

HERMAN DE CROO AND THE EUROPEAN TRANSPORT PROBLEMS

THE WISE MEN'S COMMITTEE, 1993-1994

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In 1993, on both sides of the North Atlantic, the airline industry was in turmoil. In the United States, the National Commission to Ensure a Strong Competitive Airline Industry was created on April 7. The Commission's mandate was to investigate, study and make policy recommendations about the financial health and future competitiveness of the U.S. airline and aerospace industries.

In the European Union, a growth industry was nevertheless plagued by poor profitability. For too long the airline industry had depended on state support. It had developed as a highly protected area of national economies, an integral part of government policy.

All over the world, states exercised their right of sovereignty over airspace and their privilege to set up national carriers. On both sides of the North Atlantic, governments almost regularly used these carriers as an instrument to promote trade, their aeronautical industry, or foreign political links, all without regard to the economic implications of commercial significance.

As a result, national air transport systems emerged in Europe, causing fragmentation and much inefficiency.

While the U.S. Commission was being set up, with a mandate to report in 90 days after the appointment of the commissioners, the European Commission was following its progress with great interest. Herman De Croo was therefore invited by European Transport Commissioner Abel Matutes to share his views on the current situation. He then asked De Croo to chair a *Comité des Sages* (the Wise Men's Committee), which would propose remedies. Apart from De Croo, the members of the Comité were His Highness The Aga Khan, majority shareholder of Meridiana, Pieter Bouw, President of KLM Royal Dutch Airlines, Bjarne Hansen, President of Maersk Air, Geoffrey Lipman, President of the World Travel & Tourism Council, Henri Martre, Member of the Board and former Executive Chairman

of Aérospatiale, Joao-Maria Oliveira-Martins, former Portuguese Minister of Transport, Gonzalo Pascual, Chairman of Spanair, Manfred Schuilch, Vice Chairman of the Executive Board of Frankfurt Airport, Guillermo Serrano, Chairman of Board of Amadeus, René Valladon, Chairman of the Joint Civil Aviation Council (Union 'Force Ouvrière') and Jürgen Weber, Chairman of the Executive Board of Lufthansa German Airlines.

It was Herman De Croo's view that the Comité was thus a full and fair representation of all stakeholders. Nevertheless, a number of key individuals did want to join, but a decision had been made to limit the number of members to 12, to ensure their full commitment and enabling progress to be made at a reasonable speed.

Again, in contrast to the massive effort we could see in the United States, De Croo was to receive support from a small team from the European Aviation Club ASBL which had recently been founded: Prof. Jacques Naveau, Brussels University, André Clodong and Sylvie De Schryvere. Advisory support and liaison with the European Commission was also on hand with Eckard Seebohm, Principal Administrator, Directorate-General Policy Unit, European Commission. Last but not least, an observer from the European Commission, Daniel Vincent, Director, Directorate-General for Transport, was always available, without ever guiding the Comité in one direction or another.

TIME WAS OF THE ESSENCE

If the U.S. Commission was only given 90 days to report, it had the support of a large number of staff from government and industry. We as Europeans were given six months to report, albeit with the support of a very small staff, as already described, and to seek informed opinions from the industry far and wide. This was going to be the main task of the Comité.

The first plenary meeting of the Comité took place on 22 June 1993 and another quickly thereafter on July 9. De Croo had then indicated his desire to go to Washington D.C. as soon as possible to share views with key members of the U.S. National Commission whose Chairman, Gerald L. Baliles, extended extreme courtesy to the European fact-finding team comprised of Geoffrey Lipman, Guillermo Serrano and Eckard Seebohm.

A HEAVY WORKING PROGRAMME

Between June and December 1993, the Comité held nine plenary meetings. Attendance by this elite group was exceptional. Seven co-rapporteurs' meetings covered External Affairs, Financial Matters, Intra-European Affairs, Infrastructure and Harmonisation.

As Chairman, Herman De Croo met privately with several top airline executives including Bernard Attali, Chairman, Groupe Air France. Attali had wanted to be on the Comité but his request was denied. He held very strong views on protectionist practices, which plainly conflicted with the majority of the Comité. On the other hand, other senior Aviation executives were more open to suggestions: Pierre Godfroid, Chairman, Sabena; Sir Colin Marshall, Chairman, British Airways; René Lapautre, former UTA Chairman; Robert L. Crandall, Chairman and President, American Airlines, among others. Other notables included Secretary Federico Pena, US Department of Transportation; Abel Matutes, Member of the European Commission; Karel Van Miert, Vice President of the European Commission; Eric Kirsch, Administrateur Général, RLW-RVA Belgium; Baudoin Gillis, Administrateur-délégué, Wagons-lits Travel; Jacques Broquin, President, Fédération Internationale des Cadres des Transports (FICT). Rarely was such a panel of experts available to him in any of his missions.

In addition to private meetings, the industry at large was invited to express their own wishes and views. The industry hearings in September totalled 28 presentations. In September 9 and 16, De Croo chaired industry hearings where 28 presentations were made by the industry. A total of 74 submissions were received from airlines, airline organisations, airports, airport organisations, cargo, charter airline organisations, consumer organisations, environmental groups, general aviation, governmental departments, intergovernmental aviation organisations, international organisations, manufacturers, manufacturers' organisations, trade organisations, travel trade organisations, unions and employee organisations and individuals. The annex containing the 74 submissions was 660 pages long. Each one was carefully analysed. And in keeping with his intent for full transparency, the annex was published and freely available.

As Chairman of the Comité, De Croo was given the opportunity to express his personal views. For six months, the Comité had listened to the often contradictory views of many knowledgeable people. The Comité had sought views from the industry at large. In fine, the Comité reached a broad consensus both on causes and remedies. Only two dissenting opinions on the Comité were expressed: one on ground handling at Community airports and another on social issues. De Croo summarised the views of the Comité. He professed that the internal market must be made to work by enforcing its rules and effectively addressing sensitive issues like slots, state aids, mergers, and alliances.

Herman De Croo highlighted the need to remove the infrastructure bottlenecks as a matter of urgency. Of particular interest to him was the provision of Community funds needed for the provision of an efficient Single Air Traffic Management System. He also emphasized the need for a genuine Community approach to external aviation relations.

WHAT'S IN A NAME?

The report of the *Comité des Sages* needed a catchy title. At the final plenary meeting in Frankfurt, the Comité agreed on 'Expanding Horizons', highlighting the Comité's appetite for change. In February 1994, De Croo presented the report to the world press at the European Commission headquarters. The interest was such that the pressroom was overflowing and monitors had to be hastily installed to allow more journalists to see and hear his presentation. The Commission staff confided to him that this had never happened before.

Contrary to what is often the case in such an undertaking, interest in the work of the *Comité des Sages* did not disappear quickly. The world aviation press covered the event extensively for many months. The 'Expanding Horizons' title had a life of its own. Several aviation trade associations borrowed the title to varying degrees. The Journal of Law and Economics published the full content of the Comité's report.

Aviation Week, the bible of the industry worldwide, nominated De Croo in their 1994 Aerospace Laureates for Commercial air transport. The magazine had said that 'thanks to De Croo's perseverance, the Wise Men produced much more than an additional nice book that soon will be covered by dust', as a French airline official had predicted. As Chairman, Herman De Croo presented the report to the Council of Ministers on November 30. A few weeks earlier, on November 2, he had presented the report at the 49th IATA Annual General Meeting in Montreal.

A quarter of a century later, it is worth mentioning that the aviation landscape in Europe has changed dramatically. At the time of the *Comité des Sages*, Ryanair was a minnow compared to the main airlines. In 1993, Ryanair just passed the million-passenger mark. It had yet to receive its first Boeing aircraft in 1994. The Irish airline has since become the largest European airline in terms of the number of passengers transported. Compared to its more traditional competitors, Ryanair has clearly introduced a profitable model for air transport in Europe. The low-cost phenomenon has had a huge impact on European society, from small businesses to students.

The *Comité des Sages* did show the way, but Herman De Croo must admit that our collective wisdom has in fact been bypassed beyond our smartest predictions. However, what has not changed is the continuing failure of the European institutions to install a true Single European Sky. This remains a lofty but apparently unattainable goal.