



COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT



PRESS RELEASE

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1173rd meeting of the Council
- Transport -

Luxembourg, 9 June 1987

President: Mr Herman de CROO,
Minister for Transport
and Foreign Trade,
Kingdom of Belgium

Italy:

Mr Enrico PIETROMARCHI Deputy Permanent Representative

Luxembourg:

Mr Marcel SCHLECHTER Minister for Transport, Public Works and Energy

Netherlands:

Mrs N. SMIT-KROES Minister for Transport and Public Works

Portugal:

Mr Oliveira MARTINS Minister for Public Works, Transport and Communications

United Kingdom:

Mr David ELLIOTT Deputy Permanent Representative

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For the Commission:

Mr Stanley CLINTON DAVIS Member

Mr Peter SUTHERLAND Member

AIR TRANSPORT

The Council continued examining in detail all the questions arising in the air transport sector, on the basis of the Presidency's overall compromise concerning market access, focusing its discussions on the key issues here, viz. routes between hub and regional airports, multiple designation and fifth freedom rights.

Although the discussion enabled considerable progress to be made on this subject, the Council was unable to reach agreement on the compromise proposal.

In order to arrive at a final solution before the end of the month, the Council asked the Permanent Representatives Committee with this in mind to prepare for its discussions at its meeting on 24 and 25 June.

MISCELLANEOUS DECISIONS

Plan for the transnational development of the supporting infrastructure for innovation and technology transfer - SPRINT programme

Pursuant to its agreement in principle of 19 March, the Council formally adopted a Decision amending Decision 83/624/EEC concerning a plan for the transnational development of the supporting infrastructure for innovation and technology transfer (1983-1985) - definition phase.

The revision of the SPRINT programme, the initial results of which are very positive, aims at continuing and intensifying the efforts already made in this field and at rapidly and harmoniously integrating the new Member States to enable them to benefit from the programme. The revision mainly provides for the extension of the original 1984-1986 SPRINT programme by two years, 1987 and 1988 - updating the list of priority actions - with an additional appropriation of 8,6 MECU which increases the appropriation for the overall period to 18,6 MECU.

Assessment of the results obtained and the experience gained during the definition phase covered by the present programme should make it possible to draw up a five-year programme for the transnational promotion of innovation and technology transfer from 1989 to 1994.

Customs union

The Council adopted in the official languages of the Communities Regulations:

- increasing the volume of the Community tariff quota, opened for 1987, for ferro-chromium containing not less than 6% by weight of carbon falling within subheading ex 73.02 E I of the Common Customs Tariff (from 120 000 tonnes to 220 000 tonnes);
- opening, allocating and providing for the administration of a Community tariff quota for certain magnesium grades falling within subheading ex 77.01 A of the Common Customs Tariff (220 tonnes zero-rated for the period 1 July 1987 to 30 June 1988);
- opening, allocating and providing for the administration of a Community tariff quota for certain eels falling within subheading ex 03.01 A II of the Common Customs Tariff (5 250 tonnes zero-rated for the period 1 July 1987 to 30 June 1988).

Relations with Mediterranean countries

The Council adopted in the official languages of the Communities two Regulations opening, allocating and providing for the administration of Community tariff quotas (1987/1988) for:

- (a) apricot pulp falling within subheading ex 20.06 B II(c) I(aa) of the Common Customs Tariff and originating in Turkey (90 tonnes zero-rated for the period 1 July 1987 to 30 June 1988);
- (b) certain wines having a registered designation of origin, falling within subheading ex 22.05 C of the Common Customs Tariff and originating in Morocco (50 000 hl zero-rated - in compliance with the reference price - for the period 1 July 1987 to 30 June 1988).

Fisheries

The Council adopted in the official languages of the Communities a Regulation fixing the minimum mesh size (35 mm) for pelagic trawls used in fishing for blue whiting in that part of the area covered by the Convention on Future Multilateral Co-operation in the North-East Atlantic Fisheries which extends beyond the maritime waters falling within the fisheries jurisdiction of Contracting Parties to the Convention.

Agricultural policy

The Council adopted in the official languages of the Communities a Regulation amending Regulation (EEC) No 1676/85 on the value of the unit of account and the conversion rates to be applied for the purposes of the Common Agricultural Policy (abolition of the temporary limit on the use of the ECU which therefore becomes the permanent agricultural unit of account).

Appointment

On a proposal from the Irish Government, the Council appointed Mrs Patricia O'DONOVAN a member of the Advisory Committee on Safety, Hygiene and Health Protection at Work in place of Mr D. BRANIGAN, member, who has resigned, for the remainder of the latter's term of office, which runs until 16 December 1988.

Brussels,

June 5 1987

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NOTE BIO (87) 152 AUX BUREAUX NATIONAUX
cc. aux Membres du Groupe du Porte-Parole COE BIO (87)

RENDEZ-VOUS DE MIDI DU 5 JUIN 1987. (M. Berendt)

1. Preparation Transport Council, Luxembourg June 9 1987

This Council meeting will be devoted entirely to the subject of civil aviation. Ministers will be attempting to put together a package of measures which will form the basis of a Community policy for air transport. Although substantial progress has been made in previous Councils, a number of major issues have yet to be resolved and an agreement is not yet certain.

Discussion centres on four main elements:

- tariffs
- capacity
- access to the market
- competition

Ministers at the March Council reached a consensus on a package of conditions governing discount and deep discount fares. They also agreed the terms under which airlines would fix their economy fares on which the discounts would be based. Provided they stayed within these conditions, airlines would be free to offer cheaper fares without airlines flying the same routes or governments being able to veto these fares.

Since the Council, discussions have continued at an official level and most of the outstanding questions have been resolved. Two important issues still remain; the percentage limits for the discounts and the procedure to be adopted for determining the development of the policy after three years. The Commission has proposed that the discount fares should be fixed at between 60 and 90 per cent of the economy fare and that deep discount should be between 40 and 60 per cent and maintains a reserve on the Council's provisional agreement, which fixes the bands at 65-90 and 45-65.

The conditions foreseen by the agreement would have a life of three years. Both the Commission and the Dutch are pressing for an article which will specify a three-year life for the directive, while other member states favour a formula under which the Commission would propose modifications at the latest two years after its implementation, but without limiting the life of the existing directive.

Access to the market is expected to present the biggest negotiating difficulties. There are several different issues under this general heading, including the right for member states to allow more airline companies on to particular routes (multiple designation), the possibility of opening up routes between regional airports and hub airports, the right for an airline to

set down passengers at an intermediate airport in a second member state before flying on to a third (combination of points) and the right for an airline to pick up passengers at an intermediate airport in a second member state before flying on to the member state of destination (fifth freedom).

It is clear that access to the market raises serious problems for particular countries and that several governments will wait to see the shape of a final package before making general concessions. Fifth freedom rights, for example, are of great importance to Denmark and Ireland. Their fear is that their airlines will be at a disadvantage to those closer to the centre of the Community unless they have the possibility of offering services between a second and third member state in addition to direct flights. Some other member states argue that fifth freedom rights should only be granted on flights between regional airports. The Commission strongly resists this suggestion.

On the opening up of flights between regional airports and hub airports, there are a number of questions still outstanding. Several member states, including Spain, Greece and Denmark, seek the exclusion of certain airports from this article. A clause may be inserted under which limited exemptions could be given in order to avoid a major disturbance of existing air traffic systems. Another question is whether the capacity limits which will determine when a government can intervene to restrict new capacity on a route between two member states should include services from regional airports for aircraft of 70 seats or fewer. The Danes continue to argue that all such services should be covered by the capacity rules, no matter what the size of aircraft; several member states only want to exempt aircraft of 50 seats or fewer for the first two years of the agreement.

While the Commission is pleased with progress made so far, it is like several member states, reserving its position until the shape of a final package is clear. It threatens to withdraw the proposals on competition if a satisfactory package is not agreed by the end of June 1987.

MATERIEL DIFFUSE

- Memo 65 - Preparation du Conseil Transports
- Memo 66 - Mecanisme de stabilisation dans le secteur des matieres grasses
- IP 223 - Déclaration de M. Ripa di Meana sur l'action culturelle de la Communauté à la suite du refus du Sénat néerlandais de ratifier le statut de la Fondation européenne et de l'impossibilité de la Présidence belge de réunir les Ministres de la Culture de la Communauté.
- Statistiques Chômage, avril 87.

Amitiés,
G. Anoull.



Brussels, 10 June 1987

NOTE BIO (87) 152 (suite 1 et fin) AUX BUREAUX NATIONAUX
cc. aux Membres du Groupe du Porte-Parole

TRANSPORT COUNCIL, Luxembourg, June 9 1987 (M.F.Berendt)

Transport ministers meeting in Luxembourg yesterday edged painfully closer to an agreement on the three-year first step of a new Community policy on civil aviation and will resume their negotiations on June 24. The Council seemed willing to accept a formula which would temporarily exempt various Greek, Danish, Italian and Spanish airports from accepting new services under the provisions for market access, but they were still apart on other aspects of the package which would allow the new services to be provided. The British, German and Italian ministers did not attend the meeting in person.

A meeting of the 22-nation European Civil Aviation Conference is being held on June 16 with the intention of formalising a package which is substantially more restrictive on tariffs and capacity than that already agreed in the Council of Ministers. Community countries will each sign a declaration to make it clear that any agreement signed in ECAC would not prejudice (more liberal) measures agreed at the Community level.

The day's session was dominated by the problem of market access, covering four main elements:

- hub to region
- multiple designation
- combination of points
- fifth freedom

As anticipated, Greece demanded temporary exemption for all its airports from the measure which would open up Intra-Community routes between hub airports and regional airports. Denmark demanded exemption for all of its airports except Copenhagen and Bornholm. Spain wanted to exclude six airports and Italy eight. Despite some opposition from the Dutch in the person of their minister and the Germans in the absence of theirs, there was general acceptance of the need to meet these demands on a temporary basis in return for a more liberal approach on other aspects of the package.

This more liberal approach was not forthcoming on multiple designation, which is the right for a member state to allow another carrier(s) to offer a new service on an existing route. It is agreed that this should be allowed only on busier routes, but the threshold ranged from the Commission's proposal of about 150 000 passengers per annum to the Italian demand for 300 000 minimum. Spain, Greece and Denmark were between 250 000 and

300 000. As Commissioner Clinton Davis pointed out to the Council, only 20 of the Community's 411 routes carry 300 000 people a year, of which two routes are to Greece, one to Spain and one to Denmark. The presidency is proposing a digressive threshold, beginning at 250 000 and dropping, perhaps to 150 000 in the third year. This would take in about 60 routes.

On fifth freedom rights, the normally liberal British refused to contemplate services between two hub airports, a position supported by France but opposed by the Commission and especially distasteful for Ireland, whose minister is pressing for the most liberal application of this measure. Italy, by contrast, would accept fifth freedom only on routes without a regular service and for aircraft with 70 seats or fewer. Of 37 fifth freedom rights exercised within the Community only one is currently operated by a Community carrier.

While the March deal on tariffs is maintained intact, there is still not unanimity on the criteria for off-peak, which is one of the key innovations in the package. An agreement is virtually achieved on the hours (10.00 to 16.00 and after 21.00) but not on the minimum number of flights per day required to justify off-peak terms. The Commission sees three return flights a day or 18 per week as the minimum (it would cover about half the regular flights in the Community), while Greece, Italy and Spain want at least four.

Commissioners Clinton Davis and Sutherland both underlined the Commission's intention to withdraw the group exemption proposals if the Council did not agree to a satisfactory package by the end of June. Council president Herman de Croo emphasised this in his press conference, where he said that if the Council failed to take decisions at the next meeting, then this could open the way to legal action both from the Commission at the European level and by private parties in national courts.

Am I/tes


M. Berendt