India’s “S.W.O.T.”
in the Making of the EU-US Open Aviation Area

April 23, 2008
New Delhi, India

Julianne S. Oh
What had Happened?

Background to the EU-US Open Aviation Area

US ‘Open Skies’ Air Services Agreements with the EU Member States (1990’s)

- Nationality / Designation Clause violating the Right of Establishment
  - Community Carrier (Community Clause)
- Community Competence in the EC’s External Relations Matters / Negotiations

Post-ECJ EU External Aviation Policy Development: Three Key Pillars (Present)

1. Horizontal Mandate: Horizontal Agreements with All Third Countries
2. Comprehensive Mandate: With Selected Countries
   (1) Common Aviation Areas with EU Neighboring Countries
   (2) Global Partners: e.g., Open Aviation Area with the United States
What is Happening?
EU – US Comprehensive Air Transport Agreement
First Stage

• Signed on April 30, 2007 and Came into Effect on March 30, 2008
• Promises Greater Economic Benefits to Both Parties
• Includes the Essential Core of the US-style ‘Open Skies’ Policies

Highlights of the Agreement:
- ‘Community Carrier’ recognized by the US
- Market Access – More liberalized traffic rights
- Cooperation & Harmonization in Regulatory Matters
- Establishment of Joint Committee
- Foreign Ownership & Control Restrictions Unresolved

• Continues Working Together towards the Second Stage for an OAA
What is going to Happen?
Impact of the EU – US ‘Open Skies’ Agreement

MORE COMPETITION!

Creates an Environment Where More Market-Force Controls the Industry
– A Step Closer Normalizing the International Air Transport Sector

E.g.,
More Market Entry; More Routes; Lower Fares

More ‘Consumer-Friendly’ Airline Business Operation: i.e., Lower price, better services
• Possibility of Low-Cost Carriers’ Entry into the Transatlantic Market
• Possibility of Increased Competition over Slots in Congested Hubs

Increases Pressure on Airlines
Expected to Become More Commercially ‘Competitive’
What does That Mean to India?

Implications of the EU–US ‘Open Skies’ Agreement for India

Exposure to a Much More Competitive Environment for ALL Carriers around the Globe

Is the EU-US ‘Open Skies’ Agreement – or Global Liberalization Trend in General – a ‘Threat’ to India and the Indian Airlines?
Contemporary Issues in Air Transport, Air Law & Regulation

EU-US OAA & INDIA

New Delhi, India / April 23, 2008
India’s S.W.O.T. – THREATS [Cont’d]

• The EU – US Agreement Opens a New Chapter in the History of Liberalizing International Air Services – Brings the entire global Aviation Community to a more competitive, market-driven and challenging environment, With its impact reaching beyond the Transatlantic region

• Is India Ready for Such World-scale Competition?

  ➢ How Can India Realize a More Competition-oriented Market?  
    - *i.e.*, Opening its Aviation Market

  ➢ When Can It Be Done?

• “Liberalization is not Something to be Feared, but to be Anticipated”  
  - *Fear disappears as acting upon it*…
What does India HAVE and NEED?

India’s S.W.O.T. – Strengths and Weaknesses

HAVEs – STRENGTHS

• **Booming Economy**
  - Fast Growth in Both International and Domestic Air Traffic
  - Attention from Abroad: *e.g.*, Foreign Investment

• **Cultural Heritage: Tourists’ Attraction**
India’s S.W.O.T. [Cont’d]

NEEDs – WEAKNESSES

• Overall Challenges to be Improved
  ➢ Technical and Technological Challenges:  
    *e.g.*, Safety, Security, Air Traffic Management, Environmental Protection  
  ➢ Infrastructure Constraints: *e.g.*, Airports and aircraft availability  
  ➢ Modernization of Business Practices

• Aviation Policy & Regulatory Aspects
  ➢ Slow Decision-making and Implementation Process  
  ➢ Impedimental Regulatory Structure for Capital Flow:  
    *e.g.*, Private and Foreign Direct Investment (FDI)

• High Air Fares Weaken India’s Competitiveness  
  *e.g.*, Leisure Travel - Tourism
Where is India Going Next?

India’s S.W.O.T. – Opportunities

EU’s Interest in Developing Partnership with India

• **Initializing Horizontal Agreement with the EU on April 8, 2008**
  Prepares a Platform for India to Go Beyond the Crossroads

• **Close Cooperation & Strategic Partnership with the EU**
  Will Enable India to Achieve its Goals in a Speedy Manner

• ‘**Open Skies’ Agreement with the EU Bloc**
  Will Serve as an Essential *Interim* Step towards a CAA with the EU
“... Spread Your Wings

... it is Time to Fly Higher...”
**Relevant EU Legislations**


**Jurisprudence**


[Link to European Commission website](ec.europa.eu/transport/air_portal/international/index_en.htm)