Media Briefing

Regional briefing - Europe

Rafael Schwartzman, Regional Vice President, Europe

#IATAAGM
Today I would like to cover two main issues: the challenges of restarting our industry, and the upcoming legislation on Fit for 55 which we are concerned will not deliver the CO2 gains we need, with the efficiency we want.
Air traffic and the pandemic in Europe: A rollercoaster ride

Air traffic movements in European airspace

- This chart shows the evolution of flight numbers in Europe during the COVID crisis. Although there has been steady recovery, European traffic is still not back to 2019 demand.

- By Revenue Passenger Kilometers – which is a more accurate metric of overall passenger demand and is our preferred measure - in April, European demand is at 75% of 2019 levels.

- These figures give some idea of the sheer scale of the collapse the industry suffered, and the challenge in restarting our industry. Chief among our current challenges is the issue of delays and cancellations affecting some parts of the European system.
Restart challenges – delays and cancellations

Average delay is already at 2019 levels despite demand being only 75% of 2019.

Delays and cancellations are rising in recent months.

Aviation is a complex interconnected chain and airlines are reliant on performance of others, especially airports and ATC.

For the year to date on average around 69% of flights are arriving with some sort of delay, and the total delay is 5.2 million minutes (daily delay 01 Jan - 14 June is 31,632).

This is broadly comparable to 2019, but the key difference is that we are still only at about 75% of 2019 demand. And the 2019 delay figures were heavily impacted by weather issues and other events, which has not been so evident this year.

This Eurocontrol chart shows the average cancellations and punctuality across the European system.

The black bar at the bottom shows the expected level of cancellations – around 3.5% - in normal times. Throughout the pandemic, actual cancellations (the blue shaded area) ran considerably higher than the expected average.

But as Omicron restrictions were lifted, the number of flights that were cancelled began falling back to the average until about mid-May, when they started to increase, as demand picked up, and punctuality (the dotted line) fell.

Aviation is a complex interconnected chain, and airlines are at the mercy of other actors, particularly Airports and air traffic control. So what are the reasons for
these issues?
Staff shortages: main reason for increased delays

The industry is hiring as quickly as possible, but security clearance is a key problem.

Governments can help by:

- Prioritizing aviation people for assessment
- Mutually-recognizing security clearances across EU states
- Making the ‘one day’ badge more flexible

As the chart shows, the main issue is staffing. Unfortunately, either staff chose to leave the industry during the pandemic, or were laid off as furlough schemes were ended but industry recovery was stalled.

The industry is hiring as quickly as it can, but security clearance is a key problem. The current process takes 2-6 weeks which means ramping up recruitment for the summer is already very challenging. But governments can help:

- Aviation personnel should be prioritized for assessment
- Security clearance should be mutually recognized so that a worker security cleared in one European country can move to do the same work in another EU country without delay
- The “One-day” badge should be facilitated to enable staff without full security clearance to work in restricted areas under supervision by an employee with full clearance. Airports and states should allow these employees to work in the airport for several days in a row without the need to always have always the same supervisor.

Credit: Eurocontrol Aviation Intelligence Portal
Airport capacity problems affect slots

Airlines call for:

Airports must monitor their bottlenecks and make new capacity declarations

Slot coordinators must work with airports and carriers to manage the impact on planned schedules

It’s vital these measures are in place well in advance so airlines can inform customers about changes to their flights

- Given that the industry is still facing recruitment challenges, further disruption is inevitable as demand continues to increase.

- In that scenario, it is vital that airports and airlines work together to minimize disruption. In particular, we ask our airport partners to carefully monitor the performance at key vulnerable bottlenecks

- Where it’s established that capacity cannot be met, airports must make a new and realistic capacity declaration and work with slot coordinators as needed to manage the impact on planned schedules with airlines.

- This is important so that all carriers are treated fairly, and proportional schedule reductions are made. It’s essential this is managed correctly so that alleviation from slot use is also granted on both ends of the route.

- Putting these measures in place well in advance of the scheduled date of operation will allow airlines to inform those consumers whose bookings will be affected as early as possible, giving them sufficient time to rebook travel or make alternative arrangements.
EU 261: Better guidance needed from authorities

Many of the delays are outside of airlines’ control, but it's unclear if airlines can apply for 'extraordinary circumstances'.

If airports are forcing cancellations at short notice, a mechanism needs to be found for airports to have responsibility for compensation.

- Where the current challenges result in delays or short notice cancellations, the EU261 rules are also creating headaches for passengers and airlines alike.

- The categorization of these cases - outside the airlines’ control - as extraordinary circumstances is unclear and there has been a lack of guidance from both the European Commission and National Enforcement Bodies.

- The role of third parties is important. If compensation is to be paid, but the airline is not at fault, then there should be some sort of mechanism for airlines and airports to reach a fair resolution.

- What is needed is cooperation across the whole system, including governments and regulators, to assist the industry facing the challenges in restarting from a near total-shutdown.
ATM's Role: Delays down, emissions reduced

Air Traffic Management delays are also rising but they are not as concerning as staffing delays at the moment.

Nevertheless, the overall need to reform the system and implement the Single European Sky is as strong as ever.

On environmental alone, SES would save 10% of emissions in European airspace.

Yet we never hear politicians talk about this.

- ATM delays have also been growing.
- To give credit where it is due, Germany has done well to absorb traffic, considering the situation in Ukraine and the implementation of the new system in France.
- Overall, ATM delay is not the most pressing concern at present. But ATM capacity problems have not gone away.
- Delays are already running higher than in 2019 and unless there is meaningful progress on the Single European Sky then delays and inefficiencies will continue and worsen. Even more worrying, the opportunity to cut millions of tonnes of CO2 will be lost as inefficient routes continue.
- Across the system as a whole, some 10% of emissions could be saved. Yet despite politicians grandstanding on the environment, we hear very little from them on this issue.
Redesign Fit For 55 for max CO2 reductions & max efficiency

Fit for 55 EU legislation has three elements that impact on aviation
1. A SAF mandate (ReFuel EU)
2. An extension of the EU ETS
3. A proposed jet fuel tax

Aviation is committed to net zero CO2 emissions by 2050 but it’s a tough challenge to decarbonize

Fit for 55 policies should be designed to maximize carbon reductions with the maximum efficiency – we have concerns this is not the case

• The Fit for 55 package of legislation going through the co-decision process in the EU has three distinct parts that affect aviation.

1. A mandate on the use of Sustainable Aviation Fuel (SAF)
2. A reform of the EU Emissions Trading Scheme
3. A proposal for a jet fuel tax.

• All of these proposals are part of an overall package of measures designed to bring EU carbon emissions down by 55% by 2030.

• Climate change must be tackled. Air transport has been clear on this for more than a decade.

• Aviation was the first industry to set collective global goals to stabilize and reduce emissions. And last year that commitment was strengthened by agreeing to reach net zero CO2 by 2050. This puts aviation on the glidepath to meet the requirements of the Paris agreement to keep global warming to 1.5 degrees.

• Fit for 55 is the EU’s move to accelerate efforts in the short term, and certainly sectors with the opportunity to decarbonize quickly, should be the focus of
tougher targets.

- But aviation is a hard-to-decarbonize sector, and that means policies should be designed carefully to ensure that the maximum emissions gains can be made with the maximum efficiency. The industry is concerned that Fit for 55 does not yet meet this test.
The proposal that Sustainable Aviation Fuels (SAF) should be supplied to all European airports is not an efficient solution.

Airlines do not need further incentives to use SAF – producers need to be incentivized to produce it.

- Under the ReFuelEU proposals, 2% SAF must be supplied to virtually all EU airports by 2025, rising rapidly in five year increments thereafter. The industry agrees with the idea to use more SAF. The problem is not getting the airlines to use it – it is persuading more companies to make SAF in the first place.

- The mandate at every airport is not an efficient solution. There's a finite amount of capital and expertise available to go into building SAF capacity, so at this stage it is better to concentrate this in companies and at sites where SAF can be scaled up at the greatest speed and lowest cost, rather than disperse production to hundreds of small producers.

- The alternative is to see SAF being tankered around Europe purely to meet an arbitrary target.

- It would be better for the EU to consider the US example, where fuel producers are incentivized to create more SAF. These policies are set to drive US SAF production to 11 billion litres by 2030.
EU ETS: OK for Europe, not for the rest of the world

The European Parliament has voted through a huge extension to EU ETS. They want it to apply to all flights into and out of the EU. This undermines the CORSIA mechanism which applies to emissions on international flights.

Instead of undermining the only global agreement on aviation CO2 emissions, Europe’s politicians should be promoting it.

- There has recently been a proposal from the European Parliament that ETS be extended to all flights into and out of the EU. This is a massive extension of the current scheme, which only applies to intra-EU flights.

- There is a perception that international flights are not subject to environmental measures, but this is not true. International flights beyond the EU are already subject to the CORSIA scheme, the Carbon Offsetting and Reduction Scheme for International Aviation.

- This is one of the precious few global agreements of any sort on climate...and the EU is recklessly endangering it with their neo-colonialist desire to apply “their” measure on all flights.

- In 2012 the EU tried the same thing. They created an international outcry, and were forced to back down. Rather than undermine CORSIA, the EU should be showing leadership by promoting it, encouraging more states to join it, and ensure it is effective and fair. Currently 107 states participate in the scheme.
Jet Fuel Tax: a costly and crude attempt to reduce CO2

A jet fuel tax is a just way for governments to make money. As a mechanism to reduce emissions, it is 100 times more costly than CORSIA. A jet fuel tax designed to suppress demand will cause huge collateral economic damage to Europe’s economy.

- The industry has always been clear that a tax on fuel is a revenue-raising measure for governments, not an effective means of reducing emissions.

- Airlines already have every incentive to reduce fuel burn, especially given the increase in the price of oil this year. An additional tax is just a further financial burden on an industry already suffering badly from the pandemic.

- Measures that focus on reducing demand are extremely ineffective and costly – some 100 times more costly than the CORSIA scheme for example. That’s because it is a very crude method.

- For example, a flight is only a part of a passenger’s overall travel budget. Other costs may include hotel, ground transport, meals, entertainment etc. All these other elements may be travelers choose to economize on before deciding to stop the flight altogether.

- As a measure designed to dissuade people not to fly, a tax causes significant collateral damage to the wider economy, particularly the tourism sector.

- That’s why the industry has always supported practical emissions reduction methods such as SAF, the SES and offsetting, and in the near future, electric and
hydrogen planes.

- A fuel tax is ineffective and economically ruinous. The proposal must be scrapped.