part II of this document.

⁽²⁾The JOINT AVIATION AUTHORITIES (JAA) are an associated body of the European Civil Aviation Conference (ECAC) representing civil aviation authorities of a great number of European States who have agreed to co-operate in developing and implementing common safety regulation standards and procedures.

⁽³⁾The JAA report on those safety assessment visits was made available to delegations through working document AVIATION/97/12.

⁽⁴⁾doc. 8800/97 AVIATION 20 PECOS 82.

II. OUTCOME OF THE MEETING OF THE SPECIAL COMMITTEE ON 18 SEPTEMBER 1997

In his introductory remarks, the Commission representative:

- informed the Special Committee that the meeting of Senior Officials (from Member States as well as from the ten CECs) scheduled for 25 September 1997 will be followed by bilateral meetings with each CEC;
- stated that the main task of those bilateral meetings will be to define the transitional arrangements which will apply before full integration of the market of each CEC with the Community's aviation market;⁽⁵⁾
- asked the representative of the JAA, who had been invited to attend the meeting of the Special Committee, to present the JAA's report on its safety assessment visits to the ten CECs covered by the mandate.

The representative of the JAA gave a short presentation of that report, pointing out that it was very difficult to predict the duration of the transitional periods needed before individual CECs could be integrated with the Community's single market. However, the JAA report had also revealed that some CECs have made much more progress towards reaching Community standards than others.

⁽⁵⁾A draft note to the participants of the Senior Officials Meeting containing, inter alia, provisions on transitional arrangements, had been made available to delegations through working doc. AVIATION/97/11. An updated version of that note, taking into account written contributions made by delegations, was made available to the Special Committee during the meeting.

All delegations reconfirmed their positions according to which:

- the conclusion of one **multilateral agreement** between the Community and the CECs would be preferable to ten bilateral agreements, while acknowledging that, due to the different stages of development of the ten CECs, agreements between the Community and a particular group or groups of CECs might have to be considered. In any case, the multilateral character of the arrangements would have to be ensured.
- full integration of the aviation markets concerned would depend on the full acceptance and implementation by the CECs of the Community's **acquis communautaire** in air transport, as contained in the Annex to working document AVIATION/97/11. This Annex would have to be periodically revised in order to take account of future developments of the *acquis communautaire*.
- **parallelism** between liberalisation and harmonisation was essential, in particular in relation to all aspects of **safety**. The Community's experience in liberalising its own internal market (second and third packages) could serve as a basis for the transitional arrangements needed, while taking into account that the economic and legal circumstances ruling at the time of the Community's liberalisation process are not identical to those which can be observed in the CECs at present.

Concerning the transitional arrangements outlined in working document AVIATION/97/11, most delegations agreed that:

- the exchange of **traffic rights** would depend in particular on the safety situation in the CEC concerned; Moreover, the exchange of traffic rights should also include charter services;
- a certain form of progressive liberalisation of **capacity** might be necessary, while taking into account that several existing bilateral agreements refer to *frequencies* rather than *capacity* limits;
- CEC aircraft not complying with the **noise** rules contained in the *acquis* might be allowed to operate on routes *outside* the Community, while ensuring that that exemption would be limited in time;
- the CECs might have the possibility to implement the concept of Community **ownership** right from the beginning, while ensuring that their carriers are not majority owned and effectively controlled by nationals or entities of non-Community or non-Associated countries;

- **unilateral measures** taken in exceptional circumstances should be allowed - in line with the relevant ECAC model clause - where vital *safety* interests are at risk, while the possibility to take measures as a result of *economic* interests should be subject to further scrutiny;

The Austrian and Finnish delegations requested that restrictions on air fares should be liberalised on a step-by-step approach.

The Austrian delegation pointed out that not all CECs have ratified the multi-lateral transit agreement signed in Chicago in 1944. The Commission representative replied that the Commission would look into that question.

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