

DG DEFIS

Meeting between Timo Pesonen and SAFRAN

6 May 2020

Name of Cabinet Member: [REDACTED]

Name of the Director cleared the briefing: [REDACTED]

BASIS request ID: DEFIS/73 Room, time: Participants: [REDACTED]

Name of main contact person: [REDACTED]

MINI BRIEFING NOTE

Scene setter/Context of the meeting/ Objective of the meeting

Safran requested the meeting to discuss with you the recovery plan in favour of the aeronautics industry and the European Partnership on Clean Aviation (EPCA).

DG RTD has considered that industry's first proposal for EPCA was not focussed and disruptive enough to efficiently contribute to the European Green Deal and climate neutrality by 2050 objectives. Industry complains about this position in the current context.

[REDACTED] will have a teleconf with Commissioner Gabriel on the 6 May.

KEY messages

- The dramatic impact that the collapse of air transport has on the aeronautics industry and its entire supply chain is well understood.
- We share industry's view that maintaining investment in innovation is a key factor of the long-term recovery of the European aeronautics industry and its supply chain. We understand that, under the current circumstances, this would not be possible without massive financial support and firm political commitment.
- We support the view that future programs, in particular EPCA, should enable decisive steps towards green air transport.
- We, however, understand that the current financial situation of the aeronautics industry is a game changer when it comes to design future innovation programs (including EPCA). In particular, we take note of
 - the impossibility for the industry to continue financing R&I projects at the current rate and
 - the need to extend the scope of innovation projects covered by Horizon Europe beyond clean aviation to all the subject necessary to maintain the competitiveness of the European industry and cover the innovation needs of the entire supply chain (digitisation, automation, cybersecurity, safety, industrial tools, etc.).
- We are willing to work with other DGs to build an efficient Commission's response to the crisis faced by the aeronautics industry.
- With the European Defence Fund and the Space Programme, the Commission will

participate in the recovery of the aerospace and defence ecosystem. It is important that these programmes get a significant budget.

Questions to the interlocutor?

- As a global supplier working on all major European, American and Chinese aircraft programs, how to do evaluate the impact of the crisis globally?
- Are all aircraft manufacturers equally affected? How do you evaluate the impact on the supply chain?

Background information

Safran

Safran is a French company active in the aeronautics, space and defence sector. In civil aeronautics, Safran is active on the engines, aircraft interiors and equipment (brakes, cabin interiors, etc.). In 1974, Safran (then SNECMA) joined forces with GE Aviation, a division of General Electric of the United States, to create CFM International and produce the CFM (and now the LEAP) engine. The joint venture has delivered 30,700 engines to more than 570 operators and has 13,700 engines in backlog. Safran does not only equip Airbus and Boeing (including the 737MAX) but also Chinese or Russian aircraft. Safran is consequently a key actor in the greening of aviation, quite committed to achieve ambitious objectives. The Covid-19 crisis now affects most of Safran's activities, both in terms of equipment sales and services (engines and cabin maintenance). Safran is taking measures to adapt to the crisis, including:

- Work force adaptation using all available means notably furlough (35% on a worldwide basis and 45% in France);
- Update of purchases in line with activity;
- Reduction in investments (CAPEX) of close to 60% compared to 2019;
- **Reduction of R&D expenses of 30%** compared to 2019.

Aeronautics in Horizon Europe

Aviation and aeronautics is covered by the **cluster 5 Climate, Energy and Mobility** (15B€ earmarked in Commission proposal) of the second Pillar of Horizon Europe Programme.

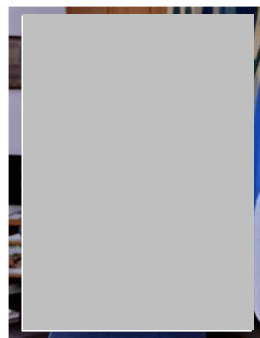
In addition to classical collaborative research projects selected on the basis of call for proposals, Horizon Europe foresees the establishment of a number of contractual European Partnerships. Partnerships are initiative where the Union together with private and/or public partners (such as industry, universities, research organisations, public bodies etc), commit to jointly support the development and implementation of a programme of research and innovation activities.

Amongst the 11 partnership identified in the cluster 5 in the *Orientations towards the first Strategic Plan for Horizon Europe*, 2 relate to aviation:

- **European partnership on Clean Aviation (EPCA):** To pave the way towards a transformative clean aviation innovative, by developing cutting edge research and innovation projects accelerating the reduction of all aviation impacts and emissions and integrated aircraft technologies for deep decarbonisation transformation, as well as enable and promote the use of sustainable aviation fuels.
- **European partnership on Integrated Air Traffic Management:** To overcome current shortcomings of the Air Traffic Management (ATM) systems, while addressing future challenges of digitalised and sustainable aviation.

In addition to the activities conducted within the partnerships, the collaborative part of Cluster 5 should allow funding low-TRL research projects and cover the broader need expressed by industry. However, the related content and budget will be defined through 2-years work programmes based on 4-years strategic programming, a mechanism that may not provide the required long-term visibility on the available support.

The industry estimated at 10-12B€ the R&I effort (total costs) to be supported through Horizon Europe with €6 billion directly managed by the Clean Aviation partnership (4B€ funding requested only, due to a 50% funding rate of integration and demonstration activities) and 2,5 B€ by the Integrated ATM partnership.



started his career in 1997 as advisor to the strategic, security and disarmament affairs division of the French Ministry of Foreign Affairs. He held a series of positions between 2000 and 2010, including Deputy Counsel General in Hong Kong, First Secretary, then Second Counselor in Berlin, and Counselor for Culture and Cooperation in Beijing. was then appointed head of programs and network at the Globalization, Development and Partnerships division in the Ministry of Foreign Affairs. He held this position until 2012, when he joined the cabinet of the Minister of Foreign and European Affairs. He was named chief of staff at the Ministry of Foreign Affairs in June 2013. From 2016 until joining Safran in 2019, he was the French Ambassador to India.

holds a graduate degree in history from the ENS Lettres et sciences humaines (1992), as well as degrees from Sciences-Po Paris (1993) and the Ecole Nationale d'Administration (1995-1997).