

Scene setter

You are meeting with TAP's [REDACTED]. TAP's shareholders (the Portuguese State with 72.5% of the shares, a private individual and employees) elected in June 2021 the new governing bodies for the next four years. [REDACTED] has an extensive experience in the aviation sector. Previous positions include [REDACTED] (CV in the annex).

Our Objectives:

- Obtain input regarding TAP's experience with COVID-19
 - What is TAP's take on Fit-for-55 and what are the planned actions to meet the targets?
 - What is their outlook for recovery (short and long-haul)?
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1. TAP STATE AID CASE

- COM approved a €1.2 billion rescue loan in favour of TAP. The SA Decision was challenged by Ryanair, COMP readopted the Decision in July [REDACTED]
[REDACTED]
- [REDACTED]
- At the annual's shareholders meeting last June, a Commission for the Monitoring of the State Aid for the four-year period (2021-2024) was appointed. [REDACTED] is a member of this Commission.

2. FIT FOR 55 (+ EU PACT FOR SUSTAINABLE AVIATION)

- **ETS:** airlines currently pay for 50% of its emissions. We propose to gradually phase out free allowances by 2027.
- **ReFuelEU:** we propose to boost sustainable aviation fuels, by obliging fuel suppliers to blend at least 2% by 2025, 5% by 2030, 20% by 2035. We include sub-targets for e-fuels, with 0.7% by 2030 and 5% by 2035.
- **ETD:** the uptake of SAF will be facilitated with the removal of the kerosene tax exemption. Indeed, while fossil kerosene will be gradually taxed from 2023 to 2033, SAF including e-fuels will benefit from a zero rate.
- **CORSIA:** EU remains committed to implement CORSIA –started its offsetting phase in January. At the same time, to reflect the EU's climate ambition, we proposed to pay particular attention to certain aspects of CORSIA i.e. (i) the need to avoid the risk of double counting of emissions; (ii) the need to foster high participation by States and (iii) the need to ensure compliance.
- **AFID:** we impose an obligation (on airport managing bodies) to ensure that stationary aircraft are supplied with electricity at TEN-T core and comprehensive airports → 2025 – for all gates; 2030 – for outfield posts; MS to include reflection on future

infrastructural needs (electricity + hydrogen) in their national strategy plans (this will then feed into a revision in 2026).

3. INVESTMENTS FOR THE GREENING OF AIRCRAFT

- **Green taxonomy:** COM adopted on April and July 2021 an ambitious and comprehensive package of measures to help improve the flow of money towards sustainable activities across the EU. This includes also the EU Taxonomy Climate Delegated Act, which already included certain criteria for aviation i.e. low carbon airport infrastructure.

The Commission will adopt another Taxonomy Delegated Act covering the remaining four environmental objectives (i.e. water, biodiversity, pollution prevention and circular economy) in the first half of 2022. At the same time, the Commission will adopt technical screening criteria for further transport activities contributing to climate objectives. We should work for full inclusion of aviation in EU Taxonomy.

We invite TAP to respond to the consultation from the Platform on Sustainable Finance, which seeks feedback from stakeholders on preliminary recommendations concerning technical screening criteria for groundhandling, aircraft and airlines. Consultation closes on 24 September.

- **State aid:** COM consulted on the revised Climate, Energy and Environmental Aid Guidelines. The deadline for contributions closed on 2 August. COMP is now assessing the replies from stakeholders.
 - The new CEEAG will apply to airlines providing the possibility of obtaining state aid for the purchase of clean aircraft.

4. SLOT RELIEF WINTER 2021/2022 SEASON

- Slot utilisation rate is set at 50%;
- The possibility for airlines to return slot series prior to the start of the season whilst retaining grandfather rights for the following season is removed;
- The specific circumstances for justified non-use of slots introduced for summer 2021 is maintained in order to cater for situations where COVID-related restrictions are imposed by authorities after the initial allocation of slots.

5. COVID-19 CERTIFICATES

- EU Digital COVID Certificates in operation now; MS must refrain from imposing additional travel restrictions on the certificate holders (unless strictly necessary and proportionate)
- COM issued a set of recommendations to contribute to eliminating unnecessary duplications of controls (publication on 20/7).
- Global interoperability: COM has made the technical specifications of a COVID Certificate open-sourced and it continues to cooperate with international partners such as ICAO and WHO.

6. TRAVEL RESTRICTIONS

- External borders: Council Recommendation 2020/912 on the temporary restriction on non-essential travel into the EU was amended on 20 May 2021 to ease the current restrictions on non-essential travel to the EU.
 - According to recommendations (non-binding!), the following should be allowed to travel into the EU: (i) vaccinated; (ii) essential travel; (iii) non-essential travellers from countries on the EU list.
- Intra-EU flights: flight bans have been lifted following our action. Next step will be to get rid of blanket/unjustified pax restrictions. COVID19 certificates.

7. REVIEW OF THE AIR SERVICES REGULATION

- COM is in the process of relaunching its review of the Air Services Regulation. An Inception Impact Assessment will be published shortly, followed by an Open Public Consultation by the end of the year. The legislative proposal is due at the end of 2022.
- Important for stakeholders to get involved and share their views.
- A study has just been launched to assess the impacts of the COVID-19 pandemic on the aviation sector. Its findings (due spring 2022) will feed into the review of the Air Services Regulation.

8. Background notes

TAP State aid case:

- On 10 June 2020, The European Commission approved, under EU State aid rules, Portugal's plans to grant a €1.2 billion rescue loan in favour of TAP. On 19 May 2021, on the basis of an appeal launched by Ryanair, the General Court annulled that decision because of an inadequate statement of reasons, while suspending the effects of the annulment pending the adoption of a new decision by the Commission.
- On 16 July 2021, the European Commission: 1) re-approved €1.2 billion rescue aid to TAP, and 2) opened a formal investigation to assess whether the restructuring aid Portugal plans to grant to TAP is in line with EU rules on State aid granted to companies in difficulty.
- Following the opening of the formal investigation procedure interested parties may submit their comments on the restructuring aid to TAP until 8 September.

- [REDACTED]
- [REDACTED]
- [REDACTED]

- The restructuring of the company includes measures to reduce the number of employees. The restructuring plan currently underway aims to adjust TAP's capacity and cost structure to the current operational reality and projections for the coming years. TAP has so far prioritized voluntary measures with compensation higher than the legal requirements. In July, TAP announced that the airline would begin the process for collective dismissals.

- [REDACTED]

- [REDACTED]

Contact: [REDACTED] (MOVE E1), [REDACTED] (MOVE E1)

Annex - CV [REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
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