

Scene setter

You will meet [REDACTED] upon his request. He wishes to update you on Wizz Air since your last meeting in February, discuss Wizz Air's views on Fit for 55 and upcoming challenges in the industry.

Wizz Air is recovering well and has proven resilient during the pandemic. They operate a network of 1000 routes, out of which 400 were added during the pandemic. On 10 November, Wizzair operated 424 flights (-16%).

Objective(s)

- Obtain support for 65% **slot-use** rate for summer 22.
- **SES2+** Reiterate call for stakeholders to embrace the reform, call for airlines' support as the outcome of the reform is in jeopardy without a strong shift in mind set of MS and from stakeholders.
- Encourage involvement in ongoing Commission initiatives/activities (e.g. COVID-19 study, SAF alliance, Reg. 1008/2008 Impact Assessment).

Key Messages

COVID and recovery

- **The air traffic situation** is showing a steady path to recovery. For mid-November Eurocontrol shows traffic is at almost 80% of 2019 levels.
- The main tool for a recovery of the sector will continue to be a successful vaccination campaign. Almost 65% of the EU population has been fully vaccinated so far (76% of adult population). Unfortunately, we see that levels of vaccination significantly differ between Member States (85% of fully vaccinated people in Portugal vs 19% in Bulgaria) which creates a possible risk for the upcoming months.
- While vaccination should not be a prerequisite for travel, international travel can only resume if vaccinated passengers are exempted from quarantine.
- Sizeable improvements in air traffic levels following the introduction of the **EU-DCC** in July. By now, already more than 600 million certificates have been generated which is testimony to its success.
- IATA has endorsed the EU DCC to become the blueprint of a global solution and the interest among third countries to align with our system is strong. Already today, the EU-DCC can be used in 49 countries in Europe, Africa, the Middle East and the Americas.

Slots

- Despite overall positive developments in air traffic levels in the EU, unfortunately some long-haul intercontinental markets are still significantly lagging behind. (*Chinese market currently down by 51% because of new flight restrictions to contain the spread of the COVID-19*).
- That's why COM will very likely adopt another delegated act to extend slot relief. The industry still needs the justified non-use of slots exception ("force majeure") in case countries have travel restrictions.
- As to the new use-rate, the clear improvements in traffic levels justify a higher rate than the current 50%.

SES

- We urgently need the SES2+ to modernise the management of European airspace and to establish more sustainable and efficient flightpaths.
- I have to be blunt here: the outcome of the reform is in jeopardy without a **strong shift of mindset from Member States and from stakeholders**. We are urging all relevant stakeholders to get on board, in the spirit of their joint declaration from September 2019, to embrace the changes proposed and work together to make this reform a reality. This can directly help with a recovery of the aviation system.
- Airlines have a key role to play in conveying the importance of this reform – especially now that trilogues have started. So, thank you for having been outspoken at the EASA Annual Safety Conference, that political will is needed for the SES reform.
- I would also invite airlines to think on where they can positively increase their level of commitment, be it when it comes to flying the flight plans filed or even the criteria used for the optimization of flight plans. If there is anything that the regulatory framework could do to put the airlines on a level playing field in this regard, you should come forward with it.

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 the end of 2026.
- **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. The initiative is accompanied by a number of flanking measures such as the Renewable and Low Carbon Fuels Alliance, Funding Mechanisms (on R&D and also Green Taxonomy).

- **ETD:** the uptake of SAF will be facilitated with the removal of the kerosene tax exemption for intra-EU flights. Indeed, while fossil kerosene will be gradually taxed from 2023 to 2033, SAF including e-fuels will benefit from a minimum zero rate during a 10-year transitional period (afterwards very low tax 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.
- **EU Taxonomy:** On 21 April, COM adopted a comprehensive package of measures to help improve the flow of money towards sustainable activities across the EU. This include EU Taxonomy Climate Delegated Act, which already included certain criteria for aviation i.e. low carbon infrastructure.
- The new **SAF alliance** (announced by CAV on 9 November) will be jointly developed with industry and other stakeholders - we have launched a consultation that will stay open until 30 November. We invite all interested parties to submit views and suggestions on the objectives, tasks and formula of this new industrial alliance.

Single market

- COM has just relaunched its review of the **Air Services Regulation**. The call for evidence was published on 8 November, and remains open for stakeholder feedback until 6 December.
- An Open Public Consultation is planned for the first quarter of 2022. Targeted stakeholder surveys and interviews will be conducted in 2022 to help inform the evidence base for a support study. The legislative proposal is scheduled for the end of 2022.
- A study has just been launched to assess the **impacts of the COVID-19** pandemic on the aviation sector. Its findings (due summer 2022) will contribute to the right setting of COM's policies (Air Services Regulation, Airport Charges Directive, Slots Regulation).

Defensive Points

Slots

Slot relief causes competitive distortions. Why is it still necessary?

- Eurocontrol data shows that intra-EEA traffic is on a good path to full recovery. However, we cannot ignore that some world regions are lagging behind because of travel restrictions.
- It's important to strike a balance between the need to be pro-competitive but also recognise that some airlines are still not able to fulfil the 80% use requirement due to the COVID-19 impact.

SES

General/Timeline

What is the Commission's view regarding the Council and European Parliament's respective positions on SES2+?

- We expressed strong reservation on the Council's General Approach. The Council needs to take a bolder stance, so that the Union can proactively address issues of the past and ensure an efficient, environmentally performant and resilient European traffic management framework in the future. The EP position on the other hand has reaffirmed a progressive and future-proof stance, and adopted ambitious amendments with a real push for reform.
- We need a strong shift in mind-set from Member States and stakeholders. I remain confident that concerns of the various parties can be overcome while achieving an ambitious reform.

How does the environmental push of SES2+ relate to the Fit for 55 package?

- Those reforms are complementary and are all parts of the 'basket of measures' needed to ensure aviation's contribution to the European Green Deal.
- In the short term, the Single Sky reform that the European Commission has put forward can help to curb emissions and improve environmental performance of air traffic management. Analysis from Eurocontrol shows that fuel inefficiency, which air traffic management can directly influence, amounted to between 8.6% and 11.2%. Even with the current low traffic volumes, an average fuel efficiency improvement of 5% could be reached. Every day we wait, network inefficiency leads to unnecessary and avoidable CO2 emissions that are only likely to grow again soon.

Service Provision

Airlines are still reluctant about financing the costs of the PRB

- We have to keep in mind the broader picture. A professionalised PRB administratively located in EASA will allow for cost savings (by not establishing a

new Agency) and will be able to concentrate expertise in an independent cell of EASA.

- While the PRB decisions in the new framework would not be taken through Comitology, the decisions can be appealed. This is a strong tool which does not exist today.
- The proposed governance foresees strong safeguards to guarantee the independence of the PRB within EASA, by setting structures independent in their decision-making.
- So the cost of this supervision will be compensated by the benefits it brings.

Airlines do not support modulation of charges. Airspace users already have strong financial incentives to reduce greenhouse gas emissions and fuel use as a result of CORSIA and EU ETS

- SES reform does not prescribe the details of how modulation will look like, but instead sets the legal framework for such modulation.
- This modulation is necessary to set meaningful and harmonised incentives across the Union to stimulate better services and improved environmental performance. This is a key element in the 'basket of measures' needed to ensure aviation's contribution to the European Green Deal.
- The status quo has shown that it is not sufficient to trigger the implementation of such modulation schemes, and the lack of harmonisation could lead to insignificant, or even counterproductive, impacts (if flights are incentivised differently depending on the portion of airspace they cross).

Fit for 55

The Fit for 55 proposal on ETS puts in doubt the EU's commitment to CORSIA – are you still a supporter of CORSIA?

- Yes, definitely. We really want to see CORSIA becoming successful in relation to the goal of Carbon Neutral Goal from 2020. This requires a high level of participation and robust environmental integrity. The Commission's proposal is designed to promote both these conditions and counter potential weaknesses in CORSIA. The fact that we propose to maintain our current emissions trading system for intra-EEA flights (and departures to the UK and Switzerland) is a reflection of our higher climate ambition in the EU and is fully in line with the statement delivered at the last Assembly so it shouldn't come as a surprise. In aviation, the EU is a single jurisdiction as regards many policies that are widely accepted (market access, ownership and control, single aircraft certification, third country operators, blacklist, etc.). To avoid double charging under ETS and CORSIA on the same routes, the possibility of filing a difference to ICAO exists.

Will the EU sign the proposed International Aviation Climate Ambition Declaration to be presented during the COP26 climate summit?

- Not decided yet. The declaration addresses States only. EU MS may sign provided the level of ambition is in line with EU policy objectives and that there is sufficient take-up from different world regions (otherwise it may be counterproductive at this stage).

Background

COVID aviation recovery

The situation of the European aviation eco-system has significantly improved in the last months. The air traffic level in Europe was down by 22% on 10 November 2021 compared to the same day in 2019 (intra-Europe flights -21%, intercontinental -28%).

The passenger numbers do not recover in the same pace as the traffic. According to ACI, passenger numbers in on 17 October 2021 were down by 35% compared to 2019 (-62% throughout the year equalling to a loss of 1.26 billion passengers).

If analysing the European market by segments, LCC is down by 23%, traditional -31%, business +28%, non-scheduled/charter +36% and cargo +10%. On 10 November, Ryanair was the busiest operator with 1,818 flights (+19% vs 2019), Wizzair operated 424 flights (-16%).

Slots

Winter 21/22: Slot use 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 justified non-use of slots exception (“force majeure” exception) will continue to apply.

Summer 22: COM is monitoring the situation. Has proposed to adopt another delegated act to extend slot relief to summer 22. Traffic intra-EEA is recovering well. But some regions lag behind due to continuing travel restrictions – will be covered by “force majeure” exception. COM must adopt the delegated act before 31 December.

ReFuelEU Aviation

The Commission adopted a legislative proposal on 14 July. It is based on a SAF blending obligation on aviation fuel suppliers with increasing targets over time, starting in 2025 (see ramp up below). An obligation on airlines to uplift aviation fuel prior to departures from EU airports aims to ensure a level playing field between airlines and airports for intra and extra-EEA flights.

- Proposed ramp-up targets:

Total shares in the fuel mix (in %)	2025	2030	2035	2040	2045	2050
SAF ramp up:	2	5	20	32	38	63
Of which: sub-mandate on e-fuels	-	0.7	5	8	11	28

SAF flanking measures include:

- Intensifying EU efforts at ICAO to promote establishment of global SAF targets.

- A Renewable and Low Carbon Fuels Value Chain Alliance. Similar to the Batteries Alliance. Could be the platform to deploy SAF funding mechanisms, notably through an IPCEI (important project of common European interest). This is still hypothetical but there is interest in the Commission.
- Steering funding towards SAF deployment e.g. ETS Innovation Fund, Horizon Europe (R&D), others.
- Facilitating SAF certification through the establishment of an EU SAF Clearing House (EASA will perform an EP Preparatory Action to assess the feasibility)

SAF Alliance

On 9 Nov, Commissioner Vălean announced the creation of a new Industrial Alliance for Renewable and Low Carbon Fuels Value Chain with the particular focus on the aviation and waterborne.

The alliance will bring together all the relevant stakeholders, including the full industrial value chain, public authorities, civil society, financial institutions. They will work toward the objective of boosting the production, distribution and use of sustainable fuels. A wide availability and affordability of sustainable aviation fuels is necessary to accelerate their uptake and decarbonise aviation.

The alliance introduces an industrial dimension of ReFuelEU Aviation initiative. It complements the legislative proposal presented as part of the Fit-for-55 package in July. It also delivers our commitments under the Sustainable and Smart Mobility Strategy and the European Green Deal.

The new alliance will be jointly developed with industry and other stakeholders - we have launched a consultation that will stay open until 30 November. We invite all interested parties to submit views and suggestions on the objectives, tasks and formula of this new industrial alliance.

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