Informal dinner with [redacted] Boeing,
Brussels, 07/02/2023

Memory jogger

You will have dinner with (CVs attached)

- [redacted]
- [redacted]
- [redacted]

Boeing situation (see background)**:**

- In January Boeing reported an overall net loss of $5 billion for 2022 (loss of $4.3 billion in 2021);
- Regarding commercial airplanes, Boeing reported for 2022 a sharp increase in airplane orders and deliveries but remained behind Airbus (for the fourth year);
- Given the growth in orders for Boeing (and Airbus), increasing production is challenging (also due to supply chain issues).

Situation regarding Boeing's commercial airplane models

- On 737 Max: In January 2021, EASA approved the return to service of a modified version of the Boeing 737 MAX, [redacted]
- MAX7 & MAX10 (longer versions): President Biden lifted on 29 December 2022 a deadline for installing new safety standard for cockpit alerts by end of 2022, which was imposed by Congress in 2020 after the two MAX crashes. The so-called "Omnibus" Consolidated Appropriations Act gives Boeing now three more years to retrofit 737 Max planes.
- On 787: In August 2022, FAA approved the 787 for delivery again after Boeing had halted deliveries in 2021 due to FAA concerns on whether Boeing's inspection method meet safety requirements.

- [redacted]
- [redacted]
- [redacted]
- [redacted]
  - [redacted]

- [redacted]

Sustainability:

- Boeing: focusing on SAF for decarbonisation, committed to have new airplanes compatible with 100% SAF by 2030. Supports SAF mandate in ReFuelEU, member of RLCF alliance. Four-pillar sustainability strategy: fleet renewal, operational efficiency, renewable energy (SAF and electrical/hydrogen, carbon offset), and advanced technologies. Negative on hydrogen.

EU activities of interest for discussion

- ETS: revision to make it a strong market-based instrument to control emissions including from aviation. Gradual phase out of free allowances by the end of 2025. Application for intra-EU flights only, pending the next review of CORSIA in 2025 (and Commission report in 2026). Monitoring and reporting of non-CO2 emissions from 2025.
- ReFuelEU: Deployment of SAF could bring by 2050 two-thirds reduction of all aviation emissions. COM ensuring that sufficient SAF is available through encouraging investments to trigger fundamental change in aviation market. SE PCY intends to finalise negotiations.
    - Require fuel suppliers to blend SAF at least 2% by 2025, 5% by 2030, 20% by 2035. COM include sub-targets for e-fuels (but not yet agreed), with 0.7% by 2030 and 5% by 2035. Parameters are likely to change.
    - Flanking measures: Renewable and Low Carbon Fuels Alliance, Funding Mechanisms (R&D/Green Taxonomy), SAF Clearing House, ETS Innovation Fund, Horizon Europe.
    - Impact assessment - EU could generate close to 100,000 net additional jobs in 2040 and around 200,000 in 2050.
- ETD: Proposed gradual taxation of Kerosene (2023-2033) on intra-EU flights, SAF and e-fuels will benefit from a minimum zero rate for a 10-year transitional period (afterwards very low tax rate). This will benefit SAF uptake.
- CORSIA: started offsetting phase in January 2021. COM proposed to not implement CORSIA on intra-EU routes (and flights to UK and CH), aim to avoid double counting, foster high participation, ensure compliance. Agreement in ICAO on making CORSIA effective from 2024 despite the pandemic, with baseline of 85% of 2019 CO2 emissions on routes between volunteering countries.
- AFIR: airport managing bodies to ensure that stationary aircraft are supplied with electricity at TEN-T core and comprehensive airports →

2025 – for all gates (points connected with a passenger boarding bridge); 2030 – for outfield posts (points not connected with a passenger boarding bridge). Next political trilogue on 07/02.

- Taxonomy: Inclusion of aviation in the EU taxonomy will support aviation companies in transition to climate neutrality and will improve access to finance for green aviation projects. 1st Delegated Act in force from 1/1/22, covers SAF production and low carbon airport infrastructure. Remaining aviation criteria: aircraft manufacturing and leasing, air transport services, ground handling, covered in the Platform on Sustainable Finance final report, published on 30 March 2022, and are intended to be included in the future taxonomy via delegated act. Stakeholders will have opportunity to express views on draft delegated act before adoption.
- ICAO LTAG: 41st General Assembly adopted Long Term Aspirational Goal for international aviation to reach net-zero emissions by 2050.
- EU support for decarbonisation: COM providing funding for decarbonisation of aviation sector through Connecting Europe Facility, Invest EU programme and ETS Innovation Fund.

EU-US market, ATA

- Transatlantic market: Recovery well on track - US carriers will operate 14% more seat kms in February 2023 than they did in 2019. Also very dynamic with Norse Atlantic entering more markets. What is your take?
- Flipped House: What is your overall assessment? [redacted] is out, and [redacted] the new [redacted]. What changes can we expect?
- Flags of convenience: If passed, it would be a blatant attack on the very fundamentals of our ATA. Worried that this issue keeps creeping back in more and more often. What does the new Congress mean for flags of convenience initiatives? As I told you before, any bill would leave no choice to EU but to react strongly.

<u>**Contact:**</u>

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