

Ownership and control in airlines

(Presented by European Airline Association - ERA)

ERA's comments to the proposal of Hermes for launching a call for position papers on Ownership and Control Rules of EU air carriers:

About ERA:

ERA is a trade association currently representing 51 airlines and 140 associate and affiliate members covering the entire spectrum of Europe's aviation sector - airlines, airports, manufacturers and suppliers.

ERA protects its members' interests by lobbying the European regulatory bodies on policy, safety and technical matters and promoting the social and economic importance of air transport and its environmental commitments.

ERA's airline members keep Europe connected; transporting more than 70m passengers per year on over 1.15 million flights using a mix of jet and turboprop aircraft.

Comments:

1. The European Regions Airline Association (ERA) welcomes Hermes' initiative, to call for comments or position papers on the subject of Ownership & Control (O&C). We acknowledge the discriminatory applicability to airlines vs other businesses within the aviation industry and vs other industries.
2. ERA members support any attempt to bring clarity to authorities and non-EU investors as to how the Commission interprets the O&C rules, based on the practice adopted in previous assessments carried out by the Commission and taking into account the interpretative guidelines developed by EU national civil aviation authorities. The EC guidelines seem to meet this objective and reflect the current state of play regarding the O&C rules.
3. The airline industry is a capital intensive business that operates on small margins. As such it continually needs investment and new capital. With the prospect of often limited returns, the pool of potential investors is often small and regulatory restrictions to foreign investment in the airline business (which by definition is a global business) artificially limits the potential

of non- EU investors to put capital into European businesses. This in turn restricts Europe's competitiveness versus some non-EU operators.

4. Relaxing the rules will no doubt bring more “fuel” in our business, promoting jobs, routes and investment in the European airline industry. A European aviation industry that is more open to foreign investment would be fully consistent and in line with other industries (e.g. the financial and banking industry, pharmaceutical industry, etc.). Persevering with a protectionist regime on O&C would simply and artificially isolate the European aviation sector from current and future global business opportunities.

5. ERA would welcome the EC's acceptance of the importance of attracting investment from third countries through the reduction of restrictions in relation to foreign investment and market access.

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