

**Resilience and Efficiency through Leadership and Cooperation**  
**Position Paper by DG MOVE**

Presented by European Commission

## Introduction

COVID-19 has had an extremely profound impact on our lives for more than a year now. All sectors across the global economy have been severely affected but no sector has been harder hit than aviation. In March 2020, this unprecedented crisis which dwarfs previous shocks, such as the 2008 global financial crisis or 9/11, has turned upside down what used to be vibrant aviation markets around the globe. Prior to the outbreak of the pandemic, aviation transported passengers in record numbers, reaching more than 4.5 billion passengers in 2019 (ICAO), and provided unprecedented levels of connectivity and consumer choice. Beyond that, the aviation industry, traditionally prone to cyclical shocks and razor-thin margins, had managed to improve its profitability and collectively posted sustained profits for several years in a row (IATA). In addition, and very importantly, aviation had also stepped up its commitment to greening the sector to make its contribution to fight climate change.

The outbreak of the pandemic has completely reshaped the state of the sector overnight, resulting in a near total grounding of the global fleet last spring, and radically reduced traffic and passenger numbers since then. For 2020, this has resulted in -60% of global passenger numbers, and a massive USD 370 billion loss of gross passenger operating revenues for airlines alone (ICAO). There are significant differences among regions as well as types of services and operations when it comes to the impact of COVID-19. Inter-continental and international air traffic has been hit particularly hard. Europe has been faring worse than other regions, with 769 million passengers fewer than in 2019, and a USD 100 billion loss in gross passenger operating revenues for airlines alone (ICAO). Currently, air traffic in Europe remains at only one third of flight movements compared to 2019 (Eurocontrol, April 2021) with less than a fifth of pre-crisis passenger numbers travelling through European airports (ACI, March 2021).

## EU aviation: a success story

To understand the current crisis, and develop the appropriate responses it is important not to lose sight of the importance of aviation for Europe. Aviation stands out as a European success story and as prime example of the benefits for European citizens of the EU single market. Through progressive liberalisation since the late 1980s paired with high standards and common rules, we have achieved one of the most integrated and successful aviation markets in the world. Through the market opening and more competition, Europeans from all corners of the Union have come to benefit from connectivity at competitive prices. As a result, aviation plays a hugely important social and economic role in Europe. What used to be a privilege of the few, is now affordable to millions of Europeans. Air transport has been a driver of social and regional cohesion and air connectivity gives competitive edge to the European economy.

This is not to claim that pre-COVID-19 everything was perfect in European aviation. Far from it. Already pre-COVID, aviation growth was not sustainable and it was hampered in various ways. In several aspects, aviation had become a victim of its own success, above all concerning aviation emissions, airport capacity constraints but also linked to airspace capacity, congestion and the still untapped potential of completing the Single European Sky. Overall, however, European aviation has been an overwhelming success story. For the European Commission, it is therefore crucially important to preserve the benefits of the EU Single Aviation Market also after the current crisis. COVID-19 must not cause long-term damage that jeopardises the successes of the EU's Single Aviation Market. Instead, we must work together to preserve the conditions for its benefits and transition aviation to becoming a sustainable, resilient and smart transport mode. This notably requires overcoming the crisis by restarting, recovering and building resilience.

## **Leadership and cooperation**

Leadership and cooperation, the topics of this call for papers, are naturally at the heart of this process. There is an important role for both governments and stakeholders in that respect. While stakeholder leadership, including industry voluntary action and self-regulation, is often helpful, it cannot be everything and it cannot replace government regulation. The role of governments is to set out the appropriate regulatory framework to govern the marketplace within which commercial operators can compete based on fair and equal opportunities and within which citizens can rely on safe and affordable services and a fair treatment. In doing so, the European Union focuses on the general European interests, which are naturally wider than the interests of individual stakeholders and notably include consumer interests as well as wider economic and strategic interests. If it had been left to some individual aviation industry stakeholders, the European Union would never have achieved the success story of the Single Aviation Market. This is why the European Commission takes all interests into consideration when considering new policies and proposing legislation. These basic principles will continue to guide EU aviation policy.

*“Build back better”* must be the motto – and while it may sound like a cliché it is exactly what policymakers, regulators and stakeholders jointly need to do. Sir Winston Churchill famously said, “never let a good crisis go to waste”, and for aviation, possibly even more than for any other sector, COVID-19, with its catastrophic impact, is nothing short of the mother of all crises. Faced with a crisis of such a magnitude, which we will hopefully never witness again in our lifetime, our only option is to see and use the crisis as an opportunity to rethink and reinvent the way global and European aviation is regulated and put on track the right measures to ensure the sector’s long-term sustainability.

## **The pandemic as a catalyst**

The need to recover from a deep crisis can in itself become a powerful accelerator for necessary reform and adaptation to a new normal. The Commission has demonstrated this when providing immediate relief in a very short timeframe in the early response to COVID-19. Measures were developed and adopted at record time in many domains, including health, the overall economy and transport. Aviation specific measures, such as guidelines to maintain the economic lifeline of cargo operations amidst the chaos of uncoordinated border closures, slot relief legislation, guidelines on PSOs and the EASA/ECDC aviation health safety protocol to help restart the sector were all developed within a few weeks. Other horizontal measures, such as adopting the temporary framework for state aid or activating the full flexibility of the EU stability and growth pact also benefitted the aviation sector. Close and good cooperation between the Commission, the European co-legislators, and stakeholders was the key to enabling a quick reaction, in particular also in the field of aviation. Unfortunately, such a well-coordinated response was not possible across all areas. In particular, unilateral and uncoordinated border actions have undermined the impact of the EU’s response, put in question the free movement of citizens and to some extent continue to do so one year into the crisis. Whilst cooperation between Member States has improved since the start of the pandemic, it remains essential if we are to tackle effectively the threats we face. The Commission has worked continuously to support national efforts since the onset of the pandemic. The measures it has introduced have, amongst others, helped keep essential goods and services flowing, supported national healthcare systems which found themselves under pressure, supported the economy, facilitated free movement of people and crossing of borders and boosted preparedness.

This has permitted to restart air travel and some first steps towards recovery last summer. Yet, the deteriorating epidemiological situation and the panic it has triggered in the autumn serve as a reminder how fragile the situation remains.

## **The importance of stakeholder leadership**

For regulators it is always helpful to receive active stakeholder input when formulating policies, and their feedback from implementing policies and regulations. The Commission has therefore put in place a comprehensive network to consult with stakeholders, including expert groups or public consultations, including in the field of aviation. However, a situation so serious that Europe's long-term connectivity is at risk has brought new forms of stakeholder leadership going beyond the established consultation mechanisms.

Unprecedented challenges require unprecedented responses and measures. COVID-19 has demonstrated that unprecedented cooperation is needed too: cooperation among the EU institutions, among Member States, various ministries (transport, health, tourism etc) and agencies and especially between stakeholders. While the Commission has done its utmost to coordinate the response to the pandemic and to mitigate its socio-economic impact, stakeholders have shown leadership too.

The aviation sector has understood that when it came together, in each and every part, as in the Aviation Round Table to develop a broad and joint vision of what is needed for recovery. Overcoming internal differences, industry, trade unions, consumer organisations and environmental NGOs have sat together to draft the Roundtable Report, laying out a comprehensive strategy of what is necessary so that aviation can again take to the skies. This report is truly innovative, not just in the inclusive way in which it was prepared but also in terms of its content. It is not just about "more of the same", or getting back to pre-crisis ways and means. Rather, it offers a vision of a sector that is stronger, more sustainable and more forward-looking than before.

Especially in the area of environmental sustainability, the report testifies to the sector's clear commitment to reduce its environmental footprint and calls for regulatory measures to help reach this objective. This commitment goes further than the current position in other parts of the world but has helped reinforce EU actions and cooperation worldwide, notably at the International Civil Aviation Organization (ICAO). In addition, the report emphasises the need to ensure the enforcement of EU passenger rights and consumer protection and calls for reinforced social actions. As regards economic sustainability, the report proposes measures to preserve the single aviation market and its competitiveness including ways to make it more resilient to future shocks as well as to continue pursuing an ambitious external EU aviation policy.

## **The EU Sustainable and Smart Mobility Strategy**

As one of the tools to implement the European Green Deal, the Sustainable and Smart Mobility Strategy (SSMS) includes several key proposals for the aviation sector. Business as usual is not an option if we want to preserve a vibrant European aviation market for future generations. The licence to grow of the aviation sector will be very dependent on the sectors willingness and ability in the coming years to seriously address its environmental impact in a responsible and credible way. In the SSMS, the Commission has therefore proposed a number of flagship initiatives to enhance the sustainability of the transport sector, which are also very relevant for aviation. In particular, the Commission will propose a revision of the EU ETS and the implementation of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) into EU legislation. Looking at the global level, European efforts will also serve to support the work done at ICAO on the establishment of a Long-Term Aspirational Goal for the aviation industry to reduce its emissions. Important work will also be done to include aviation in the EU's sustainable taxonomy legislation. The aim is to provide investors with clarity on investments that qualify as sustainable, and would contribute to supporting the aeronautic industry in its efforts to decarbonise. The large-scale deployment of sustainable aviation fuels (SAF) is a strong pillar of the decarbonisation of

aviation for the years and decades to come. SAF have high potential to reduce emissions within the sector. In the coming weeks, the Commission will adopt a legislative proposal to mandate the deployment of advanced and e-fuels, and to maintain a level playing field for aviation fuels in the EU aviation internal market. Fostering multimodality is another key aspect to ensure more convenient and greener journeys and address congestions. The Commission proposals also seek to enhance the flexibility of the ATM sector to accommodate fluctuations and make it more resilient by operationalising more efficient digital technologies. Preserving the benefits of the Single Aviation Market also requires a critical review and where needed update of its many building blocks, including air services, PSOs, computer reservations, airport charges or slots.

Aviation is by nature international, which is why the Commission will continue to deepen aviation relations with key strategic partners to ensure a global level playing field, including through the negotiation of new EU-level air transport agreements. This will serve as a tool to promote EU policy objectives internationally while contributing to the recovery.

### **Going forward**

The pandemic will however continue to shape the aviation sector for the immediate future. Once the epidemiological situation allows, the single most important aspect for ensuring the short-term recovery of the sector will be to re-establish consumer trust and confidence in flying while safeguarding public health and passenger safety. The full re-opening of borders both within the EU and with third countries is indispensable in this respect. While the accelerated rollout of vaccines will be a key tool in this regard, vaccination should not become a precondition for travelling. At the same time, once there is sufficient scientific evidence that a vaccinated person does not represent any risk of contagion, that person should be relieved from having to undergo other measures such as testing or quarantine. This could further help travel and tourism to recover. To ensure that the necessary operational and secure infrastructure is in place, the Commission has proposed to establish Digital Green Certificates by June 2021 for proofs of vaccination, testing or recovery from COVID-19. The technical solutions must fit many use cases beyond pure health uses. Transport, including air transport, will be an important such use case which should be able to work seamlessly with other solutions that are currently being developed outside Europe. This is particularly important for the aviation sector, and its strong international focus that sets it apart from other economic activities. The Commission is therefore working closely with international organisations, such as ICAO or the World Health Organization (WHO) to ensure global interoperability.

This builds on the work of the ICAO Council Aviation Recovery Taskforce (CART), which was set up to devise global recommendations in the wake of the outbreak of COVID-19. Convinced that global cooperation and coordination are key to overcoming the pandemic, the Commission, along with EU Member States, and stakeholders, has been active in CART to ensure safe travelling for passengers, seeking to avoid fragmentation and contradictory rules, which would delay the recovery of the sector. The latest update of the CART recommendations put forward the technical groundwork for testing certificates, which will also be used for vaccination certification, and took up the key principles that vaccination must not become mandatory while once the non-transmissibility is proven, vaccinated passengers should no longer be subject to quarantine or testing requirements.

### **Conclusion**

COVID-19 has put a severe strain on the European aviation ecosystem and challenged it as we have known it. The current unparalleled crisis requires all actors, regulators and stakeholders alike, to rethink the set up of European aviation to ensure that also future European generations will be able

to benefit from the Single Aviation Market. It is therefore critically important to use the crisis as an opportunity to put the sector firmly on track towards sustainability. While there are still plenty of unknowns on the path to recovery, it seems that currently at least the number of unknown unknowns is being reduced. The progressive roll out of vaccines around the globe provides a silver lining on the horizon. The ongoing preparations of the necessary infrastructure for implementing European Digital Green Certificates by June will be critical for the short-term recovery. The crisis has provided valuable lessons learnt also for aviation. The fact that the diverse stakeholder landscape managed to pull together and proactively provided a vision for a sustainable long-term future of the sector, is impressive, useful and bodes well for the future and should, in the Commission's view, be maintained as a working method also after the pandemic. Together with strong regulatory leadership, it can chart the way to a new bright future for European aviation.

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