

# IATA ANNUAL GENERAL MEETING



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## European Update

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Good afternoon. Thank you for joining us.

In this presentation I will cover off some of the trending topics for European aviation, including

- border concerns over the introduction of the Entry Exit System,
- the proposed Schiphol flights reductions,
- the short-haul ban in France,
- the Air Defender military exercise,
- and the continued failure of progress on the Single European Sky.

# EES/ETIAS

## Europe's border control game changer

- **EU Entry Exit System (EES)** removes stamped travel docs for visitors to Schengen area. Replaced by a central database
- Entry into operation now delayed to **2024**
- **Electronic Travel Information and Authorization System (ETIAS)** is an electronic travel authorization for visa-exempt travelers to Schengen (like the US ESTA)
- Supposed to begin **6 months** after EES



EES/ETIAS will be a game changer for how EU borders are managed

The Entry Exit System (EES): removes the practice of stamping travel documents for third-country nationals (TCN) admitted for a short stay into Schengen. It replaces that with a central EU database capturing dates of entry and exit and calculating the remaining days of stay allowed.

The Electronic Travel Information and Authorization System (ETIAS) is an electronic travel authorization for visa-exempt TCN travelling to Schengen (like the US ESTA or Canadian eTA)

The aviation industry is fully behind the EES & ETIAS rollout and is committed to working with the EU and national authorities for a successful implementation. But we remain concerned about some elements yet to be addressed, despite us raising these concerns on multiple occasions.

## EES/ETIAS – Industry concerns

- **Uncertainty** – Time scales have moved, extent of required airline investments unclear
- **Cost** – Some countries already passing on investments onto airlines directly or through airport charges
- **Automation** – It would help if travelers could use pre-departure options to reduce pressure on border crossing points
- **Support** – Unclear that enough trained staff will be deployed. Phone support for airlines also very limited



Our principal concerns are:

- Uncertainty about the implementation plan. Deadlines and timescales have continually slipped. The extent and timing of required airline investment is unclear.
- Costs are being passed on to airlines in some countries. This is unacceptable. Border management is a government responsibility and should be funded by governments.
- We need to make sure there are sufficient automated border gates, and with queues likely to form as a result of having to enroll in EES when you first cross a Schengen border, it would be better if travelers could pre-enroll off-airport, to reduce pressure on border crossing points.
- Finally, support for implementation will be crucial to ensure a smooth roll-out. At present, we are not convinced that there is a robust plan for telephone support for airlines, nor that sufficient numbers of trained border agents will be available.

## Schiphol flight reductions

- The Netherlands planning to reduce flight numbers at Schiphol to 440,000 p/a
- Important to note this is **not a climate change measure**. It has been introduced for noise purposes.
- Industry successfully challenged an interim measure to reduce capacity to 460k but the Dutch govt is appealing
- If they succeed, could lead to reduction in summer 2024 flights that would severely hamper fair allocation of slots.



The Government of the Netherlands is continuing to pursue its decision to reduce annual flight numbers at Schiphol airport from 500,000 to 440,000.

This is **not a climate change measure**. Displacing flights from Schiphol to other airports would not reduce CO2 emissions. The flight reduction is a measure to reduce noise. Under the Balanced Approach, which is enshrined in EU Law and ICAO policy, flight reductions are a last resort, only to be implemented after other procedures have been followed.

IATA and several airlines therefore successfully legally challenged an interim attempt to reduce movements in Winter 2023 to 460,000 movements, on the grounds the government was not following the Balanced Approach. However, the government has launched an appeal, to be heard on 21 June, which could, if successful, provide grounds to reduce the Summer 2024 capacity.

This issue matters to the industry a great deal for several reasons, including:

- The need for clarity of the application of the Balanced Approach in international and European law. Airlines wish to have legal certainty and a government should be compliant with its legal obligations.
- The arbitrary cut reduces airport slots which airlines are permitted to operate. These cuts will mean that airlines which were able to operate slots under grandfather rights will have them taken away. There is no precedent or methodology in place for this so it's very difficult to ensure fairness and prevent loss of connectivity. It also means new operators that were hoping to get slots at the airport will be unable to get them, which impacts consumer choice and competition.

## French short-haul ban

- Ban on flights of less than 2.5 hours
- In fact only applies to three routes
- Represents just 0.3% of emissions from flights in France.
- The ban isn't based on data or reality. It's political grandstanding
- It's a scandal that politicians restrict people's travel choices while doing nothing to fix the emissions from air traffic control inefficiency



As of April 2022, France has banned short haul flights between cities that can be reached by train or bus in less than 2.5 hours. This new rule is part of an overall effort by France to reduce carbon emissions by 40% by 2030.

This ban will have limited results and is merely a political decision based on very little data. It applies to Orly Airport in Paris and concerns three routes in the country from Orly airport to the cities of Bordeaux, Nantes and Lyon. The three routes affected by the ban represent 0.3% of the emissions produced by flights taking off from mainland France, and 3% of the country's domestic flight emissions.

This sends the message that these decisions aren't based on data or grounded in reality. Politicians would rather make grandstand announcements like this one instead of focusing on improving existing systems which could reap greater benefits without limiting people's mobility options.

## Air Defender Military Exercise June 12-22

- This is causing aviation considerable concern
- Could impact on slots and schedules which may require flexibility from Slot Coordinators to retime slots...which may not be granted
- Extended airport operating hours must be considered
- The EU do not consider this to be an 'extraordinary circumstance' for exemption from EU 261 compensation. But airlines should not have to pay if ANSPs impose capacity cuts at short notice.



The upcoming Air Defender military exercise scheduled from June 12th to June 22nd in Germany is causing considerable concern. While airlines appreciate this military exercise must take place, our teams have been coordinating with DG MOVE, the Network Manager and others to ensure mitigation plans have been developed, while providing maximum flexibility. The expected "secondary effects" of Air Defender will impact on slots and schedules and will very likely require flexibility to retime slots as the exercise unfolds – unfortunately, in some instances, this flexibility may not be enough, or not be granted at all.

Any operational issues resulting from significant disruption to a major airspace/routing in the network will require special measures. For example, extended airport operating hours must be considered, particularly at curfew airports. Moreover, DG MOVE does not consider this exercise as "exceptional circumstances" in relation to EU261 requirements. As the window to avoid compensation for cancellation is upon us, we are pushing for a statement from the EC to call upon the National Enforcement Bodies (NEB) to align their approaches. We do not want different authorities to take decisions and enforce penalties for delays resulting from this exercise. And it's vital we avoid the precedent that airspace closures are not considered an extraordinary event.

A satellite night view of Europe, showing city lights and the dark sea. The text is overlaid on the top left of the image.

## Single European Sky: Continued lack of progress

### **Spanish Presidency challenges:**

National Supervisory Authorities

Performance targets

I will conclude with our most famous – or perhaps that is infamous – issue: the Single European Sky. Once again, we saw a frustrating lack of progress in the recent negotiations. European states pushed again to maintain their sovereign right to manage their own airspace as they see fit, without thinking of the performance of the overall network, the environmental impact, nor the key principles of the SES, which they have all signed up to over 20 years ago!

This leaves the Spanish presidency of the council with the unenviable task of tackling perhaps the most challenging chapters in the SES file - the National Supervisory Authorities (NSA), and Performance targets.



## Single European Sky: Continued lack of progress

- Air Navigation Service Providers are monopolies and cannot 'set and mark their own homework'.
- An independent European economic regulator with enforcement powers is essential
- These 'National Supervisory Authorities' should then set strong targets for delivering on emissions efficiency, capacity, performance, and costs.

On the role of the National Supervisory Authority (NSA): Airlines believe that the establishment of an independent European economic regulator for air navigation charges, with specific powers of enforcement, is a fundamental point. Airlines will be paying back billions to monopoly service providers for services never used in the pandemic for years to come. At the moment, Air Navigation Service Providers can set and mark their own homework. Clearly something must change. We call on the Council to allow air navigation services to be regulated the same way other transport modes are. NSAs need to be fully independent in decision making and recruit suitably qualified and competent staff.

On Performance targets: A strong NSA should define the performance and charging scheme's targets in a transparent and inclusive process, based on airspace users' needs. That includes steps to assist airlines to achieve net-zero CO2 by 2050, improved capacity and performance to reduce delays, and better cost efficiency. Meaningful consultation, defined timelines and transparent processes should be the norm. Enforcement of the agreed targets must be enshrined in any updated regulatory framework. For too long, airlines have suffered poor service quality compared to the prices paid. For example, in 2022 EUR1.9 billion was added to the cost base for ATC Charges, yet we suffered delays at the level of 2019, when we had record traffic!

That concludes my presentation today. Before I take your questions, I'd like to invite you to join us at our Wings of Change Europe event in Amsterdam on 14-15 November, kindly hosted by KLM. The previous editions of this event have been a great success, not least the one we held in this very hotel last year. Hope to see you in Amsterdam.



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Thank you.

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