

Statement
given by the
Federal Minister of Transport, Building and
Urban Affairs,
Wolfgang Tiefensee,
as President of the EU Council
of Ministers for Transport

**What Europe expects
from its aviation relations
with the USA**

at the International Aviation Club
in Washington, 5 February 2007

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Ladies and Gentlemen,

I am delighted to be with you today. It is a great pleasure for me to have the opportunity to speak to this **renowned forum**, together with Vice President Barrot, about the aviation relations between the USA and Europe.

In early January, the first foreign trip by Angela Merkel in her capacity as President of the European Council was here to Washington. What could illustrate better the outstanding **importance of the transatlantic partnership** between Europe and the USA in all the major political and economic spheres?

Aviation relations between Europe and the USA are undoubtedly an integral component of the transatlantic agenda. I can therefore reassure you that the evolution of European aviation relations with your country has very **high priority** in the Presidency's programme.

The fact that I have come here with the Vice President of the European Commission, Mr Jacques Barrot, is designed to underscore this.

Ladies and Gentlemen,

What, then, do the EU Member States expect from the **evolution** of aviation relations with your country.

All of us in this transatlantic relationship have the vision of an **Open Aviation Area**, in which all air carriers can operate freely for the benefit of people and their economies on both sides of the Atlantic.

An interlocking web comprising Europe and the USA – two of the world's major aviation markets. A contribution to the establishment of free economic relations and free trade between the USA and Europe.

But we still have a long way to go, because the purpose of the Open Aviation area is to create **equal opportunities for market access by air carriers and for ownership and control of these carriers**. To achieve this, existing restrictions have to be removed and fair competition between all economic operators realized. In this way, it would be possible to create an open and fully liberalized transatlantic market and with it, de facto, a **free trade zone in the air transport sector**.

However, today the transatlantic relationship is still governed by a traditional system of bilateral, often restrictive air transport agreements.

Ladies and Gentlemen,

Europe took the deregulation of the US aviation market as a **model**. Intra-Community air transport is now **liberalized** to a very large extent. Even intra-State carriage by an airline licensed in another Member State is permissible without restrictions.

With 27 Member States, plus Switzerland, Norway, Iceland and Liechtenstein, this means that an **open aviation market** has been created in large parts of Europe.

As far as internal liberalization is concerned, it is undoubtedly true to say that both sides of the Atlantic have done their homework, and done it well.

Ladies and Gentlemen,

Let us return to our vision of an Open Aviation Area. What do we hope to gain from it? After all, air transport between the individual states of Europe and the USA has been governed by "classic" bilateral aviation relations for decades.

We believe that an **open transatlantic aviation market would have a positive impact on economic relations between the EU and the USA.**

Abolishing the existing system, with its numerous bilateral agreements of varying shapes and sizes, would pave the way for all stakeholders to adapt to the requirements of the market in a rapid and efficient manner.

Closer cooperation, with ownership and control possibilities, would allow air carriers to **exploit synergies** and to expand flexibly or to consolidate. This flexibility would lead to more **competition** and, as a result, a more attractive range of services for consumers. And, as everyone knows, more attractive services generate greater demand, which in turn boost growth and employment.

Ladies and Gentlemen,

We have already started out along the road towards an Open Aviation Area. The **results of negotiations so far** already include major elements of liberalization.

However, it also has to be said that if negotiations remain at this stage, we will not, from the European perspective, get a **balanced agreement** with regard to market access.

Whereas the envisaged fifth freedom rights will allow US carriers to operate services within the EU between destinations in all 27 Member States, EU carriers will not have the same rights in the USA.

To put it even more **clearly**: EU carriers would not be able to carry passengers or cargo between two points in the USA – a huge market – whereas US carriers would be able to do so in all 27 countries of the EU.

You will appreciate that this is **not acceptable to us**.

We had hoped that the announced relaxation of the rules governing ownership and control of US carriers would **redress** this imbalance somewhat.

Unfortunately, however, in early December 2006 the USA decided to terminate this rulemaking procedure.

Ladies and Gentlemen,

The EU Transport Council noted this decision with **great concern**. The continued existence of restrictions is not in the spirit of an Open Aviation Area and will lead to the creation of an **imbalance** in the very first phase.

You will appreciate that we can only talk of equal opportunities in the transatlantic market if **fair competition is guaranteed**.

In the spirit of fair play, I therefore urge you to support the Administration and Congress in jointly seeking ways that will open up equal opportunities for air carriers on both sides of the Atlantic.

We are on our way towards renewing our Economic Transatlantic Partnership and I know that our Heads of State want to send a message in that direction during the upcoming EU-US Summit at the end of April.

A positive signal that both parties, the EU and the US, are ready for full market access within a Transatlantic Open Aviation Area would be a most welcome deliverable.

But let me state again quite clearly: The ball is in the camp of the USA.

Ladies and Gentlemen,

Allow me now to address a **second issue**. In his State of the Union address, President Bush spoke of the **challenges posed by climate change** and said that they would be the focus of US energy policy.

He singled out the promotion of alternative fuels and the reduction of carbon dioxide emissions from vehicles.

And the air transport sector must not shirk these challenges, and has to make its contribution.

I know that so far there has been little support here in government and industry for the **emissions**

trading scheme that is being discussed in Europe. But nobody denies that it is an effective method for reducing emissions of pollutants by economic operators and for encouraging them to deploy new and innovative technologies.

But such a scheme cannot work unless **everyone participates**. At the ICAO Assembly this September, we will thus have to discuss how the **international community** views this issue.

As the incumbent President of the EU Council of Ministers for Transport, I appeal to you, too: Let us address the challenges **together** and make our joint contribution to ensuring that our grandchildren still know what a glacier is and that we have four seasons in our part of the world.

Thank you very much.