

Sharing Experiences on Liberalisation of Market Access

EU Single Market
Finland

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Liberalisation of the EU Single Market

Market gradually liberalised through measures adopted at EU level by 1997:

→ common licensing criteria

- > 50 % EU-ownership and effective control required

→ national ownership requirements replaced with the concept of a EU carrier

- license from where principal place of business

→ cross border investment within EU

→ market access within the Single Market

- both for scheduled and non-scheduled flights
- including cabotage



Liberalisation of the EU Single Market

EU Regulation 1008/2008:

- market access (traffic rights)
- Licensing
- Ownership and control rules
- Right for airlines to set their prices freely

→ ASA's are not applied between EU Member State



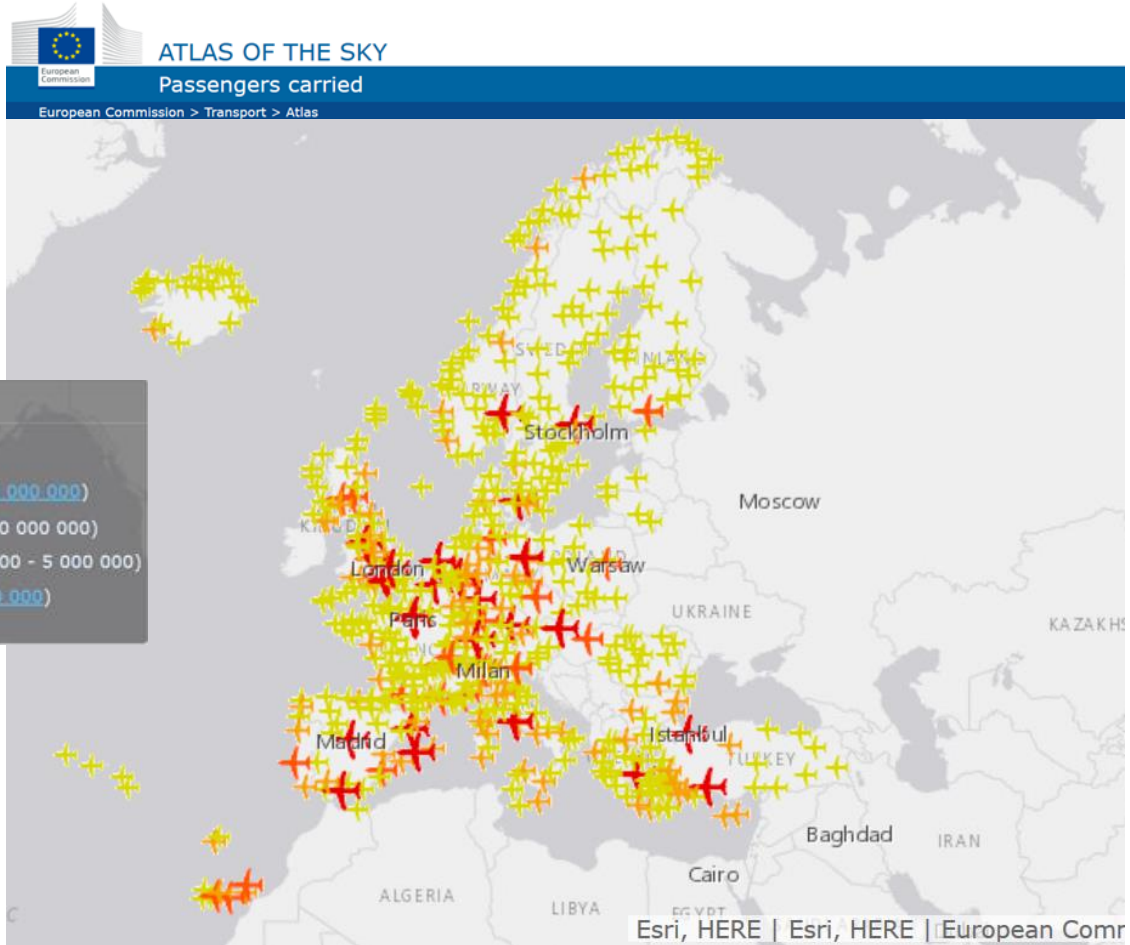
EU Single market – regulatory convergence

- Single market is based on regulatory convergence within the EU
 - EASA Regulation (216/2008) on safety
 - Regulation 300/2008 on security
 - Environment: Emission trading (ETS), aircraft noise
 - Competition regulation

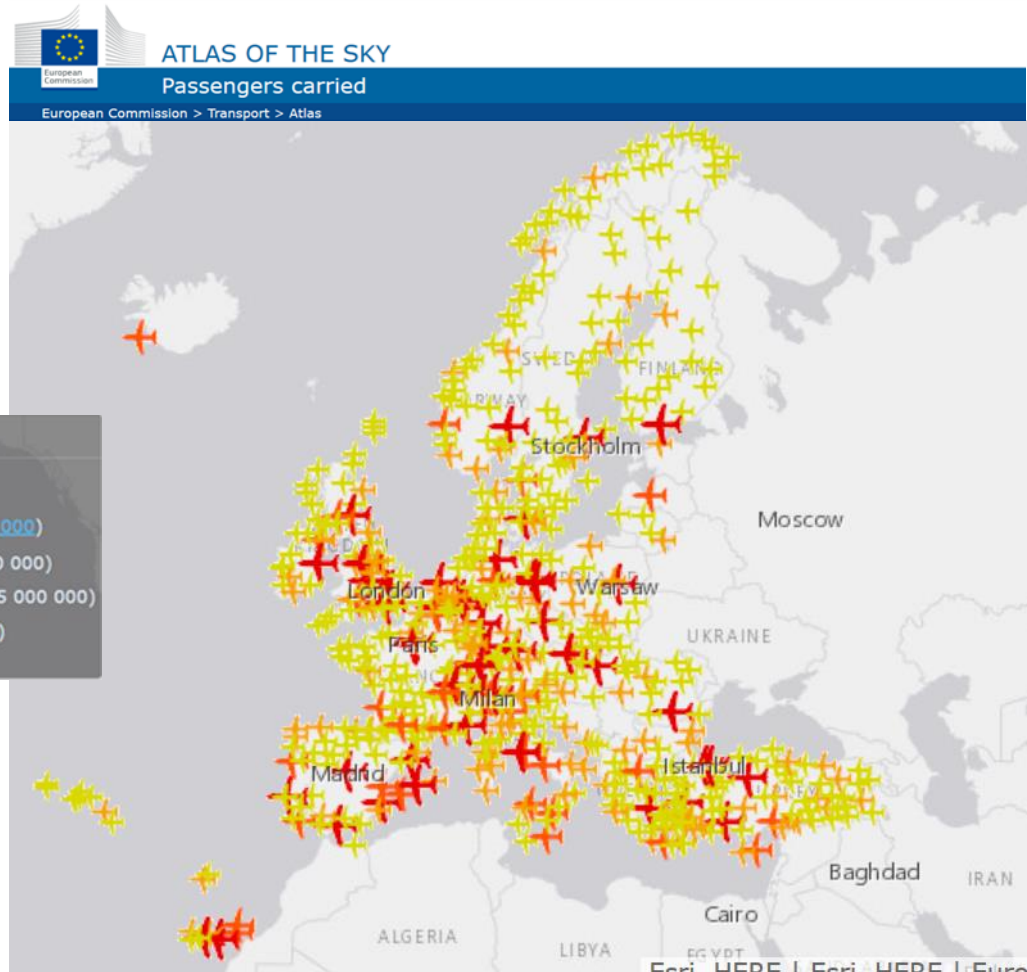
→ Level playing field



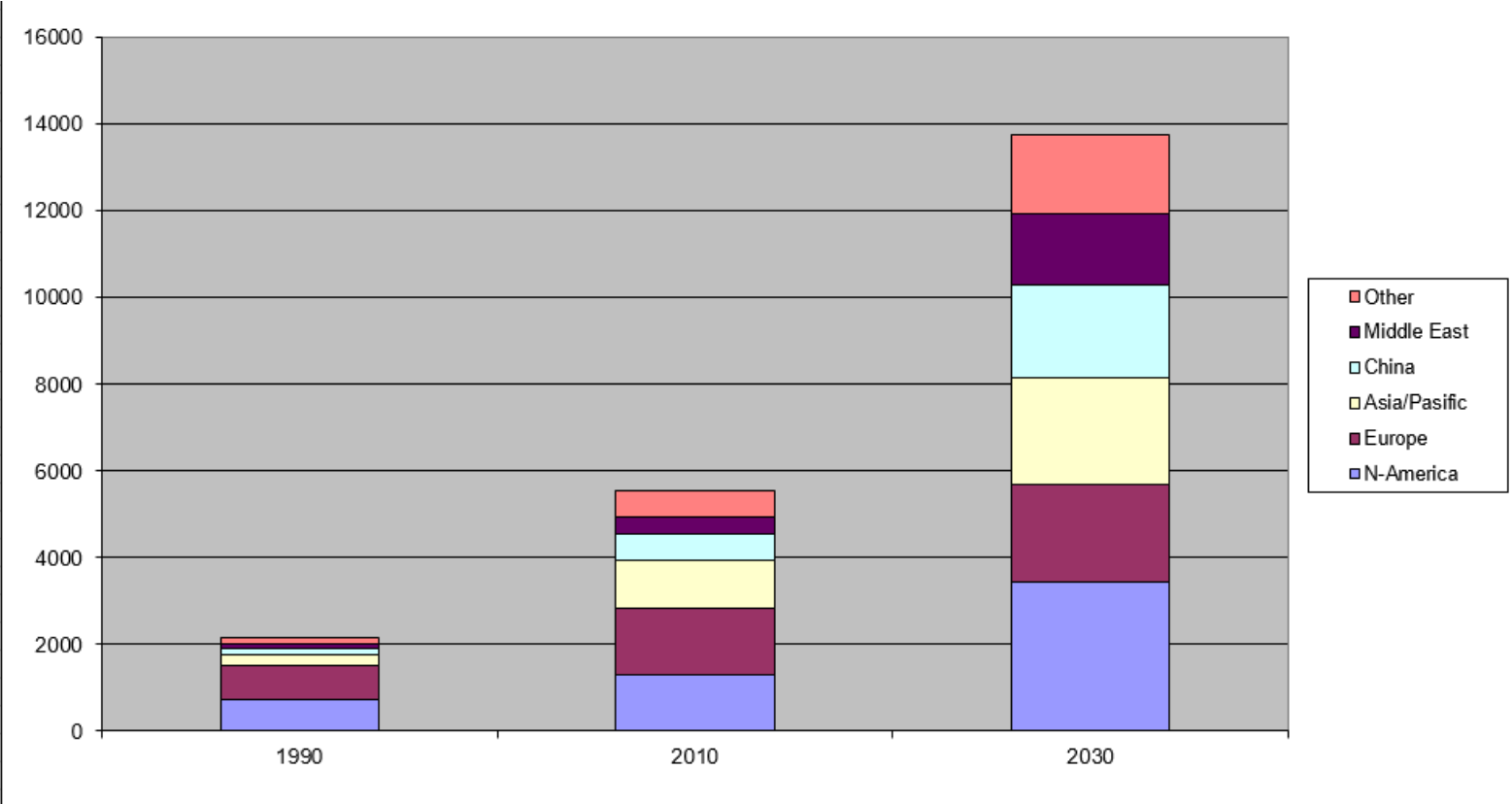
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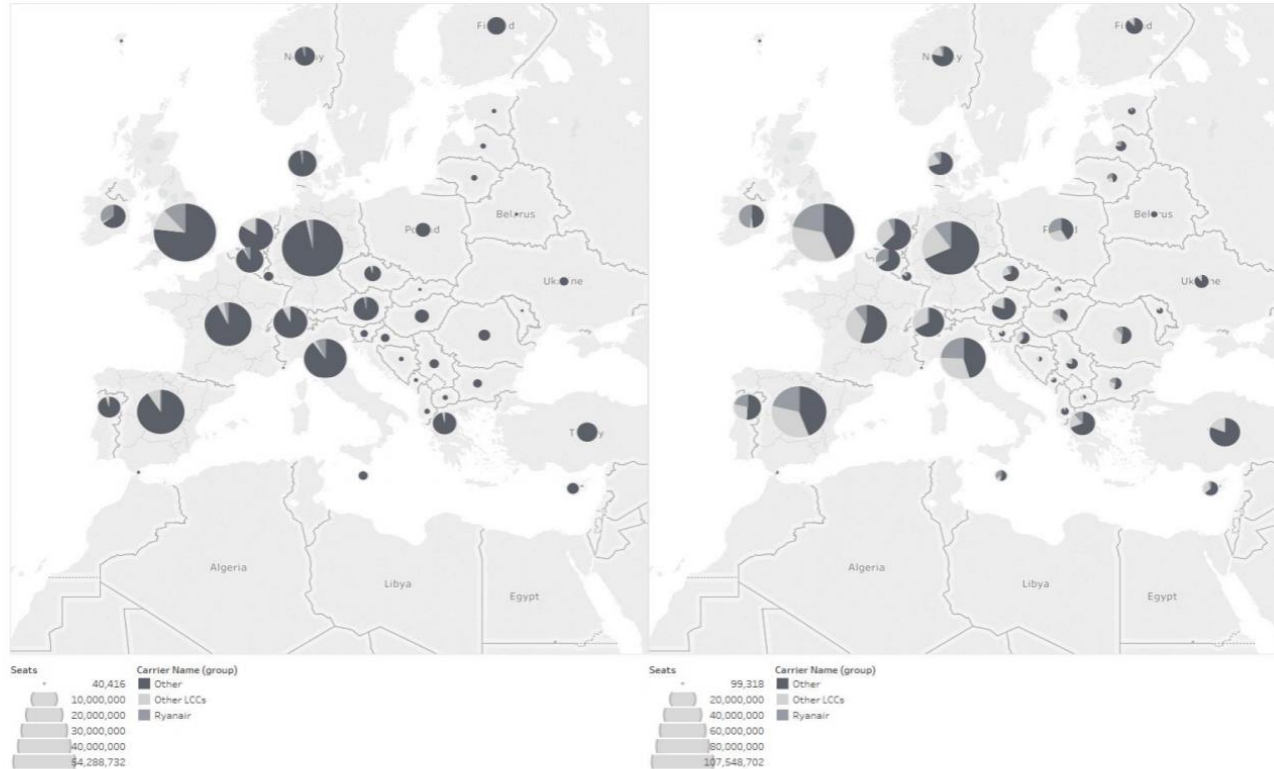
2017



Global Air Transport Market - EU



Emergence of Low Cost Airlines



Source: Seat capacity data are provided by Ryanair (2017) based on Cap-Stat. For a list of LCCs considered in these maps, see the Appendix.

Stable Fares

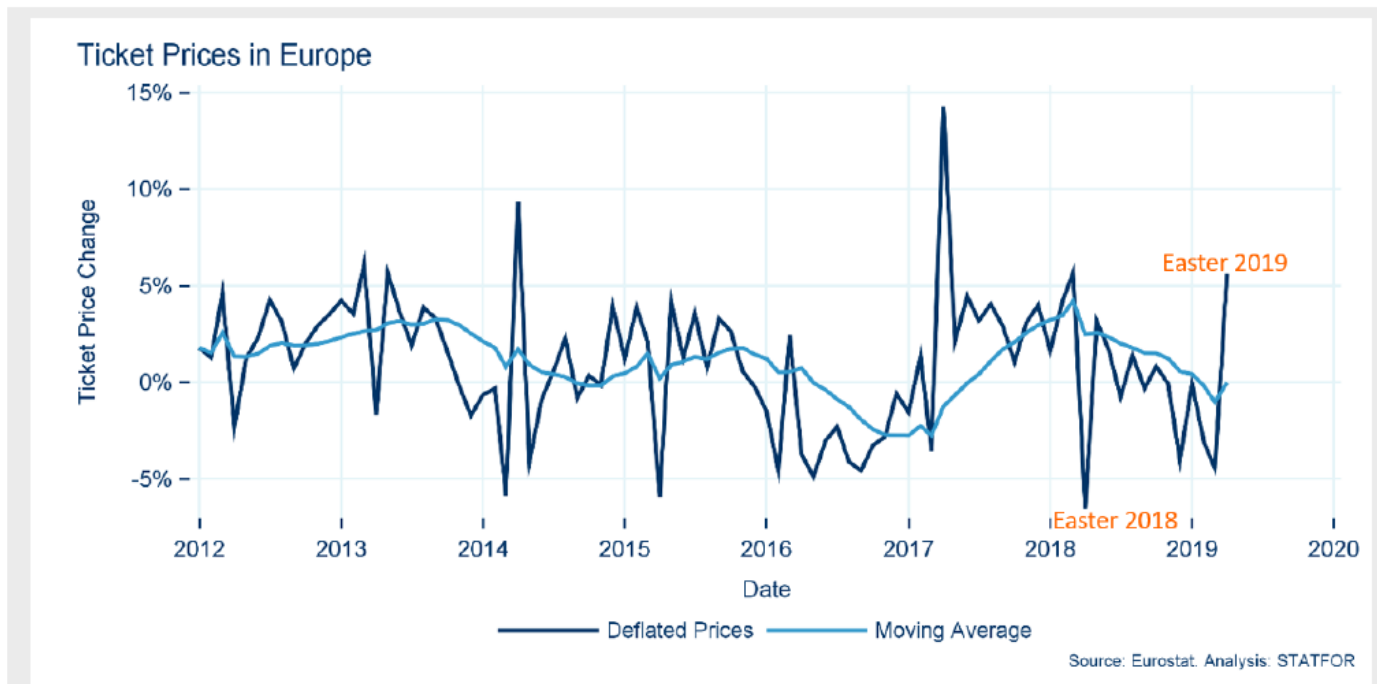


Figure 7: Deflated ticket prices in Europe.

Effects on EU level

- The change has not been sudden, but progressive

1) New routes

2) More airlines on the same routes

→ EU is one of the biggest air traffic markets in the world

→ Increased competition → Lower prices to passengers and cargo shippers

→ Profit marginals for airlines have become smaller

→ The difference between low cost airlines and network airlines has become less clear

→ airlines have set up alliances

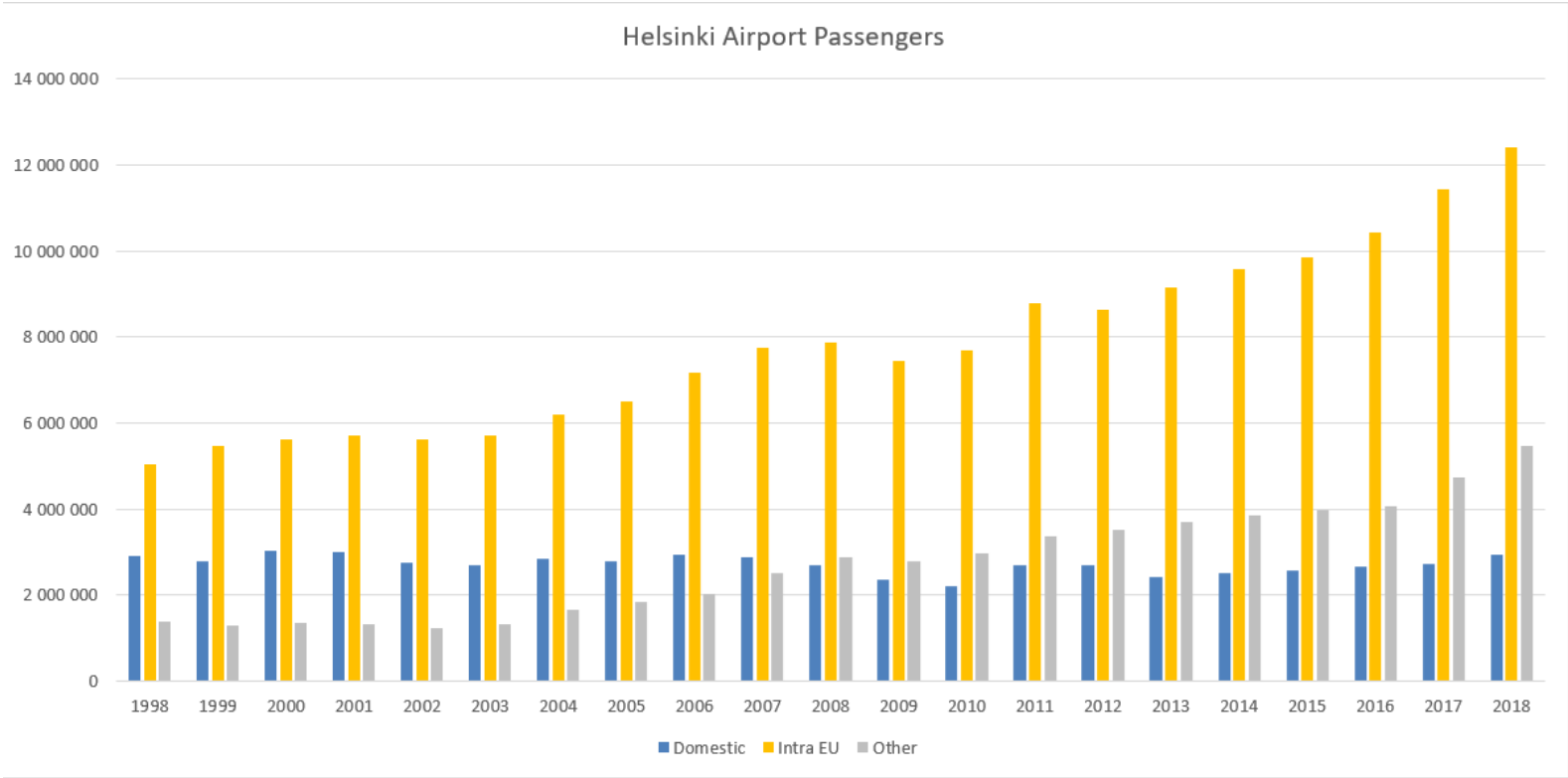


Finland – Air Transport Policy

- Not centrally located in Europe
- Relies on air transport connections to the rest of the world
- On the route between Europe and Asia
- Offering good services and connections to passengers and shippers of cargo is essential
- Liberal air transport policy
 - Liberal traffic rights
 - Liberal code share provisions

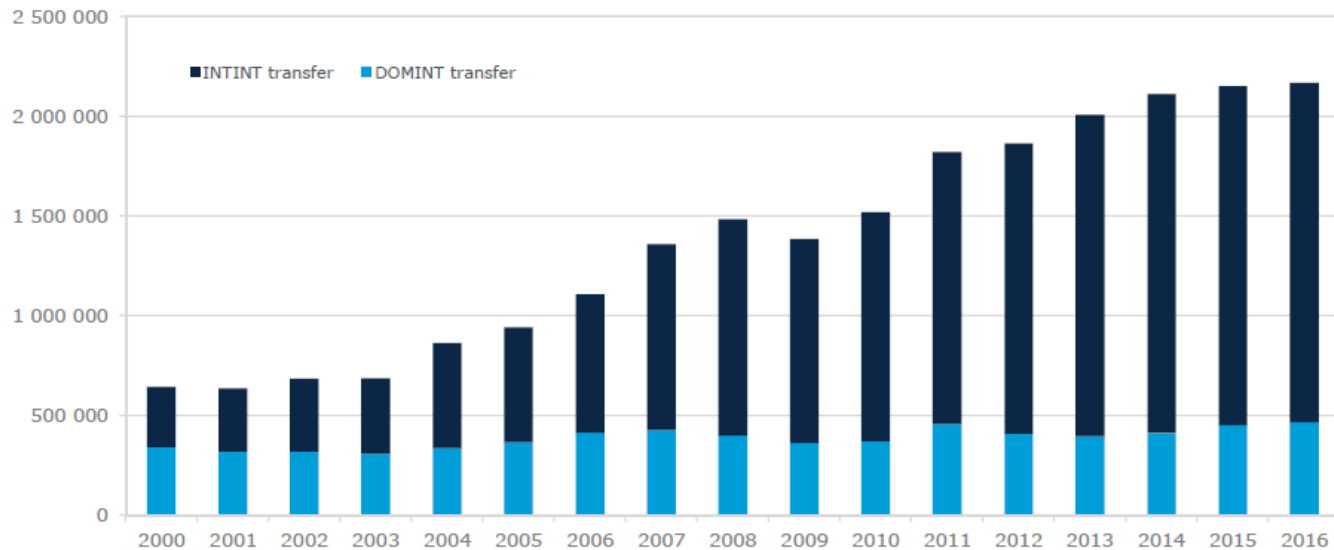


Helsinki Hub



Helsinki hub

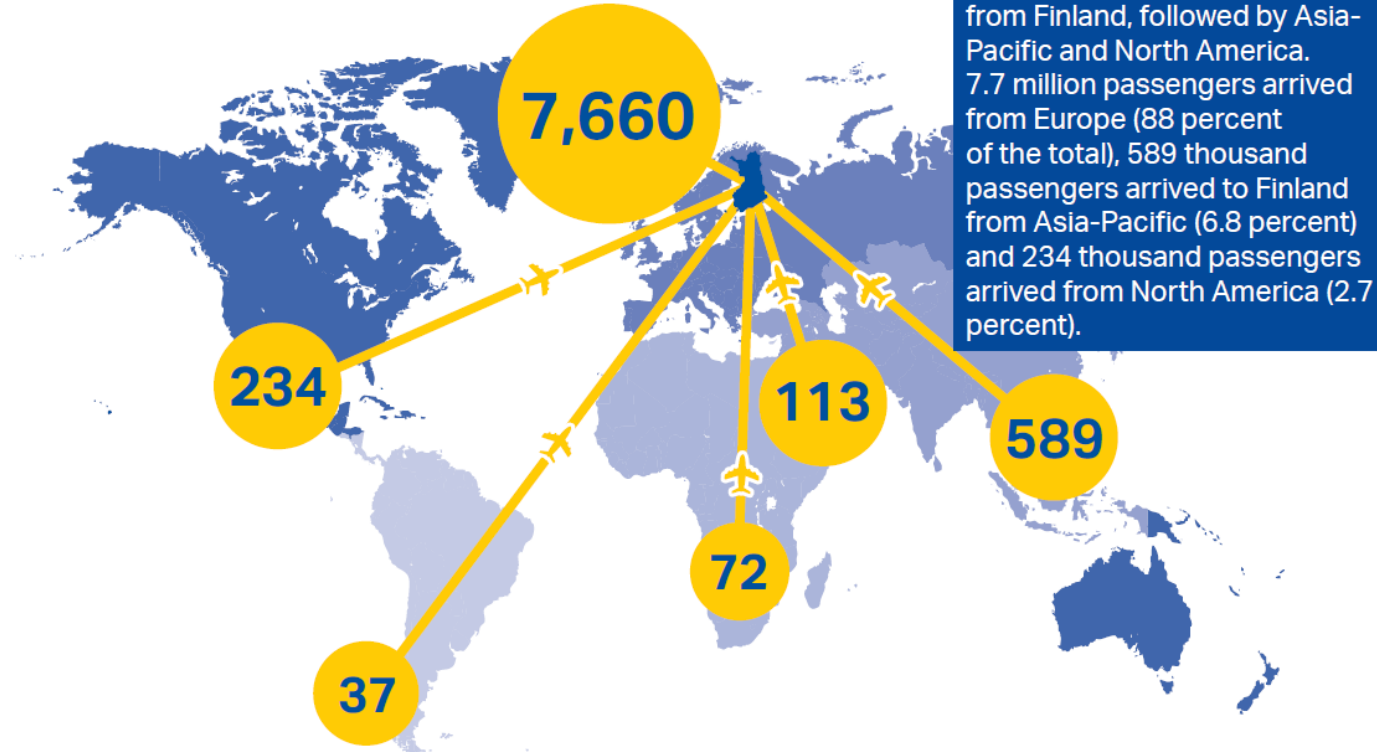
HELSINKI TRANSFER PASSENGERS DEVELOPMENT OVER 30% ARE TRANSFER PAX



FINAVIA
For smooth travelling

Passenger flows to and from Finland

Annual passenger flows by region (origin-destination, '000s)



Europe is the largest market for passenger flows to and from Finland, followed by Asia-Pacific and North America. 7.7 million passengers arrived from Europe (88 percent of the total), 589 thousand passengers arrived to Finland from Asia-Pacific (6.8 percent) and 234 thousand passengers arrived from North America (2.7 percent).

Effects in Finland

- Liberal policy → increase in number of transit passengers
 - Helsinki Hub
 - increase in number of international flights and passengers (compared to situation in which only mainly domestic)
 - wider route network than what would be possible using the local passenger potential
- EU airlines operate in Finland freely
 - more competition
 - lower prices to passengers and cargo shippers
 - airlines need to be more efficient



Future Goals – Horizontal Agreements

- Freedom of establishment for airlines within EU
- EU strives to make so called Horizontal agreements with third countries to allow EU owned airlines to operate freely from EU to third countries
- Agreements in force with 30 countries:
 - Albania, Armenia, Australia, Azerbaidzhan, Bosnia Herzegovina, Georgia, Indonesia, Israel, Jordania, Kirgisia, Macao, Malesia, Malediivit, Meksiko, Moldova, Mongolia, Marokko, Nepal, Uusi-Seelanti, Pohjois-Makedonia, Pakistan, Panama, Paraguai, Filippiinit, Singapore, Sri Lanka, Ukraina, UEMOA, Arabiemiraatit, Vietnam
- Negotiations with many other countries are on the way



Future Goals – EU Comprehensive Agreements

- Comprehensive Agreements complement the Single Market
- Offer access to EU Single Market (intra EU traffic)
- Liberalisation of traffic rights
- Regulatory convergence
- Compared to Finland, EU with more than 513 million people has more negotiating power
- Current situation:
 - In force with Canada, ECAA (Western Balkans), Morocco, Switzerland
 - To be ratified: USA, Georgia, Israel, Jordan, Moldova, Armenia, Qatar, Tunisia, Ukraine
 - Negotiations: ASEAN, Azerbaijan, Turkey, Oman

Thank you

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