



Resolution 1735 (2010)¹

Final version

The European civil aviation industry confronted with the global financial and economic crisis

Parliamentary Assembly

1. As the instigator and parliamentary forum of the European Civil Aviation Conference (ECAC) – which brings together the aviation authorities of the large majority of the Council of Europe member states – the Parliamentary Assembly regularly takes stock of the European civil aviation industry, an invaluable asset vital to the development, competitiveness and sustainability of the economies of the member states in the context of continuing globalisation.
2. Air transport directly accounts for about 2.5% of the gross domestic product (GDP) of the European Union, and around 8% indirectly. It maintains over 3 million jobs and contributes more than €30 billion to the region's trade balance. In normal times the airlines carry some 40% of the European Union's imports and exports, by value, and transport about 366 million passengers every year to and from the European continent.
3. As may be expected, the 2008-09 recession has put the civil aviation industry under severe pressure. According to the International Air Transport Association (IATA), European airlines were the worst hit in 2009, with losses reaching US\$3.8 billion out of a world total of US\$9.4 billion, and a forecast US\$2.2 billion net loss in 2010 out of a global total of US\$2.8 billion. Yields have fallen substantially and revenues are not expected to reach 2008 levels until 2012 at the earliest. Several airlines have gone out of business and consolidation of the industry is likely to continue. Among the key reasons for the poor performance of European carriers were their exposure to the decline in premium class long-haul travel, delays in reducing capacity and the relatively slow economic recovery in the region. This situation has not been helped by the disruption of air traffic caused by the volcanic eruption in Iceland, resulting in huge economic losses in general, and for the airlines in particular. The Assembly considers that national and European civil aviation authorities should better co-ordinate emergency responses to such events in the future.
4. In addition to the decline in both passenger and freight demand caused by the recession, the European airlines have had to face difficult operational challenges such as tighter credit conditions, the constant pressure to reduce greenhouse gas emissions, volatile fuel costs and a European regulatory authority determined to liberalise the economic environment in which the airlines operate. In this context, and in view of the likely further consolidation of the European airline industry through mergers and acquisitions, the Assembly urges the European Union to show flexibility in its competition policy.
5. The Assembly welcomes the progress made by the European Union in rationalising the use and control of air space over Europe, in particular through the development of the “Single European Sky” policy, and emphasises the need to extend it to the wider Europe through negotiations with Council of Europe member states outside the European Union, including Russia. As a first step, the Assembly calls on Russia to join the ECAC.
6. The Assembly also welcomes the increasing role of the European Aviation Safety Agency (EASA) in harmonising European air safety regulations. From 2012 the EASA will assume responsibility for the rules governing the European Union's air traffic management and navigation services, and from 2013 it will also

1. *Text adopted by the Standing Committee, acting on behalf of the Assembly, on 21 May 2010 (see [Doc. 12250](#), report of the Committee on Economic Affairs and Development, rapporteur: Mr Breen).*



oversee airport safety procedures. The aim is to have a focused, comprehensive approach to air safety management and to overcome regulatory gaps and duplications by means of a single certification process. In due course, the EASA will also assume the current functions of Eurocontrol, which will in turn become operationally responsible for implementing the Single European Sky. Once again, the Assembly urges the European Union to extend this air safety regime to the wider Europe through negotiations with Council of Europe member states outside the European Union.

7. The Assembly underlines the need to eliminate any distortions in the economic environment in which the European civil aviation industry operates, in particular with regard to taxes, charges and in the financing of the air industry, including the subsidisation of aircraft production and purchase. In this context, governments should divest themselves of all financial interest in the airline industry.

8. Although it seems that public resistance to full body scanners now in use and planned at many airports may not be as high as expected, questions are being asked about the human rights, health and cost-benefit implications. The use of body scanners may infringe discrimination law if specific or vulnerable groups are singled out and may contravene passengers' right to privacy under human rights law. Moreover, doctors are concerned to know what the health effects of exposure to these scanners might be. In economic terms, full body scanners are very expensive to purchase and maintain. The use of these devices will affect both European airlines and their passengers: in Europe such security-related costs are passed on to passengers, whereas in the United States security costs are borne by the government. This represents a distortion of competition. The Assembly calls on the European Union to seek acceptable solutions to these problems.

9. The Assembly is concerned that the economic conditions and operational airspace regulations that United States airlines enjoy in Europe give them considerable advantages compared to the conditions under which European airlines must compete in the United States. It therefore urges the European Union to step up immediately its efforts to equalise these conditions. European airlines should have the same access to the United States market as American airlines enjoy in Europe, notably in terms of investment and landing rights.

10. The Assembly welcomes the airline industry's commitment to improve fuel efficiency by an average of 1.5% annually up to 2020 and to stabilise carbon emissions with carbon-neutral growth from 2020, so as to cut overall industry carbon emissions by 50% by 2050, compared to 2005 levels. This is to be achieved in part through the introduction of new-generation aircraft and technical innovation together with improved flying techniques and operations management. The reduction will also be spurred by the introduction of global emissions trading, which the IATA embraces, although it expects this will add around US\$5-7 billion a year to costs. In this context, the Assembly welcomes the European Union's "Clean Sky" initiative and urges it to study ways to prevent the perverse effects of emissions trading, such as encouraging airlines to fly to Asia via Middle East hubs.