



MEMORANDUM

To: Cabinet

From: Minister for Transport and Infrastructure

Date: 23rd June 2014

Re: Ratification of EU Aviation Agreements signed with Third Countries

Recommendation

Cabinet approval is requested for Malta to ratify and provisionally apply the following agreement:

- 1 Euro-Mediterranean Aviation Agreement between the European Union and its Member States, of the one part and the government of the State of Israel, of the other part.

Background

Due to the creation of a single market for aviation in the European Union, the economic and regulatory landscape of air transport has undergone revolutionary changes. All players of the air transport industry have benefited from new routes and airports, greater choice, lower prices and better overall quality of service.

However, airlines still have less commercial freedom when flying to countries outside the European Union, and passengers have less choice. International aviation has traditionally been governed by bilateral agreements between individual countries, restricting the number of airlines on the routes concerned, the number of flights and the possible destinations.

The European Union is extending its external aviation policy beyond its borders to overcome these limitations. First, any bilateral agreements that are not in line with the freedom of operation deriving from the single market need to be revised to ensure legal certainty and to put all European Union airlines on an equal footing for flights to countries outside the European Union. Second, the European Union is working to establish a common aviation area with neighbouring countries in the Mediterranean and to the east. Third, the European Union is setting up open aviation areas with other key international partners. Closer international relations will not only open markets, but also allow the European Union to ensure high standards of safety and security in international air transport and to work with others more effectively to address the impact of aviation on the environment.

Comprehensive Aviation Agreements are meant to deliver substantial benefits to passengers, freight operators and airlines, by means both of market access and provision of traffic rights; as well as regulatory convergence in order to promote adequate safety, security, social and environmental standards, as well as fair competition between operators.

Such aviation agreements have already been signed by the Union and its Member States with Canada, Western Balkans, Georgia, Hashemite Kingdom of Jordan, Kingdom of Morocco, United States of America and more recently, with the Republic of Moldova, and these have been ratified by Malta in 2013. Negotiations are ongoing with Ukraine, Azerbaijan and Lebanon and are planned to soon start with Tunisia.

The Agreement with Israel

Israel is a key partner for the EU and this agreement is very important for further strengthening the overall economic, trade and tourism relations between Israel and the EU. This is expected to lead to an increase in direct flights to and from Israel, lower prices, more jobs and economic benefits on both sides. This agreement represents a significant further step in the implementation of the EU's renewed and reinforced external aviation policy adopted in 2012.

This agreement will replace bilateral air services agreements between EU Member States and Israel. The agreement will be a further step in creating a wider Common Aviation Area between the EU and its neighbours by 2015 which is a key objective of the EU's enhanced external aviation policy agreed in 2012.

With this agreement, all EU airlines will be able to operate direct flights to Israel from anywhere in the EU and Israeli carriers will be able to operate flights to airports throughout the EU. The EU-Israeli air transport market will be opened gradually over the next five years so that by 2018, the market will be fully open with no restrictions on the number of flights.

Based on similar experiences in the past with other countries, the gradual opening of the market is expected to encourage a larger number of direct connections. The gradual implementation of the agreement will give sufficient time for air carriers on both sides to prepare for increased competition.

In parallel to gradual market opening, the agreement also aims to integrate Israel into a wider Common Aviation Area with the EU based on common rules. Israel will implement regulatory requirements and standards equivalent to EU aviation rules in areas such as aviation safety, environment, consumer protection, including passenger rights, air traffic management, economic regulation, competition issues and social aspects.



It is to be noted that the Blue Med Functional Airspace Block (BM FAB), of which Malta is a full member, has already signed a Memorandum of Understanding with Israel permitting it to participate in the BM FAB with a view to applying for associated membership in the near future. Such an agreement complements our increased aviation links with Israel, which would result in safer and more efficient use of Airspace in the region.

The EU is the most important aviation market for Israel, accounting for 57% of scheduled International air passenger movements to and from Israel. Similarly, Israel is one of the most important aviation markets for the EU in the Middle East with a strong growth potential. In 2011, EU-Israel traffic accounted for 7.2 million passengers, which represents an increase of 6.8% compared with 2010. Today, there are scheduled direct passenger flight connections between Israel and 18 EU Member States (Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, France, Germany, Greece, Hungary, Italy, Latvia, The Netherlands, Poland, Romania, Spain, Sweden and the United Kingdom).

Procedure

In order for this agreement to enter into force, all Member States are required to deposit their instruments of ratification. On previous occasions the Commission pointed out that inaction on the part of Member States effectively block the entering into force of these agreements and therefore the Commission urges Member States to deposit their instruments of ratification. Entry into force of these agreements will allow European Union citizens and businesses to make full use of these agreements.

Since Malta has also signed this agreement, it is recommended to proceed with the ratification process.

Legal Basis

The Ratification of Treaties Act – CAP 304

European Union Act – CAP 460

Implications for Malta

Political

Malta is expected to ratify and provisionally apply this agreement.

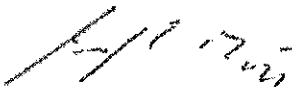
Economic & Financial

Ratification should speed up the process by which European Union citizens and businesses will benefit from all the advancement that has been planned during a number of years. The Agreement when seen also in the light of the Single European Sky as well as the Open Skies visions promises an easier and more cost-effective transit from door to door for all beneficiaries.

A recent study carried out for the European Commission has estimated the total economic benefit of an EU-Israel air transport agreement to be approximately €350 million per year once market opening is complete.

Way forward

Once Cabinet approves this ratification, the Ministry for Transport and Infrastructure will submit this Agreement to the House of Representatives (Standing Committee on Foreign and European Affairs) for approval, and unless an adverse reply is received within a month, the ministry shall direct the Ministry for Foreign Affairs to issue and deliver to the depositary the appropriate instruments of ratification. The Minister responsible for Foreign Affairs shall subsequently inform Parliament of the ratification and will proceed to notify the Commission accordingly through the official channels. Since Malta is signatory to the Vienna Convention, it is recommended that Malta provisionally applies these agreements.



Hon. Joseph Mizzi

List of Appendices

- App I Euro-Mediterranean Aviation Agreement between the European Union and its Member States, of the one part and the government of Israel, of the other part.
- App II Letter to PR 17 June 2014, including State of play of ratification by Member States of this agreement;
- App III Ratification of Treaties Act; Chapter 304

¹ Malta acceded to the Vienna Convention on 26 September 2012