Scene setter

You will meet Airlines for Europe (A4E), and International Airlines Group (IAG: Iberia, Aer Lingus, Vueling, plus British Airways). [CVs in Annex]. This is an introductory meeting.

The meeting will be preceded by a short discussion with IAG. The group’s structure is unique among EU airlines, comprising full service (Iberia, British Airways), value (Aer Lingus, Iberia Express) and low-cost airline brands (Vueling, LEVEL). Cargo, procurement, finance, and technology are managed at group level for all the airline brands.

A4E will then give a general presentation of A4E, its role, and a high-level view of the airlines’ priorities before discussing current files.

A4E would be interested to touch on: i) Update on internal aviation files, ii) Air Traffic Control Strike study; iii) Environmental files and SAF.

Objective

- Highlight great cooperation so far and encourage continued constructive dialogue with A4E on all files.

Key Messages – IAG

Airline consolidation

- We are following the changes in the market post-COVID 19 and the increasing trend in consolidation. This includes IAG’s proposed acquisition of Air Europa.

- While it is DG COMP who leads the assessment of specific transactions, our policy reflection takes these trends into account. It is important that the EU aviation market remains competitive.

Key Messages – A4E

EU Internal Aviation Market files

- I know that A4E is very interested in several initiatives dealing with the internal market (Slots, Air Services Regulation, Airport Charges Directive). These files are very complex and there is a need for further technical reflection. It will therefore be for the next College to table any initiatives.

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policy reflection takes these trends into account. It is important that the EU aviation market remains competitive.

**Noise (Amsterdam Schiphol)**

- A reduction in capacity of the magnitude proposed by NL at Schiphol, one of Europe’s busiest hubs, has never been done before. This case is an important precedent so we will pay very close attention to it.

- I fully understand Member States’ intention to tackle important environmental and noise concerns. However, such an intervention into an airport’s and airlines’ business model must be very well justified and in line with EU law.

- The Commission received the NL notification on 1 September 2023 and has 3 months to react to NL’s notification. We will review the notification against the Balanced Approach Regulation, in particular about the proportionality and cost-effectiveness of the proposed measures.

**Decarbonisation & FF55 implementation**

- The Commission welcomes the adoption of **ReFuelEU Aviation** by the European Parliament and by the Council.

- This regulation will bring long-term market certainty for SAF supply and uptake in the European market. It will help to unlock investments to deploy SAF at scale, creating new industrial opportunities. It will also considerably reduce the CO2 emissions of aviation, while preserving level playing field thanks to the uniform SAF obligations across the Union.

- The Commission supported by EASA is now preparing for the **implementation** of the Regulation. Several deliverables are due before the mandates start, notably book and claim report, guidelines on aircraft uplifting obligations, and environmental flight label. Stakeholders will be consulted as appropriate.

- The inclusion of aviation in the **EU sustainable finance taxonomy** for all key aviation activities has been an important step to create investment certainty and channel green funding. Numerous activities of relevance to airports have been already included in the Climate taxonomy delegated act published by the Commission in April 2021 (e.g. buildings, charging infrastructure, ground fleets, SAF production, and power generation). The inclusion of the remaining aviation activities (notably on ground-handling, air services, aircraft manufacturing) is pending the final approval of the European Parliament and Member States.
Strike Study

- The Commission is concerned by the risk of industrial action of air traffic controllers. While the right to strike is important, we have witnessed several large-scale strikes of air traffic controllers over the past months, mainly in France.

- Millions of EU citizens have been affected. We have sympathy with airlines’ desire to ensure any disruption is limited [note: A4E has issued a joint call for action]. Other stakeholders, including Member States, are calling on France to take measures to mitigate the significant disruptions, notably in view of the upcoming summer.

- There is a need to find solutions, to improve service continuity (overflights) in the event of strikes.

- Already in 2017, the Commission identified and recommended several operational measures that could help. These included early notification of strikes by the unions, individual notification of staff members, protection of overflights and protection of air traffic peak periods.

Defensives

*What does the Commission intend to do to improve the continuity of overflights in the event of strikes by French Air traffic controllers (ATCOs)?*

- Strikes of ATCOs in France have been many – especially in 2023 - and have significantly impacted the overall EU network.

- The Commission services are in contact with French authorities following complaints from airlines alleging a breach of the right to provide services.

- As you know France is in the process of adopting a law on prior notification in case of strikes of air traffic controllers. If adopted, this law should provide more predictability and help mitigate the impact of strikes on the network, while respecting the right to strike.
EU funding and financing

European Commission supports airports in their green transition through a number of instruments, notably the Framework Programmes on research and innovation (most recently Horizon 2020 and subsequently Horizon Europe), the Connecting Europe Facility, the InvestEU programme (in cooperation with EIB), the ETS Innovation Fund, the Structural Funds and the Climate, Energy and Environmental Aid Guidelines.

- Under the **Horizon 2020 programme**, the excellent example are the airports’ greening projects OLGA, STARLINKS, and TULIPS [selected under the €100 million Horizon 2020 call on Greening of airports and ports].

- Under the **Alternative Fuels Infrastructure Facility** (part of CEF), airports are eligible to receive support for electrification of ground operations.

- The **InvestEU programme** [managed jointly by the Commission, EIB and the implementing partners] can provide financial instruments (loans, equity, guarantees) for airport green projects under the dedicated windows for sustainable infrastructure and R&D projects.

- The European Union Emissions Trading System (EU ETS) revenues are feeding the **Innovation Fund**, one of the world’s largest funding programmes for the commercial demonstration of innovative low-carbon technologies. Airports can, inter alia, receive support for infrastructures to operate SAF, hybrid-electric and H2-powered aircraft.

The inclusion of aviation in the **EU sustainable finance taxonomy** for all key aviation activities has been an important step to create investment certainty and channel green funding, necessary to finance aviation’s transformation. Numerous activities of relevance to airports have been already included in the Climate taxonomy delegated act published by the Commission in April 2021 (e.g. buildings, charging infrastructure, ground fleets, SAF production, and power generation). The inclusion of the remaining aviation activities (notably on ground-handling, air services, aircraft manufacturing) is pending the final approval of the European Parliament and Member States.

**Structural Funds**

In general, the European Regional Development Fund and the Cohesion Fund exclude investments in airport infrastructure. However, an exception is made for outermost regions or in existing regional airports, in any of the following cases:

- Environmental impact mitigation measures;

- Security, safety, and air traffic management systems resulting from Single European Sky ATM Research;

The Commission has encouraged MS to invest under the Structural Funds into the following priority areas for greening of aviation sector:
Renewable and low-carbon aviation fuels production and supply to develop the related supply chains and market maturity, including the supply of hydrogen, synthetic fuels and sustainable biomass for transport.

Transition into multimodal and carbon neutral airports. This could be supported by projects such as improving energy efficiency of airport infrastructure (e.g. buildings), full electrification of related services (such as ground handling), improving efficiency of aircraft ground operations, improving rail access to airport for passengers and cargo, on-site generation of the renewable energy and renewable energy grid connection upgrades.

**Member State financial support (EU State aid guidelines):**

- The 2014 Aviation State Aid Guidelines provide that airports below one million annual pax. and up to five million annual pax. may receive investment aid subject to aid intensities\[^{11}\], which depend on the size of the airport (smaller airports are eligible for higher intensity). Airports above five million pax. are excluded. Eligible costs for aid are the costs relating to the investments in airport infrastructure, including planning costs, ground handling infrastructure (such as baggage belts, etc.) and airport equipment. The maximum aid intensities for investment aid to finance airport infrastructure may be increased by up to 20 % for airports located in remote regions irrespective of their size.

- The Climate, Energy and Environmental Aid Guidelines: All airports despite their size could obtain finance greening projects under the new guidelines. For airports under 5 million passengers, Member States will have a choice which instrument to use: either the 2014 Aviation Guidelines or the CEEAG insofar as there is an overlap. [The aid intensities for investments under the CEEAG are not fixed, and could go from 20 to 40% of the eligible costs. For example, an eligible cost would be calculated as the difference between the greener investment and the less green investment. The resulting amount would then be further limited by the corresponding percentage intensity for the aid. Final guidelines to be adopted by the end of the year].

**FF 55 implementation**

The revised TEN-T Guidelines and the Alternative Fuels Infrastructure Regulation will set the green regulatory framework to be implemented through Member State actions and EU support, notably through the Connecting Europe Facility (CEF).

The guidelines will address the improvement of rail connections to airports, common safety standards, ATM infrastructure for Single European Sky, alternative fuels infrastructure and pre-conditioned air supply to stationary aircraft. They will also promote increased airport energy and operational efficiency, digitalisation and automation processes, improving multimodal interconnections with other transport modes, alternative fuels, zero- and low emission aircraft and zero and low carbon infrastructure.

**Alternative Fuels Infrastructure Regulation**, as part of the “Fit for 55 package” will introduce mandatory targets for Member States on the provision of electricity for stationary aircraft at TEN-T network airports (both core and comprehensive). It will also require Member States to define national strategies on deployment of ground infrastructure for electric and hydrogen aircraft.

In parallel as a flanking measure in 2022 the Commission launched the **Alliance for Zero-Emission Aviation (AZEA)** to prepare the market for the entry into service of hydrogen-
powered and electric aircraft. The public-private partnership works on identifying the needs and the opportunities and establishing development pathways for hydrogen aviation. Focus on airport infrastructure in one of the key elements of the Alliance.

**Book and claim:** The Commission will carry out a feasibility study in 2023-24 to assess the needs for additional flexibility for SAF supply and the possible design and impacts of such a system. On the basis of this study, a report we will publish a report by 1 July 2024. Such a feasibility study will also take account that after the flexibility mechanism, this is as of 2035, SAF will have to be supplied to all Union airports without exception. The final objective of ReFuelEU Aviation is to ensure all regions of Europe and all airlines have access to (an increasingly higher share of) SAF to replace fossil kerosene. While there could be various benefits of such a book and claim system, the related issues need related to the essential functioning of such a system that must be well examined. Notably (i) its compatibility with the existing European legislation (e.g., EU ETS, ETD or RED), (ii) ways to avoid double claims and the risk of fraud, and (iii) the question of overall added value and effectiveness in SAF production, supply and uptake.

**Anti-tankering Guidelines:** Anti-tankering provisions in the Regulation are important to keep the Regulation effective and notably to avoid any indirect circumventions of the blending mandates. Exemptions can be granted on a temporary and exceptional basis by MS authorities in case of serious and reoccurring operational difficulties or structural fuel supply difficulties on certain types of routes. We will adopt Guidelines on the procedure to grant exemptions to ensure the equal application across the Union and making sure that the overall ambition of the Regulation is preserved.

**Environmental label:** The ReFuel EU Regulation sets up a voluntary flight environmental label (Article 14). This environmental label will not define whether a flight is or is not green. It will provide a common methodology to communicate the environmental footprint of a certain flight. Aircraft operators will be able to opting-in to the environmental label. They will have to do so for all their departing flights covered by ReFuelEU Aviation. Additionally, aircraft operators may wish to add all their flights not covered by this Regulation (i.e., incoming flights into the EU for instance).

In order for consumers to be able to make an informed choices, robust, reliable, independent, and harmonised information is needed on the environmental impact of flights. The methodology for the calculation of the label will be developed by the Commission together with EASA in 2023 and 2024 and will be detailed in an implementing act that will be adopted by the end of 2024. The label should have the possibility to be updated easily to keep up with technological changes and international and European standards.

**Schiphol Noise**

In June 2022, NL announced their intention to reduce the yearly movement cap at AMS from 500,000 to 440,000. NL planned to address the noise problem at AMS in a 3-step approach:

- Phase 1 – Reducing movements from 500k to 460k already as of November 2023 by ending the non-enforcement of the 2008 rules.
• Phase 2 – Reducing movements to 440k as of November 2024. It is only this Phase 2 reduction that has followed the BAR approach and was notified in September 2023.
• Phase 3 – Setting a new noise system later in the future.

NL officially notified COM of Phase 2 on 1 September 2022. On 11 September, NL published an experimental regulation implementing Phase 1.

**NL CO2 ceiling**

The Dutch Government released a political decision in March 2023 confirming its plan to develop and implement a CO₂ ceiling per airport. It would impose an emissions’ cap on all international departing flights from Dutch airports.

While Member States may take specific measures to contribute to the goal of climate neutrality and promote increased use of low-carbon modes of transport, they also need to consider what has been agreed at European level. Any measure needs to be justified proportionate and effective, which is unlikely with the ceiling, as no similar measure has been put forward for any other industrial or transport sectors, by any other Member State. It also should not hinder the integrity of the EU internal market.