



European Low Fares Airline Association

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## **ELFAA response to:**

### **Communication from the EC (COM(2009)279/4): a sustainable future for transport: Towards an integrated, technology-led and user friendly system**

The European Low Fares Airline Association – ELFAA represents the major Low Fares Airlines in Europe, which carried 150 million passengers between them in 2008. Low Fares Airlines currently constitute over 35% of scheduled intra-European air traffic – a share forecast by Eurocontrol to increase to 50% by 2013.

The low fares sector was born of the European Union's liberalisation of market access and has rapidly grown, bringing air travel within the reach of millions of EU citizens.

ELFAA is thus a significant stakeholder in European transport policy and welcomes the opportunity to comment on the Communication from the Commission and offers the following thoughts:

#### **Proposal to regulate pricing (para 55, 71, 73, 74)**

ELFAA is concerned to note the suggestion to regulate pricing such that air travel becomes more expensive than rail. Aviation is alone of the transport sectors to meet the full costs of its infrastructure and to receive no operating subsidies.

If it is sought to justify such distorting regulation of pricing of the different modes on environmental grounds, it must be borne in mind that inclusion of aviation in EU ETS was selected by the Environment Commissioner as the best, and only required instrument to take account of aviation's emissions of CO<sub>2</sub>. The Commission is further committed to producing proposals to address aviation's emissions of NO<sub>x</sub>, once scientific knowledge around this is sufficiently certain to support such proposals. Aviation, unlike rail and road transport is a very economic user of land and does not incur the very significant environmental costs of creating infrastructure which are not charged to operators of rail and road.

ELFAA is very concerned, therefore, at any suggestion of positive policy discrimination in favour of rail over air which flies in the face of the EU objectives' commitment to competition, increased mobility and trade within the EU and development of the regions of Europe.

Having created the single market in order to increase competition and afford consumers choice, it would be a retro-step to consider regulating pricing with the intent to distort competition between modes and reduce choice.

### **Harmonisation of subsidies (para 8)**

Paragraph 8 acknowledges that market opening, particularly in the air market has led to great efficiencies and lower cost. This has been achieved in the air transport sector without recourse to the significant subsidies, which continue to be doled out across Europe to the rail sector. ELFAA believes a coherent European transport policy would discontinue such differential policies on subsidy between competing modes.

### **Self-financing of infrastructure (para 75)**

ELFAA strongly supports the case for all transport modes financing their own infrastructure, to create a level playing field. Rail and road continue to benefit from state financing of their infinitely more costly, and land-intensive infrastructure, whereas aviation has long been required to meet its own costs.

### **Passenger rights (para 13, 41, 82)**

Air passengers enjoy greater rights and consumer protection than users of other transport modes, with compensation payable bearing no relation to relative fare paid. This distorts competition between modes and well as between operators of different business models within air transport. ELFAA recommends that compensation to air passengers be proportionate to the fare paid, e.g. on a percentage basis.

### **Financing of security (para 12, 41)**

At present 35% of airports' operating costs and 41% of airport personnel are accounted for by security, all the costs of which are currently passed on to airlines and, ultimately, passengers. Air passengers are not themselves the target of terrorist outrages against aviation and therefore the user pays principle does not apply.

The very detailed procedures for aviation security and significant cost they represent are unmatched by anything similar for competing modes, despite recent successful terrorist attacks on public transport in Europe having been against rail and bus.

Security for aviation arises from the threat from terrorist groups hostile to the policies of a state, of which an airline is a convenient symbol. Aircraft are increasingly used as missiles to inflict maximum collateral damage on citizens on the ground and strategic landmarks of the target state. It is the responsibility of the state to protect its citizens and aviation security should be funded by states.

### **Keeping the EU at the forefront of transport services and technologies (para 50)**

ELFAA strongly supports the commitment to technology to “provide new and more comfortable services to passengers, increase safety and security and reduce the environmental impacts”. Given the scale of investment required, e.g. to create more efficient air traffic management as part of the Single European Sky and detect dangerous liquids at airports in the course of aviation security, ELFAA believes that aviation should benefit more from TEN-T funding and more favoured status for EIB loans.

### **Accessibility of regions must remain a high priority of transport policy (para 41)**

ELFAA agrees that transport has a vital role to play in connectivity between the regions of Europe and is proud to have played a major role in this area. Between 2005 and 2007, airlines as a whole, expanded intra-European connectivity by 426 city pairs. Of these, 413 city pairs or 96% of the total growth in connectivity was created by ELFAA members.

While ELFAA understands the case for PSOs to certain remote points within Europe, it is concerned that these are abused by certain states, which grant PSO support to a home carrier on a route, while denying access to that route to an alternative carrier, which would be content to serve it without subsidy.

### **Transport documentation to the electronic and multi-modal (para 46)**

While ELFAA supports the use of electronic ticketing, it does not support the extension of ticketing to include other modes of travel. The low fares business model, which makes possible the lowest fares for consumers, is built around simplification and elimination of complexity, including distribution of the product. Maintaining inventories for rail transport, for example, would incur significant cost and complexity, out of all proportion to any benefit to consumers. ELFAA suggests the focus be on improving road and rail access to airports, ideally with co-ordinated scheduling.

Many low fares carriers offer onboard the aircraft, reduced rate tickets for surface transportation to and from arrival airports and in some cases for the underground.

### **Persons with Reduced Mobility – PRMs (para 43)**

ELFAA is concerned that EC Regulation 1107/2006 concerning rights of disabled persons and persons with reduced mobility when travelling by air has led to a lower level of service for PRMs as well as significantly increasing the cost to air operators of the provision of services to disabled passengers by airports.

ELFAA airlines would prefer the freedom to elect to provide services to PRMs from their own resources, if desired.

This would also afford operators greater oversight of safety standards in this area, which is frequently subcontracted by airports to third parties.

### **More environmentally sustainable transport (para 48)**

Any measures to address aviation's impact on the environment must be so designed as to permit of environmentally efficient growth and incentivise good and penalising bad environmental performance by operators.

### **Better use of existing infrastructure (para 66)**

ELFAA strongly supports the proposal to make better use of existing infrastructure as the cheapest way to enhance the overall performance of the transport system. Currently Airport charges are based on passenger numbers, which does not incentivise more efficient use of airport infrastructure by airlines e.g. through quick turnarounds, high load factors etc.

Furthermore, there is significant unused capacity at secondary and regional airports around Europe which, with upgrading of surface access links, could ease the claimed airport capacity crunch at relatively low cost.

### **Public involvement (para 85)**

Representing its 150 million transport user constituency, ELFAA believes that the views and needs of the travelling public are already properly reflected in transport planning processes.

### **Increase migration of workers between countries**

Low Fares Airlines have been particularly instrumental in facilitating mobility of labour between the countries of Europe. More scope remains for realisation of this objective of the Lisbon Agenda and Low Fares Airlines will continue to meet this need.

## **Integration of aviation and high-speed rail (para 46)**

A transport policy for Europe needs to focus on integration of different modes. It would be anti-competitive and to deny consumer choice, to approach this from the perspective of substitution. There is already far from a level playing field between public policy towards aviation and rail and transport planning should not have the intent of constraining consumers to choose one mode over another, particularly where this would represent significantly greater cost for the generality of tax-payers.

## **Conclusion**

The EU deserves credit for liberalising market access for air transport. The greatly increased competition this fostered created choice and brought considerable, lasting benefit to the citizens of Europe, which they value highly.

The EU should not now consider any policy instruments which would discriminate against air travel in order to positively favour other modes, which, unlike aviation, already enjoy massive operating subsidies and free infrastructure, paid for out of the public purse.