



Current Priorities in Competition Enforcement in the Aviation Sector



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Background

INDUSTRY CHALLENGES....

- **Increasing passenger growth**
- **Congestion at main European airports**
- **Environmental challenges**

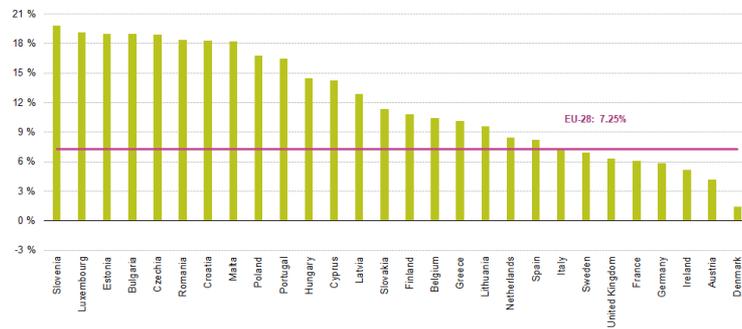
... IMPACT COMPETITION ENFORCEMENT WORK

- **Pressure on costs may lead to further exits**
- **Further consolidation at main European airports needs to be assessed carefully -> ever high barriers to entry**

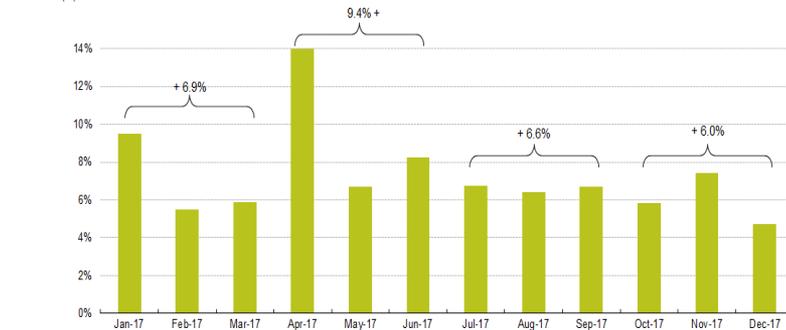
Dynamic growth of passengers ...

Intra-EU

2016-2017 growth in total passenger air transport by Member State (%)

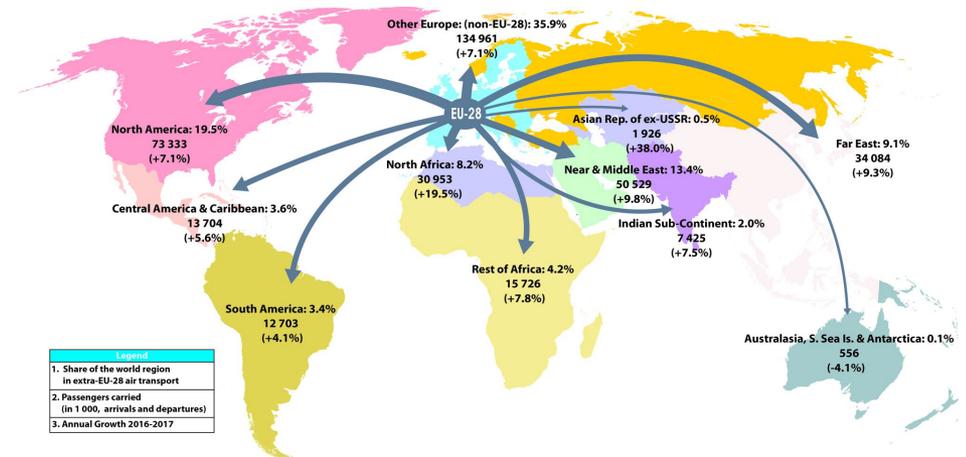


EU-28 monthly growth in air passenger transport, 2016-2017 (%)



Source: Eurostat (online data code: avia_paoc)

Extra-EU



Legend

- Share of the world region in extra-EU-28 air transport
- Passengers carried (in 1 000, arrivals and departures)
- Annual Growth 2016-2017

...and airports

Air passenger traffic



European airports = 2.34 billion passengers in 2018

*Regional airports (< 3 million passengers p.a.):
82% of EU airports but only 13% of traffic.*

2015 Aviation Strategy

- Generate growth and let passengers benefit from competition across the air transport value chain
- Role of competition law:
 - **Generally: support the liberalized market**
 - **Merger control: to prevent consolidation takes place at the expense of consumers**
 - **State aid: ensure that government interventions do not distort level playing field**
 - **Antitrust: tackle anti-competitive practices**

Ongoing consolidation wave

- DL/AF-KLM/Virgin Group/Virgin Atlantic JV
- Further acquisitions stemming from bankruptcies



Analytical framework

- Route-by-route assessment
 - **Remains valid in most cases**
- Airport dominance assessment
 - **Especially at congested airports where incumbents already control a high share of capacity**
- Remedies
 - **Challenge remains to find suitable remedies that would be effective in practice**

Cooperation among competing airlines

- Brussels Airlines/TAP Air Portugal codeshare investigation
- Metal-neutral joint ventures



Airline ticket distribution

- Internet has profoundly changed consumer behaviour and expectations
- Trends:
 - **Online (direct) bookings**
 - **Bookings through mobile applications**
 - **Interactions across multiple platforms**
- Investigation of terms and conditions of Amadeus and Sabre





Airport Airline agreements – an evolving market

- Commission approach confirmed by Court judgments of 13 December 2018
- New market trends:
 - **Imputability of independent associations, e.g. Montpellier airport**
 - **Questionable PSOs: tenders for routes which do not seem to fulfil a genuine public service obligation**
 - **Travel tax reductions**



Focus on cases with impact

- Concession fee Athens airport
 - **Increase of the value of the extended concession from EUR 484 million to EUR 1.1 billion**
- Smaller cases (investment and operating aid to airports) are increasingly covered by the GBER





European
Commission

Challenges ahead



Aviation industry: some further challenges

- Safety and security
- Technological changes
- Environmental sustainability



Tackling congestion vs duplication of unprofitable airports

- Recast of the Slot Regulation
- Evaluation of 2014 Guidelines on State aid to airports and airlines
 - **Public consultation to be launched in April/May 2019.**
- Revision of Airport Charges Directive



Concluding remarks

- Aviation sector changed profoundly in last years
- Passengers and other consumers interest remains at the core of our enforcement priorities
- Competition law enforcement needs to
 - ✓ **respond to new challenges and industry developments**
 - ✓ **tackle market failures without impeding industry objectives**
 - ✓ **focus on priorities**
 - ✓ **complement regulatory efforts**