



Commissioner Adina Vălean

(Virtual) Meeting with A4E Steering Board

25 March 2021

Brussels

Member of Cabinet responsible:

Member accompanying:

DG participant(s): (including contact number):

Scene Setter

You are invited to join the Steering Board meeting of Airlines for Europe (A4E).

A4E has submitted an agenda (attached) with a detailed list of “Key Asks” and a list of A4E participants. The discussion will be moderated by [redacted] who will also introduce the discussion (touching briefly, but not elaborating on, issues such as passenger rights, slots charges, relief for summer 2021, etc.).

A4E seeks an interactive discussion, with a focus on three main blocks of issues. Each block will be introduced by [redacted] [see below], with [redacted] contributing with specific questions or issues. You will have around seven minutes to respond to each major thematic block, where possible, addressing the “Key Asks” identified in the attached meeting agenda. .

The three main thematic blocks are –

- Covid-19 travel restrictions, testing protocols and vaccination certificates. [Introduced by [redacted].]
- Aviation decarbonisation (including general sustainability, the European Green Deal (EGD), sustainable aviation fuel (SAF), proposals to amend the EU Emissions Trading System (ETS) and the Energy Taxation Directive (ETD), the “Fit for 55” package, etc.) [Introduced by [redacted].]
- Air traffic management [Introduced by [redacted].]

You may then conclude with a few short summary remarks.

Objectives

- To assure A4E of COM support in efforts to restore travel and industry capacities post-Covid-19. Also, to seek ways of working together to advance aviation decarbonisation and to optimise air traffic management within Europe.

Speaking Points

COVID TRAVEL RESTRICTIONS, TESTING PROTOCOLS AND VACCINATION CERTIFICATES

Uncoordinated Travel Restrictions

- Since the beginning of the pandemic, COM has worked to foster cooperation and coordination among Member States. The coordinated approach adopted under Council Recommendation (EU) 2020/1475 (and subsequently amended in February this year) was an important advance. It remains a solid framework.
- Since then, several Member States have adopted stricter measures. COM is in dialogue with them, monitoring the impact of their measures and the respect for the principles of non-discrimination and proportionality.
- Assuming that the principles of proportionality and non-discrimination are observed, testing and quarantine remain public health measures within the remit of the Member States.
- Supported by the European Centre for Disease Control (ECDC), we regularly assesses the criteria and thresholds outlined in the Council recommendation to adapt it, if necessary, to the evolving epidemiological situation.
- All those carrying out essential functions should be exempt from restrictions, including testing and quarantine. Thus, aircrew should not face travel restrictions where this would have a disproportionate impact on the exercise of their duties.

- However, for those wishing to enter the EU from outside, different rules apply [*cf. Council Recommendation 2020/912 as amended on 2 February*]. This Council recommendation strikes a balance between health requirements and allowing essential entry. [*Member States should require all persons travelling for any essential or non-essential reason, with the exception of transport and frontier workers, to have a negative PCR test taken at the earliest 72 hours before departure.*] We have urged all Member States to apply a coordinated approach as laid out in Recommendation 2020/912.

When the time and epidemiological situation are right, COM may propose a revision, potentially granting exemptions to those with Covid-19 immunity.

- We have consistently emphasised the need for clear, comprehensive and timely information about any restrictions to free movement. Stakeholders should be informed well before any new measure comes into effect.

Digital Green Certificates

- Last week [17 March], COM proposed a Digital Green Certificate, consisting of a vaccination, test or recovery certificate. These could be key to facilitating free movement / getting Europe moving again. (A fragmented approach would mean mutually inconsistent requirements across Member States and ongoing disruption.)
- If a Member State accepts proof of vaccination, testing or recovery and waives certain restrictions, it should accept certificates issued under the regulation by other Member States under the same conditions.

COM will try to ensure swift adoption in order to have the Digital Green Certificate in place before the summer.

- The possession of a vaccination certificate would *not* be a pre-condition to exercise the right to free movement or to using cross-border passenger transport services.
- Our work takes into account international standards, such as those developed by the World Health Organisation (WHO) or the International Civil Aviation Organisation (ICAO).
- The airline industry would be welcome to join deployment efforts by setting up the infrastructure necessary to read and verify Digital Green Certificates.
- The Digital Green Certificates would not, however, apply to travel with third countries. In time, we will have to see if a similar approach can be taken for these (third) countries. Currently, the health situation both within and outside the EU militates against lifting of restrictions on non-essential travel into the EU.

Passenger Locator Forms

- We are working on an operational Passenger Locator Form (PLF), to be ready for Member States ahead of the summer break. We are working on both the technical and legal aspects of the initiative.
- On the technical side, our intention is to link the two solutions currently under development - the Healthy Gateways PLF and the exchange platform - by June. All Member States will have the opportunity to connect to the exchange platform.

On the legal side, we are working on a legal basis for the lawful processing of personal data under the GDPR Regulation.

- We are also working on political “buy-in” to the PLF. The PLF exchange platform’s effectiveness and value added will depend on the number of Member States that join.

AVIATION DECARBONISATION

Sustainability

- Transitioning to sustainability is the aviation sector's license to grow. It is in both your interest and that of society as a whole.
- Economic sectors need "roadmaps" for how they intend to decarbonise. I thus welcome the "Destination 2050" decarbonisation roadmap that A4E recently published (with four other key aviation sector associations in Europe). *[A "Climate Mission" accompanied the document, setting out what industry will do and what governments should do.]*
- As regards the proposed "EU Pact for Sustainable Aviation", I favour every initiative that improves our dialogue, on condition that it is transparent and within the limits imposed by EU treaties. Aligning the industry roadmap and the regulatory and financial framework will bring results.

European Green Deal (EGD)

- EGD remains a top priority. Even in the crisis, the transport sector can contribute to and profit from EGD.
- Our Sustainable and Smart Mobility Strategy (SSMS) specifies what the Green Deal means for transport. It contains political priorities, policies and actions to promote transport decarbonisation, including in the aviation sector.
- I would welcome your input to the design of the various policy actions relevant to your industry.

Sustainable Aviation Fuels (SAF)

- ReFuelEU Aviation is underway! I welcome industry's support for the initiative. SAF will be essential if aviation is to reduce its emissions and contribute to EU 2030 and 2050 climate targets.
- A blending requirement seems the best way to increase SAF production and use over time ... and we are looking at possible designs. The fuel industry needs time to ramp up capacity and production. Targets must be realistic - initially modest but becoming more ambitious beyond 2030 [REDACTED]. Your views on targets?
- We intend to focus mainly on advanced biofuels and synthetic fuels. Requiring a level of SAF blending will give a signal in favour of the large investments needed to scale up SAF production.

Of course, the law will also need flanking measures to promote the development of the market. We must also always keep in the mind the need for a level playing field.

- [REDACTED]

"Fit for 55" and Emissions Trading System (ETS) Proposals

- Our communication on Stepping up Europe's 2030 climate ambition made clear that "in accordance with its international commitment to economy-wide action under the Paris Agreement, the EU should continue to regulate at least intra-EU aviation emissions in the EU" and that for aviation, we will propose a reduction in the free allocation of allowances.
- The "Fit for 55" package *[which will cover many sectors, including for example land use, energy efficiency, etc.]* should incentivise efficiency, drive decarbonisation through innovation, avoid carbon leakage and ensure a competitive but level playing field for European airlines within the EU and beyond.

Our internal work on impact assessments is underway. COM will propose a legislative package in June.

We appreciate airlines' decarbonisation efforts. We will support (and monitor) progress towards the industry's "Destination 2050" objectives *[cf. promised reduction of almost 300 Mt CO₂ by 2050 in flights within and departing the EU]*.

ETS is a cornerstone of our policy on combatting climate change and reducing greenhouse gas emissions in an efficient manner. To protect competitiveness while fostering innovation, we need to improve and develop further. We are thus assessing how the EU ETS for aviation and CORSIA will / should in future interact.

- I note your points on avoiding the double regulation of CO₂ emissions; on minimum deviation from the CORSIA scheme; on avoiding market distortion vis-à-vis third countries and your general support of ETS and CORSIA.

Energy Taxation Directive (ETD) Proposals

- Revision of the Energy Tax Directive (ETD) *[adopted 17 years ago]*, should bring it in line with our climate objectives.

ETD revision is part of the "Fit for 55" work stream. We plan a legislative proposal by June 2021 *[following public consultations and an impact assessment that will also reflect the consequences of Covid-19]*.

One part of the update will cover the scope and structure of minimum tax rates. We foresee a rationalisation of tax exemptions and reductions. Avoiding distortions of competition would reinforce the EU internal market.

- Aviation taxes should not be considered in isolation, but with other policy measures *[including emissions trading and offsetting, fuel and aircraft standards, sustainable aviation fuels and operational improvements]*. We must base the mix of measures on what is most effective in achieving emission reductions, while having the smallest possible impact on connectivity and competitiveness.

I know you have concerns about the treatment of aviation. We will take the specificities of the sector into account.

ETD revision will also be closely calibrated with the reform of the EU ETS.

AIR TRAFFIC MANAGEMENT – SES2+ AND ATC CHARGES (*Economic Reference Period 3*)

- In November 2020, COM adopted exceptional measures for the third reference period (RP3) of the SES performance and charging scheme to address the consequences of COVID-19. These will benefit airlines during the remainder of RP3 *[2020-2024]*.
- First, airspace users will not face high air navigation charges in 2022. Instead, covering the air navigation service providers' (ANSP) revenue gap will be paced over five to seven years, not starting before 2023. This will give airlines time to recover.
- Secondly, we are currently adopting revised EU-wide performance targets for air navigation services. These should provide incentives to ANSPs to adjust their business to the new reality. The focus will be on restructuring, including measures to contain costs.

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- We have suggested some changes with our proposal for the long-term regulatory framework. Our intention with the SES II+ proposal is to establish a sustainable and robust regulatory framework for air navigation services. The proposed economic regulator and the abolition of functional airspace blocks should lead to a fair system that addresses current decision-making problems.

Defensive Points

COVID TRAVEL RESTRICTIONS, TESTING PROTOCOLS AND VACCINATION CERTIFICATES

Uncoordinated Travel Restrictions

For the survival of the industry, testing must replace quarantine.

- Member States have different approaches to testing and quarantine. As long as they respect the principles of proportionality and non-discrimination, these are public health measures under their responsibility.
- COM has tried to establish a balance between the need to protect public health and the right to free movement within the EU.
- With ECDC support, COM will regularly assess the criteria in the Council Recommendation in order to adapt it to an evolving epidemiological situation.

Can essential travellers, such as aircrew, be required to undergo testing?

- Essential travellers should be exempt from tests or quarantine (even when coming from “dark red” areas) where this would have a disproportionate impact on the exercise of their profession
- Aircrew should not have to undergo testing when they are doing their job. However, when they are not exercising their essential function (e.g. returning home after a flight), it would not be disproportionate to undergo a test.

The requirement to carry out pre-departure tests puts excessive pressure on carriers. Can carriers refuse boarding if a traveller has no medical certificate?

- A negative test before departure gives additional certainty that a person boarding is not infected. The carrier may refuse boarding if the passenger is not in possession of a certificate.
- Air carriers may deny boarding on reasonably justified grounds (e.g. health, safety, security or inadequate travel documentation).

What do you say to blanket travel bans such as that imposed by Belgium?

- Member States have agreed that, in principle, entry should not be denied to those travelling from other Member States.
- COM believes non-essential travel should be strongly discouraged, but not prohibited. We must avoid disruption to the single market.

- Thus, it is important to look at the epidemiological situation in particular areas, rather than in Member States (this being the main basis of the amended Council recommendation).
- COM highlighted this in a 16 February letter from Commissioners Johansson and Reynders and repeated the message in administrative letters sent on 22 February to six Member States which impose travel / entry bans [BE, DE, DK, HU, FI, SE].

Can a Member State prohibit non-essential travel from a third country?

- If a Member State decides to prohibit non-essential travel, it must do so while respecting EU law. It must take account of the epidemiological situation and respect the principles of proportionality and non-discrimination.
- Whether a Member State can prohibit its own citizens and residents travelling to a third country is mainly a question of national law (and proportionality).

When will COM propose a revised Council recommendation on lifting the restriction on non-essential travel into the EU?

- Given the health situation inside and outside the EU, it remains too early to speculate on this.

Digital Green Certificates

In practical / technical terms, how would inter-operability work? Is a new EU app necessary?

- Every Member State would develop its own national system for Covid-19 green certificates. National apps could be developed. (They are, however, not the only option. Paper certificates with unique identifier features are also possible.)
- Common standards would ensure that the systems are interoperable, and the certificates mutually recognisable across Member States.
- Inter-operability with the systems of countries outside the EU could be ensured through collaboration with the WHO and / or other international bodies.

How could a green certificate be checked?

- Covid-19 certificates would contain verification systems (e.g. a QR code based on a unique identifier). This could be checked through a secure online system, to ensure that the code is genuine and associated with the person presenting it.
- Only strictly relevant data would be checked - on the basis of an appropriate legal authorisation. (Thus, a doctor might need full access, while for others a simple confirmation of vaccination or test status may suffice).

COM should redouble its efforts in light of the approaching summer season – which will be crucial for the survival of the travel and tourism sector.

- This is indeed a COM priority. The December European Council requested a coordinated approach on vaccination certificates and on the mutual recognition of test results.
- Member States have agreed on inter-operability guidelines, defining a common data set for COVID-19 certificates and a system of unique identifiers for each person's certificate with a common trust framework.

We need a harmonised EU framework for travel-related testing.

- Many Member States already require from travellers proof of a negative test, but each Member State has its own requirements. A common approach on the content, format, principles and technical standards, could help travellers avoid the significant disruption that results from diverging requirements and documentation.
- In October and November 2020, COM published recommendations on COVID-19 testing strategies and the use of rapid antigen tests, defining i.a. minimum performance requirements to allow mutual recognition. We have worked incrementally through the eHealth Network to develop mechanisms, technical requirements and infrastructure for interoperable vaccination certificates.
- The Health Security Committee has agreed a common list of rapid antigen tests that have been validated by at least one Member State and provides an overview of the sensitivity and specificity levels of the most commonly used rapid antigen tests. Agreement was reached on a list of rapid antigen tests which Member States will mutually recognise for public health measures.

Any digital EU verification system for testing and vaccination should be in line with international standards.

- Throughout, COM and the Member States have worked closely with WHO experts.
- EU and WHO positions align on a number of issues. Both aim for data minimisation, systemic simplicity, inclusiveness, avoiding centralised data storage and putting control in the hands of citizens.
- This cooperation has also promoted Europe as a leading force in developing global standards.

Could the digital green certificate be applied to third countries?

- The proposed regulation already foresees a mechanism to recognise certificates issued by third countries. When the time is right, we may build on this. COM could propose a revised Council Recommendation, potentially with exemptions for those with a vaccination certificate or COVID-19 immunity. However, it is still too early.
- It will take some time for the WHO and others to set up a global system. The European inter-operability scheme will therefore be an important model. European certificates should be acceptable also in countries outside the EU.

Passenger Locator Forms

What is the state of play on the Passenger Locator Form (PLF)?

- Twelve Member States already have their own individual electronic PLF systems. A project is underway to allow this information to be shared for contact tracing across the EU. The aim is to have as many Member States as possible connected to an exchange platform as soon as possible.
- EASA built the exchange platform and connected three volunteer Member States (IT, ES, SK). The platform is technically ready for use. Only legal arrangements at Member State level must be put in place to support the sharing of data (i.e. bilateral agreements among the participating Member States). As soon as the Member States are ready, the platform can go live.
- We encourage any Member State with a digital PLF system to volunteer for the project. The more participants there are, the greater the value of the exchange platform.

Why are not more Member States joining?

- COM is currently in discussion with the Member States, notably those with digital PLF systems, explaining the system and encouraging their participation.

- In a separate project, called EU Healthy Gateways, COM is working on an “off-the-shelf” digital PLF that Member States without such a system could use. The exchange platform will allow data exchange between the Member States which rely on the EU Healthy Gateways solution, ensuring the complementarity of the two projects.

Will there be one database for both intra-EU flights and for arrivals from outside the EU?

- The project does not include a central database. Rather, it enables the exchange of data between the digital systems of participating Member States. The national databases will contain data on both intra-EU flights and arrivals to that Member State from outside the EU.

AVIATION DECARBONISATION

RefuelEU Aviation

Which types of fuel does ReFuelEU Aviation cover? Does it include electricity or hydrogen?

- SAF are liquid drop-in fuels, fully fungible with fossil jet fuels. They are (advanced) biofuels produced from waste and residues, or electro-fuels produced from green electricity, green hydrogen and green carbon. Crop-based biofuels are excluded.
- Hydrogen and electricity are not included. They are promising in terms of further decarbonising aviation, but this option will be available only for short-haul flights and in the longer run (beyond 2040).

Significant research is still necessary. It is too early to legislate.

Will COM propose a funding mechanism for SAF under ReFuelEU Aviation?

- The legislative proposal itself will not establish a funding mechanism. However, we expect that it will have an effect on SAF prices, bringing them down gradually on the basis of regulatory certainty. This will allow investment to flow, boosting production capacity and resulting in economies of scale.
- We are considering a possible strategic alliance for renewable and low carbon fuels. This could be a platform for emerging funding mechanisms.

Aviation and EU ETS



How will COM ensure CORSIA implementation in the EU while avoiding deviation from the EU ETS?

- The EU is a long-standing supporter of CORSIA and we remain so. In implementing CORSIA within the EU, we will seek the greatest climate ambition while respecting EU ETS, CORSIA specificities and minimising administrative burden for stakeholders.

How will you avoid market distortion between EU/EEA and third countries?

- As stressed in latest CORSIA ICAO Resolutions (2016 and 2019), market distortion must be minimised. In the case of airlines, market distortion arises when policies do not apply equally on routes and / or when they are not equally enforced. EU ETS options should therefore apply uniformly to all airlines.

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Guaranteeing the competitiveness of European airlines also means exploring measures to alleviate possible loss of competitiveness - such as a carbon border adjustment mechanism.

- The Carbon Border Adjustment Mechanism is a climate policy instrument that seeks to reduce carbon leakage. It encourages third country producers to adopt “carbon-friendly” production processes and third countries to adopt policies to fight climate change.
- The Carbon Border Adjustment Mechanism is a key element of our comprehensive green growth agenda. COM will propose it in June 2021 as part of our “Fit for 55” policy package.

Energy Taxation Directive

COM proposals for the review of energy taxation must guarantee the competitiveness of European airlines.

- An impact assessment is ongoing. In it, we consider issues such as the hurt done to the aviation sector by the pandemic, but also the fact that aviation fuel is tax-free while other transport fuels are not. There is an argument in favour of greater equality in the fiscal treatment of different transport modes.
- We will consider any removal of the tax exemption in the light of the European Green Deal Investment Plan. The Investment Plan and the Just Transition Mechanism will help address transition needs.

Imposing taxes without reinvesting revenue in de-carbonisation does not lower aviation emissions. In fact, it lowers connectivity without contributing to aviation's move to sustainability. It deprives airlines of financial resources that could better be used for green investment.

- Well-designed environmental taxes can boost economic growth and support a fairer society and a just transition. They help send the right price signals and incentivise sustainable behaviour among producers, users and consumers.
- The review of the Energy Taxation Directive should preserve the capacity to generate revenue for Member State budgets. It is then for Member States to decide how to use that revenue.
- Remember too that the EU finances policies that support investment in the transition to a climate-neutral, green, competitive and inclusive economy. Some 37% of RRF spending will support green transition.

“SECONDARY SUBJECTS” / MISCELLANEOUS

What news on the Slots Regulation (temporary slot relief)?

- Given the current COVID-19 crisis, the EU has relieved airlines from the “use-it-or-lose-it” rule *[that obliges airlines to fly 80% of their slots to maintain (grandfather) their entire slot portfolio]*.
- The initial relief was a full waiver. The most recent slot relief (that will apply for the summer 2021 scheduling season, starting 28 March 2021) allows airlines to protect 50% of their slots but requires them to use the remaining slots at a rate of 50% to keep them for the following seasons. This should protect airlines, yet ensure competition in airport capacity.
- Looking ahead, COM may extend the relief (until the summer 2022 scheduling season), provided that objective criteria (air traffic, load factors, fleet utilisation rates) are met.

My thanks to A4E for working with DG MOVE and providing data and assistance on this.