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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

**on experience acquired in the application of Regulation (EC) No 437/2003 of the
European Parliament and of the Council of 27 February 2003 on statistical returns in
respect of the carriage of passengers, freight and mail by air**

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EXECUTIVE SUMMARY

Regulation (EC) No 437/2003 of the European Parliament and of the Council of 27 February 2003 on statistical returns in respect of the carriage of passengers, freight and mail by air¹ specifies in its article 9.2 that, after data have been collected over a period of three years, the Commission shall submit a report to the European Parliament and the Council on experience acquired in the application of this Regulation. This report is aimed to comply with this requirement once the first three years of data collection have been completed (2003-2005).

After a general description of the background, objectives and policy context of the legal act, some issues linked to the implementation are discussed. The report also presents information on the main results achieved. The final section provides conclusions and possible future developments.

The implementation of this Regulation has led to an increase in the availability of detailed information on European air passengers and freight transport as well as an improvement on data quality and timeliness. Member States have made efforts to fulfil the requirements of the Regulation and most are providing all requested data respecting the set deadlines.

1 INTRODUCTION

1.1 BACKGROUND AND OBJECTIVES

A voluntary data collection on air transport statistics had started from reference year 1993 based on a methodology agreed with the Member States. The adoption of Regulation 437/2003 officialised the methodology already in place and extended the scope of data provision to some additional elements. This Regulation was therefore designed to provide the Commission, other EU Institutions, national governments and the general public with comparable, reliable, harmonised, regular and comprehensive statistical data on the development of the carriage of passengers, freight and mail by air in the European Union.

The main features of Regulation 437/2003 can be summarized as follows:

- Data provision obligation is defined at airport level. Some groups of airports are defined to allow a modular distribution of the burden on respondents by

¹ Regulation (EC) No 437/2003 of the European Parliament and of the Council of 27 February 2003 on statistical returns in respect of the carriage of passengers, freight and mail by air, OJ L 66, 11.3.2003, p.1.

requesting more data from medium and large airports and by diminishing or eliminating the data provision obligation from smaller airports.

- Two levels for data provision are defined: flight stage and on flight origin/destination. This is important to monitor the intra and extra-EU air transport flows according to the movement of the aircraft (flight stage) or according to the movement of the passengers/freight (on flight origin/destination) and to identify the direct transit passengers.
- The information has to be provided separately for arrivals and departures as well as for scheduled and non-scheduled services. This allows a detailed analysis of the incoming and outgoing flows as well as of the different impact of the scheduled and non-scheduled services, particularly at extra-EU level.
- The provision of airline information is also foreseen, although the coverage was not specifically defined in this Regulation. This is important to monitor the liberalisation of the markets and, more particularly, the level of competition in the different routes and the introduction of low-cost carriers.
- In the case of the flight stage information, three additional variables are requested: number of flights, type of aircraft and seats available. This information is relevant to analyse in detail the airport-to-airport flows in terms of congestion, capacity and use of fleets.

1.2 POLICY CONTEXT

The development of the Common Transport Policy requires the best possible knowledge of the extent and evolution of air passenger and freight transport. The White Paper *European transport policy for 2010: time to decide*² defined the objective of the Community Transport Policy as to help provide Europeans with efficient and effective transportation systems. This objective has been maintained in the *Mid-term Review* of the White Paper³, although more oriented towards ensuring sustainable mobility in Europe. Thus, Community aviation statistics are used for framing, monitoring and evaluation of EU transport policies and other EU policies such the functioning of the internal market.

The importance of these data for EU decision-making is increasing. For instance, following the competence attributed to the Commission, this information is used increasingly for the preparation of air transport agreement negotiations with third countries. This information is also used for Air Traffic Management matters, measurement of passenger and freight flows and the calculation of the modal split of transport in the EU. Another example is the use of these data for measuring entries into the EU borders at the airports.

For data on passengers the relevance is growing, as ticket reservation data in computerized reservation systems is becoming less representative of the total market due to increasing internet booking. In addition, the information collected on the type of service (scheduled/non-scheduled) is very difficult to get from other sources and it is particularly relevant on some extra-EU routes where non-scheduled passengers services are predominant.

² COM(2001) 370 of 12 September 2001

³ COM(2006) 314 of 22 June 2006: "Keep Europe moving – Sustainable mobility for our continent. Mid-term review of the European Commission's 2001 Transport White Paper".

For air freight transport, the better coverage and the improvement of data quality enables a more frequent use of this information for which no alternative sources exist.

Other examples of the use of these data for policy needs are the following:

- The possibility of having airline codes reported under the Regulation requirements is useful to monitor competition and state-aid.
- The data collected for medium and small airports is useful for regional policy purposes.
- European Aviation Safety Agency is also interested in exploiting these data for safety purposes.
- There is also a potential to use these data for environmental policy purposes (i.e. emissions and noise).

1.3 IMPLEMENTING RULES

Regulation 437/2003 confers implementing powers on the Commission, which are to be exercised via the comitology procedure as set out in Articles 10 and 11. Eurostat has used this procedure to adopt a set of rules covering different aspects of the implementation of the Regulation. These rules are adopted in the form of Commission Regulations after opinion of the Statistical Programme Committee.

So far, two implementing Regulations have been adopted and one more is following the procedure for its adoption in 2007.

Commission Regulation 1358/2003⁴ provides a very comprehensive set of implementing arrangements, particularly the list of Community airports and the permitted derogations per Member State, technical arrangements for data transmission, as well as a revision of the definitions, nomenclature, codification and datasets to be provided.

Commission Regulation 546/2005⁵ is mainly aimed to cover the enlargement of the EU to ten new Member States in 2004 since it provides the list of their airports and requested derogations.

A draft Commission Regulation is scheduled to be adopted in 2007. This will provide a full revision of the list of Community airports to be applicable from January 2007. This list does not include any derogation as all have already expired in 2006.

1.4 COVERAGE OF MEMBER STATES AND OTHER COUNTRIES

Regulation 437/2003 applies directly and in its entirety to all Member States. It does not have to be transposed into national legislation. However, the Regulation provided the possibility of

⁴ Commission Regulation (EC) No 1358/2003 of 31 July 2003 implementing Regulation (EC) No 437/2003 of the European Parliament and of the Council on statistical returns in respect of the carriage of passengers, freight and mail by air and amending Annexes I and II thereto, OJ L 194, 1.8.2003, p.9.

⁵ Commission Regulation (EC) No 546/2005 of 8 April 2005 adapting Regulation (EC) No 437/2003 as regards the allocation of reporting-country codes and amending Commission Regulation (EC) No 1358/2003 as regards the updating of the list of Community airports, OJ L91, 9.4.2005, p.5.

granting derogations for certain airports, datasets and variables according to certain rules and for a maximum period of time of three years (until 2005 included).

Concerning Romania and Bulgaria, both countries have declared their willingness to comply fully with the EU legislation on this field upon accession without requesting any derogation. The list of airports of these two new Member States has been included in the *Accession Treaty of Bulgaria and Romania* under the *Technical Adaptations to the Statistical Acquis*.

Concerning candidate countries, Croatia and Turkey provide aggregated data at airport level while the Former Yugoslav Republic of Macedonia does not provide any information.

In 2003, Regulation 437/2003 was formally incorporated into Annex XXI (Statistics) of the EEA Agreement by a Decision of the EEA Joint Committee⁶. According to this Decision Iceland and Norway have to transmit the data required in the Regulation while Liechtenstein is exempted.

Data based on the Regulation principles is also transmitted by Switzerland in accordance with the Agreement between the European Community and the Swiss Confederation on cooperation in the field of statistics⁷.

2 IMPLEMENTATION OF THE REGULATION

2.1 ISSUES ENCOUNTERED

2.1.1 Respect of legal obligations

The compliance with the data provision obligations defined in the Regulation has experienced a positive evolution during the period considered. The 2003 data provision, although quite complete in general, presented for some reporting countries specific problems related to the periodicity of the datasets or to gaps in the delivery of some elements (aircraft movements, transit passengers or seats available). The data provision in the two subsequent years has improved the situation, particularly as regards the periodicity of the datasets which is now fully respected.

Table 1 shows the status of the data delivery for the period 2003-2005 by dataset and periodicity. According to Regulation 1358/2003, datasets A1 and B1 are monthly (quarterly was acceptable only in 2003) and dataset C1 is at least annual.

⁶ Decision of the EEA Joint Committee No 132/2003 of 26 September 2003 amending Annex XXI (Statistics) to the EEA Agreement, OJ L 331, 18.12.2003, p. 68.

⁷ Signed on 26 October 2004 and approved by Council Decision of 27 February 2006 on the conclusion of the Agreement between the European Community and the Swiss Confederation on cooperation in the field of statistics, OJ L 90 of 28 March 2006, pp.1-21.

Table 1: Compliance with the Regulation requirements: dataset delivery by year

	2003			2004			2005		
	A1	B1	C1	A1	B1	C1	A1	B1	C1
Belgium	M	M	Q	M	M	A/M	M	M	A/M
Czech Republic	Q	Q	Q	M/Q	M/Q	M/Q	M	M	M
Denmark	M	M	M	M	M	M	M	M	M
Germany	M	M	A	M	M	A	M	M	-
Estonia	Q	-	Q	Q	Q	Q/A	M	M	Q
Greece	M	M	M	M	M	M	M	M	M
Spain	M	M	M	M	M	M	M	M	M
France	M	M	M	M	M	M	M	M	M
Ireland	M	-	-	M	M	A/M	M	M	A/M
Italy	M	M	M	M	M	M	M	M	M
Cyprus	Q	Q	Q	M/Q	M/Q	M/Q	M	M	M
Latvia	M	-	Q	M	M	M/Q	M	M	M
Lithuania	-	A	Q	-	Q	Q	M	M	M
Luxembourg	A	-	A	A	-	-	M	-	-
Hungary	M	M	M	M	M	M	M	M	A/M
Malta	M	M	M	M	M	M	M	M	M
Netherlands	M	M	A	M	M	-	M	M	-
Austria	M	M	A	M	M	A	M	M	A
Poland	-	-	A	M	M	A/M	M	M	A/M
Portugal	Q	Q	Q	M	M	M	M	M	M
Slovenia	-	-	M	M	M	M	M	M	M
Slovakia	Q	Q	Q	M/Q	M/Q	M/Q	M	M	M
Finland	M	M	A/M	M	M	A/M	M	M	A/M
Sweden	M	-	M	M	M	M	M	M	M
United Kingdom	M	M	M	M	M	M	M	M	M
Bulgaria	-	-	M	-	-	M	-	-	M
Romania	-	Q	Q	Q	Q	Q	M	M	M
Croatia	-	-	-	-	-	A	-	-	A
Turkey	-	-	M	-	-	M	-	-	M
Iceland	M	M	A/M	M	M	A/M	M	M	A/M
Norway	M	M	M	M	M	M	M	M	M
Switzerland	Q	Q	A	M	M	A	M	M	A

KEY: M: Monthly; Q: Quarterly; A: Annual; -: Not provided

Still some problems remain for certain Member States. The main issues to solve are the provision of appropriate freight data, the delivery of dataset C1 and data quality problems with the information on seats available. However, in most of the cases the concerned countries are implementing correcting measures or have plans to improve their systems to ensure the full compliance with the legal requirements.

Concerning the application of the granted derogations, no particular problem has been detected. Those countries which had requested them have started providing the necessary data after their expiration. Even some countries have decided not to profit from them for the whole granted period and have provided the data before it was compulsory. The number of reporting airports per country is shown on Table 2.

Table 2: Compliance with Regulation requirements: number of reporting airports by dataset and year.

	2003			2004			2005		
	A1	B1	C1	A1	B1	C1	A1	B1	C1
Belgium	1	1	1	2	2	5	2	2	5
Czech Republic	4	4	4	4	4	4	4	4	4
Denmark	8	3	9	10	10	10	10	10	10
Germany	70	69	40	68	68	40	71	71	:
Estonia	1	:	1	1	1	2	1	1	2
Greece	38	38	38	38	38	38	38	38	38
Spain	33	33	38	33	33	39	33	33	39
France	80	80	80	64	64	64	66	66	66
Ireland	3	:	:	3	3	11	6	6	11
Italy	30	30	42	34	34	42	34	34	43
Cyprus	2	2	2	2	2	2	2	2	2
Latvia	1	:	2	1	1	2	1	1	2
Lithuania	:	1	3	:	1	3	3	3	3
Luxembourg	1	:	1	1	:	:	1	:	:
Hungary	1	1	1	1	1	1	1	1	3
Malta	1	1	1	1	1	1	1	1	1
Netherlands	5	5	5	5	5	:	5	5	:
Austria	6	6	6	6	6	6	6	6	6
Poland	:	:	12	1	1	12	1	1	10
Portugal	9	9	9	9	9	10	10	10	10
Slovenia	:	:	1	1	1	1	1	1	1
Slovakia	2	2	2	2	2	6	2	2	6
Finland	31	28	26	31	30	26	30	30	26
Sweden	18	:	42	18	3	42	18	3	32
United Kingdom	47	47	60	47	47	61	48	48	61
Bulgaria	:	:	4	:	:	4	:	:	4
Romania	:	17	17	16	16	16	3	3	9
Croatia	:	:	:	:	:	8	:	:	9
Turkey	:	:	14	:	:	15	:	:	14
Iceland	1	1	24	1	1	24	1	1	24
Norway	81	54	133	81	55	137	82	52	166
Switzerland	7	7	62	7	7	62	7	7	7

2.1.2 *Burden of the implementation and regular data provision for the reporting countries*

In the majority of reporting countries the compliance with the Regulation has required the implementation of a new data collection and compilation process. In other countries, extensions or adaptations of the existing processes have been needed. In very few cases no specific measures have been taken as the existing processes were sufficient to satisfy the requirements. It has to be mentioned that no financial support was foreseen in the Regulation to cover the cost of its implementation.

Concerning the regular data provision, the workload involved is considered as acceptable by a majority of reporting countries. Nevertheless, in some countries this involves a major burden, particularly for the airports as original data providers.

In terms of costs, a pilot study launched in 2006 on behalf of the Working Group on European Statistical System Programming and Coordination revealed a very

heterogeneous situation, with an average annual cost per reporting airport varying up largely depending on the country. Until certain extent, this reflects the different position of the Competent National Authority (CNA) responsible for the data delivery to Eurostat in relationship with their national data providers, normally the airports. The CNA may be the national statistical office, the civil aviation authority, the Ministry of Transport or even the airport administration in the reporting countries where there is only one airport.

2.1.3 Data collection, compilation and validation process

The data collection and compilation process on the reporting countries follows a traditional bottom-up flow of information. In general, this flow starts at the airlines and/or the handling agents that supply the data to the airport organisations, normally on the basis of electronic standard movement messages. Then, the airports transmit the information to the CNA which makes the compilation, validation and transmission of the national data to Eurostat.

Some variants to this general flow exist, however. In some cases, the airports use their own databases or sources to provide the information, particularly for some of the variables requested on dataset C1 such as aircraft movements. In other cases, the airlines or handling agents deliver directly the information to the CNA.

All CNA apply validation checks before sending the information to Eurostat, using internally developed control procedures and/or using a pre-validation software tool provided by Eurostat. The validation rules cover many aspects of the process including data format, codification, consistency between datasets and variables, etc.

2.1.4 Methodological issues

The methodological arrangements of the implementing Regulation 1358/2003 have provided a common framework to ensure a harmonized data collection and the production of comparable results. During the period considered, no major methodological issues have been raised.

2.2 RESULTS

2.2.1 Data transmission and validation.

Article 7 of Regulation 437/2003 requires the data transmission no later than six months after the end of the period of observation. During the period considered, the compliance with this deadline has improved significantly. Currently, this deadline is generally respected and, in many cases, it has been significantly reduced.

Regarding the technical arrangements for data transmission, a high level of standardisation has been achieved. Data are transmitted electronically to Eurostat respecting the requested structure of the data files and the record format. This allows a quick integration of the information on the Eurostat production database and an early detection of basic errors and unknown codes.

Once data have been loaded in the Eurostat database, detailed validation procedures are applied to ensure the quality of the transmitted data. The validation includes the internal consistency of the datasets, the consistency over the time, the coherence

between datasets and a comparison of the results for routes shared by two reporting countries.

The overall level of data quality can be judged as high. This statement is based on the implementation of a solid common methodological framework, on the efforts in the compilation and validation procedures at national level as well as on the subsequent quality controls performed at Eurostat before data dissemination.

2.2.2 *Methodological guidance*

Eurostat has produced a *Reference Manual on Air Transport Statistics* to provide guidance to Member States and other reporting countries in the implementation of the Regulation. The Reference Manual is updated annually to include the most recent information, documentation or guidelines relevant to the collection of these statistics.

2.2.3 *Data dissemination*

According to Article 3 of Regulation 1358/2003, the Commission can disseminate all data not declared as confidential by the Member States. In practice, very few countries have used this clause and the large majority of the data delivered to Eurostat can be disseminated.

However, the dissemination of the airline information has been limited to aggregated values for EU and non-EU licensed carriers. The provision of detailed information on airlines is optional and, in practice, confidentiality constraints at national level prevent many countries to do such provision or limit it to aggregated values.

Eurostat releases the data collected through its dissemination database freely accessible from the Eurostat web site. Due to size limitations, a threshold structure for the dissemination of airport-to-airport data (air routes) is applied. Eurostat also disseminates this information through specific publications such as the series *Statistics in Focus* or news releases that provide relevance to the data for the media and the general public.

Table 3 contains some key figures on the European air transport collected on the basis of this Regulation.

Table 3: Passenger, freight and mail air transport by country: 2005 data and growth 2003-2005.

	Passengers		Freight and mail	
	2005 data	Growth 2003-2005	2005 data (in tonnes)	Growth 2003-2005
Belgium	17,813,943	18.0%	694,523	14.5%
Czech Republic	11,265,764	45.2%	56,259	5.7%
Denmark ²	22,172,778	14.1%	7,465	-17.0%
Germany	145,977,422	20.5%	3,005,967	23.0%
Estonia	1,393,105	96.2%	9,739	92.8%
Greece	30,798,527	9.3%	105,502	-23.0%
Spain	143,679,871	19.5%	526,125	19.6%
France	107,955,149	12.1%	1,476,721	4.3%
Ireland	24,254,298	24.4%	89,356	114.6%
Italy	87,906,423	18.9%	754,302	10.3%
Cyprus	6,782,277	11.6%	39,220	23.3%
Latvia	1,872,040	165.5%	15,428	14.0%
Lithuania	1,434,241	98.7%	9,580	83.6%
Luxembourg	1,538,152	6.1%	624,803	3.7%
Hungary	8,048,760	60.6%	55,472	9.8%
Malta	2,757,240	4.1%	16,891	2.2%
Netherlands	46,433,037	12.8%	1,550,736	11.7%
Austria	19,684,822	24.6%	181,533	41.0%
Poland ¹	7,080,325	16.2%	31,130	-48.3%
Portugal	20,272,160	14.3%	129,516	4.8%
Slovenia ¹	1,217,167	16.3%	4,549	-27.1%
Slovakia	1,582,978	152.9%	4,069	-68.3%
Finland	12,348,113	17.4%	119,569	33.3%
Sweden	22,899,135	12.0%	:	-
United Kingdom	204,013,386	14.7%	2,450,838	7.2%
European Union 25¹	705,820,750	8.5%	10,953,661	3.5%
Bulgaria	5,022,584	40.5%	16,845	8.5%
Romania	3,493,783	28.6%	17,980	13.5%
Croatia ¹	3,915,666	18.7%	18,109	82.3%
Turkey	53,515,594	58.9%	333,511	19.5%
Iceland	2,111,100	35.2%	62,969	38.7%
Norway	:	-	:	-
Switzerland	28,876,072	12.5%	334,024	3.8%

EU aggregates are calculated excluding double counting between EU partner airports

¹ Due to data availability, growth is calculated between 2004 and 2005

² Danish freight data do not include Kobenhavn/Kastrup airport figures as they are not available

3 CONCLUSIONS

The experience gained and the results obtained on the implementation of Regulation 437/2003 can be considered, in general, as very positive. Even if a similar system was running before the adoption of the Regulation, the work and resources put into the setting up of the legal requirements, both at national and Eurostat level, have allowed a quick production of comparable and reliable results. This is particularly relevant in the case of the ten Member States which joined the EU in 2004, where previous experience in air transport data collection was limited.

Most of the issues linked to the interpretation of the Regulation, data collection, compilation, transmission and validation have been addressed and properly tackled. The implementation of this Regulation has led to an increase in the availability of information on the sector as well as an improvement on data quality and timeliness. Regarding the use of the data, the results obtained have an immediate application for policy-making, particularly for the development, implementation and monitoring of the air transport sector policies at national and EU level. Data dissemination through different public means has contributed to give visibility to the whole process and to provide a return to the citizens for the investment of resources made on it.

3.1 SHORT TERM DEVELOPMENTS

In the short term, the efforts should be concentrated on the following issues:

- Further improvement of data quality for certain elements. Some reporting countries need to make additional efforts to supply regularly reliable and comparable data for the freight variables, the information on seats available or some of the elements contained on dataset C1.
- Provision of airline information. The delivery of airline information separating, at least, EU from non-EU carriers should be a reachable objective for all Member States without diminishing their confidentiality restrictions. Furthermore, under special circumstances such as the negotiation of air transport agreements with third countries, it maybe needed to define a procedure for which the Commission could request Member States to provide detailed airline information not delivered under the regular data provision.
- Enlargement of the EU to Bulgaria and Romania. Eurostat will pay particular attention to ensure that these two new Member States comply with the EU legislation on air transport statistics.

3.2 LONG TERM DEVELOPMENTS

Long term developments would probably imply the extension of the data collection to new variables such as: true origin/final destination of passengers when the journey includes multiple flights (at least, for passengers having one single ticket for the complete journey); nationality of incoming extra-EU passengers; ticket pricing; number of indirect transit passengers (i.e. transfer passengers) by airport; or a breakdown of the number of movements by period of the day and by technology according to standards on certified noise levels.

These variables are addressed by new policy needs and go beyond the present scope of the Regulation. However, reporting countries have clearly expressed the current impossibility of collecting such information and the need to duly justify any further burden linked to the collection of air transport statistics.

Anyway, at least two future developments not linked to new data requirements could be envisaged:

- A short reduction on the data transmission period to five months after the end of the period of observation, in line with the statistical data collection of other modes of transport.
- Extension of the geographical coverage due to either future EU enlargements or the voluntary involvement of third countries through co-operation agreements.