

Subject: Flash report: Commissioner Valean meeting with A4E CEOs

Attendees: ██████████ (Ryanair), ██████████ (IAG), ██████████ (LHG), ██████████ (Easyjet), ██████████ (Easyjet), ██████████ (TUI), ██████████ (Jet2). COM: ██████████, ██████████, ██████████, ██████████, ██████████, the undersigned.

Introductory remarks

██████████ started by explaining the political objectives of the new Commission. Need to steer the aviation sustainability debate together to get public acceptance. Mentioned her mandate on sustainability, digitalisation, social and develop a transport strategy. Referred to the ██████████ adoption tomorrow. Here to listen to you and what you expect to happen.

██████████ (A4E Chair): EU's single aviation market has been a great success of the EU over the last 25 years. A4E promotes free mobility. Want to help you achieve your mandate. As A4E, we will invest 170bn \$ in new more sustainable planes over next 10 years (will replace its own fleet within that timeframe). Want aviation to remain cheap so against taxation as it solves nothing to sustainability. Peripheral countries cannot afford to lose connectivity and make travelling more expensive.

A4E CEOs then raised 3 issues:

1. Sustainability of aviation

██████████ (IAG): committed to do our part on sustainability. No alternative to kerosene today, growth of emissions so recognise we need to take action: purchase of new aircrafts, supporting a strategic aeronautical industry. IATA committed to 50% emissions reduction by 2050. A4E thinks A4E needs to be more ambitious and will soon commit to do more. SES is part of the solution. SAF is part of the solution. We don't want to move now because we fear the taxation debate but because we can afford to do it today. Taxation will slow our initiative down.

2. SES

██████████ (LHG): 10% of emissions savings should we have SES. Out of LHG 800's aircrafts, it means equivalent of 80 planes for me just burn fuels and add emissions for nothing. Time to overcome the resistance. Airlines, companies, citizens want this. Bit more optimistic on SES thanks to sustainability argument.

3. Taxation

██████████ (Easyjet): wrong belief that aviation is exempted to tax due to no tax on kerosene. Listed all taxes Easyjet pays yearly. Want to have positive messages about what aviation brings versus being defensive on taxes. Labelled green taxes but it does opposite of what it is supposed to do as it is not reinvested to make aviation greener. Taxing aviation causes also issues (e.g; T.Cook bankruptcy) as it removes funds from what airlines could do with it to fly more sustainably.

██████████(Jet2): tax reduces supply, reduces demand. Want to maintain connectivity. We can invest more in green technologies than what governments can do with taxes.

██████████(Finnair): investments in new engine technologies, SAFs are much more efficient tools. Taxation is a negative incentive for investment. Want the industry to be part of the solution with regulators. Financial incentives for SAFs (synthetic biofuels for a start, power to liquid, etc.). Mentioned Chinese competition.

██████████(TUI): 150 aircrafts in 5 companies but also hotels, etc. Contribute to tourism. Increase of taxes in Germany. Unintended consequences on tourism.

██████████(A4E): repeated same arguments as other interlocutors. We know we have a good partner in you and DG MOVE. But ██████████ creates a momentum against us while we do a lot, we need to communicate more and better about it, should have done it before.

██████████ stressed that she understood all their arguments. Asked questions on efficiency of aircrafts as no technology available yet, keen to know savings thanks to new aircrafts purchase. On SAF, biofuels will be criticised so not ideal to use this argument. How far are we with SAF? Asked on blending for SAF and positive incentives. On SES, we managed to keep it alive at Transport Council but need to push next Presidency. Tourism and sustainable tourism are very good arguments.

██████████: Taxes won't stop people flying but it will mean less people in these planes. No alternative to SAF. 80% of pollution of aviation is on flights longer than 1500kms where no alternative to aviation, really.

██████████: while solutions for short range flights will come, for larger aircrafts (above 150 pax) and longer distance, need SAF, need new technologies such as wind/air to combine. 0.01% use of SAF so huge potential, need incentives to use it, not punishments. Problem of competition at EU's borders so need a level playing field with non EU players. If you add social and infrastructure costs, need to keep european aviation competitive.

██████████: let's be technology neutral and not rule out any as nobody knows. Need incentives to develop these.

██████████: problem of lack of supply if biofuel mandate, risk is that it will keep prices high. Second one is that raw materials may be produced in a different place than where it is used so if it ends up being shipped, it could be counterproductive so need to incentivise local production too.

██████████: A4E in favour of future COM's work on SAFs but be careful on blending mandate's caveats mentioned. Keen to support on both SAF and SES. Need industrial policy on SAF. Mentioned A4E's invitation to its event early March.

██████████: 81% of TUI hotels are certificated environmentally as well as local projects. Important role of aviation for tourism especially in southern Europe and in peripheral islands.

██████████ wrapped up the meeting by stressing today's political reality. Sustainability debate there to stay. Also reserved on taxation issue. Need to look at industry with all its players (airports) and will try to take a cautious approach on all this in the future.