

## **Price transparency and improved safety: more competition and better quality for the air transport sector**

***Improved safety and price transparency: these are the key features of the new Regulation on the single market for air transport which enters into force on 1 November 2008. It lays down rules for the granting of licences, control of airlines and market access, thereby ensuring more competition in the air transport field and better quality for the public. The new legislation requires airlines to include all taxes and charges in their published ticket prices. This will enable passengers throughout the European Union to be better informed about prices and to compare offers. Price discrimination based on place of residence is banned.***

‘It is vital that all the players keep to the same rules. That is one condition of liberalisation in Europe that has been a real success story, with more travel possibilities and lower prices’, said Antonio Tajani, Vice-President of the European Commission with responsibility for transport. ‘Fair competition is the key to success: with price transparency, passengers will know in advance how much they are going to pay and will be able to make informed choices.’

Since the liberalisation of air transport in the European Union (1997) the industry has expanded as never before, which has contributed to economic growth and job creation:

- the number of airlines has increased and brought a general growth in traffic and more competition on air routes;
- the number of routes has increased by more than 60% and now more cities are served, particularly in remote areas;
- the emergence of new competitors has brought price reductions on many routes, allowing more Europeans to travel by air.

This success needed to be consolidated: the new Regulation, which was adopted by co-decision procedure, lays down common rules for the operation of air transport services in the Community (recast) (Regulation of the European Parliament and of the Council No 1008/08 of 24 September 2008, OJ L 239, 31 October 2008) and is a substantial improvement on the present legislation (the ‘third air package’<sup>1</sup>).

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<sup>1</sup> This comprises Regulations (EEC) Nos 2407/92, 2408/92 and 2409/92.

### **Travellers will be better informed and able to compare prices:**

- From now on, ticket prices will have to be published inclusive of all taxes and charges. Also, passengers will be able to see the breakdown of the different categories of costs making up the final price: tariff, taxes, airport charges and other fees. Travellers will benefit from precise information on actual prices, making it possible for them to avoid misleading advertising and compare prices more easily.
- In addition, it will not be possible to impose optional additional charges on passengers without their express consent ('opt-in').
- Moreover, any price discrimination between passengers solely on the basis of their place of residence within the European Union or their nationality will be prohibited.

### **National authorities will have more oversight on companies so as to guarantee quality, ensure safety and prevent bankruptcies**

The Regulation ensures stricter and more harmonised application of the rules everywhere in the EU:

- airlines' operating licences will be monitored with the same level of severity in all Member States;
- the criteria for the granting and validity of the licence to operate in the EU are clarified;
- the leasing of aircraft registered in the EU is made easier but stricter requirements are introduced for the leasing of third country aircraft in order to ensure safety standards.

### **The rules applicable to public service obligations have been revised**

to reduce red tape and simplify implementation of the new rules and prevent abuses. The Commission may require an economic report explaining the context of the PSO and analysing its adequacy. The needs of the outermost regions are taken into account by allowing, if necessary, a concession extended to 5 years.

### **More effective measures have been adopted for cooperation between airports serving the same city or conurbation.**

Under the control of the Commission, traffic distribution rules will have to be non-discriminatory. Airports will have to set up effective transport infrastructures for the passengers' benefit.

### **The remaining restrictions in bilateral air service agreements between Member States have been abolished**

with respect to intra-Community air services and code-sharing.

For more information please see Rapid website: [MEMO/08/667](#)