



E4FC calls on EU Member States to ensure level playing field in the EU-ASEAN comprehensive air transport agreement

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Introduction

In 2016, the European Commission received a mandate from the EU Member States to negotiate a comprehensive air transport agreement with the ASEAN states. Following several negotiating rounds - where both Member States and stakeholders participated and supported the agreement - a compromise text was reached in December 2018 in Austria. However, very recently a new draft agreement has been presented to the stakeholders that is significantly different in key points from the previously agreed version.

Level playing field through a bloc-to-bloc agreement

An overarching principle of comprehensive air transport agreements is level playing field and creating new business opportunities, improving market access and most importantly ensuring fair competition - including social rights. The agreement with ASEAN was set to become the first EU bloc-to-bloc aviation agreement, however, the latest proposal allows Malaysia to delay indefinitely the entry into force of the agreement or join it at a later stage. Such an opting-out option not only creates a dangerous precedent, but it also puts the EU Member States and European airlines into a difficult position: bilateral relationships with Malaysia would be in a standstill until it joins - if at all - the agreement. Airlines from certain EU Member States with restrictive bilateral or even no bilateral agreements would be put into a disadvantageous position compared to competitors from Member States with more open regimes. In the path of recovery from the COVID-19 pandemic, EU airlines will then not be able to fully exploit market opportunities into this part of the ASEAN market.

Environmental provisions lack ambition and could distort competition

The new version of the agreement has been significantly watered down from the previously agreed version as to the ambitions to reduce environmental impact and to make the industry more sustainable - a general objective of the European Union set out in the European Green Deal. E4FC has been calling upon policy makers to ensure that sustainability standards or any other mechanisms under the European Green Deal are crafted in such a way that competitive disadvantages and unintended environmental consequences are avoided. Accepting such a weakened environmental provision in the EU-ASEAN agreement would not only create a damaging precedent and put EU airlines in an adverse position, having to comply with stringent global and European environmental standards contrary to their competitors from ASEAN states but it would also violate standard practice to promote sustainability through all international agreements it becomes party to.

E4FC therefore calls on the Member States to reject the current proposal and alternatively grant an extension of the mandate allowing the Commission - in transparent negotiations with the Member States and the stakeholders - to improve the draft agreement taking into consideration our legitimate concerns.