



Commissioner Violeta BULC

IATA 2019 Annual General Meeting

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Ladies and gentlemen,

Thank you for inviting me here today to share my thoughts with you. I am very much looking forward to hearing your views as well.

I really feel that transport in general, and **aviation in particular, is at an important crossroads** right now. This makes **regulators and industry talking together** – as we are doing today – more important than ever.

I don't think I need to tell you the different pressures that your sector is under – you know all about the need to simultaneously cut **emissions**, increase **capacity** and adapt to **new technologies**.

We know that both decarbonisation and digitalisation will disrupt traditional aviation. New technologies will revolutionise air traffic management, for example, and make more automation viable, for example for drones. This will bring aviation closer to other modes, for which Mobility as a Service is fast becoming reality.

In the European Union, we follow two guiding lights when tackling these challenges:

- A vision of a **Transport Union** that puts **people** at the centre, and prioritises **decarbonisation, digitalisation, innovation and investment**.
- Our **Aviation Strategy**, launched in 2015. This provides certainty to the industry in terms of the direction we're heading, and was developed together with industry.

I will not pretend that the Aviation Strategy has solved all of the sector's problems in Europe. But we have delivered as promised on some key components of a regulatory framework:

[Achievements]

- We have completely **revised the EU Aviation Safety Agency's Basic Regulation**. The new rules are fit for the future and provide certainty. We have also made real progress on a regulation for drones.
- We have demonstrated how Europe can make a difference at global level in the fight against climate change, by pushing for **CORSIA**. As I'm sure you agree, the global agreement on carbon neutral growth from 2020 is historic.
- We have **strengthened our links with non-EU countries**, with comprehensive aviation agreements with Qatar, Tunisia, Armenia and Ukraine ready to sign. We have also signed a safety agreement with China. Negotiations with the ASEAN region and Japan are nearing completion, and we continue negotiations with Turkey, Azerbaijan and Oman. In the EU, we also continue to reap the benefits of existing agreements with the US, Canada, Switzerland, Israel, Jordan, Georgia, Morocco and Moldova. They have meant an additional 500 direct flights, strengthening Europe's connectivity with the world! At the same time, fares have come down significantly, for example by €230 per trip to the US.
- And we have **adopted new rules allowing EU airlines to compete on a level playing field with third country carriers**. I have always spoken out in favour of open markets and increased links with our partners. But the rules must be clear to everyone.

[Capacity]

But now is *not* the time to put our feet up. Since we designed the Aviation Strategy, **air traffic has risen by 20%**. The result is congestion in our skies and increasing **delays** on the ground at airports. This came to a head in Europe last summer, and we're expecting another difficult summer this year. **Finding solutions for the capacity crunch is now urgent**.

We need more **infrastructure investment at national level**. Meanwhile at EU level, we are looking into how to make our **airport charges, slot allocation and broader internal market rules** more efficient for the **3Cs**: greater **capacity, competition and connectivity**.

We are also putting a spotlight on **Air Traffic Management**. We recently agreed on **targets for the performance** of air navigation services over the next five years. I see this as a key milestone in addressing delays, curbing avoidable CO2 emissions and containing costs for passengers, while ensuring the highest levels of safety.

Looking further into the future, we also asked a **Wise Persons Group** for their views on how best to offer additional ATM capacity in a flexible, scalable and sustainable manner, while building a more resilient ATM system and simultaneously ensuring safety and security. They had their work cut out! Their advice, unveiled in April, has seen a **lot of reaction from key stakeholders**.

I value the exchanges that we are now having, and I certainly hope to see **stakeholders subscribing** to the measures proposed by the Wise Persons' Group. This would send a **clear signal to the incoming European Parliament and Commission** on implementing them as soon as possible. Time is of the essence, as we all know.

[Sustainability]

The careful listeners among you will have noticed that **sustainability** was right up there in the mandate for the Wise Person's Group, alongside capacity. Environmental considerations really are key. I could stand here all day and talk about the **negative externalities** of transport in general, and the impacts of emissions on our climate and therefore our planet. Don't worry – I won't do that! But please do allow me to mention just a few key facts:

- We all know that aviation emissions are rising rapidly – **today’s CO2 emissions from air transport are almost twice as high as they were in the 1990s.**
- We are about to publish the results of a study into the **negative externalities** of transport, which amount to **€1 trillion by the way. That’s 7% of GDP!** These ‘costs’ include environmental damage, accidents and infrastructure.
- The study finds that **environmental costs**, such as climate change, air pollution and noise, **represent almost 100% of all costs for aviation**, with these costs amounting to **€33 billion** for the 33 EU airports covered by the study.
- The price paid by those travelling by **plane covers roughly the infrastructure costs, but not the environmental costs.**

We cannot continue to generate such high costs from aviation, or indeed any other transport mode. We need to turn things around, and we need to do it quickly. **We owe this to our planet, and to future generations.** But if that isn’t enough to convince you, we also need more sustainability to ensure **public acceptance.** In the future, I expect the aviation industry’s licence for growth to be linked directly to perceptions of sustainability.

The recent **European Aviation Environment Report** indicated **relative environmental performance improvements**, for instance in noise and fuel consumption per passenger. But aviation’s overall negative impact on climate, noise and air quality continues to climb as air traffic volumes soar. This affects both **health and quality of life.**

Alongside our focus on ATM, the EU’s **toolkit for addressing emissions includes R&D and innovation, and alternative fuels.** Our **Single European Sky** policy aims to **triple capacity, halve ATM costs and reduce environmental impact by**

10%. Market-based measures can also play a role in capping and reducing CO2 emissions from aviation.

New aircraft noise standards came into force in 2018, and **new aeroplane CO2 and engine particulate matter standards** will follow in 2020. We also have **NOx emissions** standards in place.

And of course we have signed up to **CORSIA**. It goes without saying that aviation emissions are a global problem, and that only a global solution, in this case negotiated by ICAO, can have any real impact.

[Standards]

Multilateral fora also make aviation **safer**. It is only by bringing all players together – regulators and industry – that we can ensure the same standards are in place for all passengers, whether they're flying from Paris to Madrid, or Ljubljana to Seoul.

However, I simply cannot end today without mentioning RPAS or drones. The youngest member of the aviation family.

The Commission is making good progress on regulating for drones, and has already adopted common EU-wide rules setting technical requirements. These are essential for the digitalisation and decarbonisation of the European economy. But above all, they will help ensure that drones are safe for other airspace users and people on the ground.

Ladies and gentlemen,

This is an exciting time to in transport! **Digitalisation and big data are revolutionising travel**. Combined with **innovation** and **determination**, I am

convinced that they will also help us to increase capacity and make aviation more sustainable. We all know that new technologies can develop at the speed of light. Don't wait until change is forced upon you. The aviation sector needs to be proactive in embracing change and understanding the opportunities – and challenges – ahead.

I would strongly recommend that you do **prepare for the new transport landscape together**. I for one am more than happy to **reiterate my full commitment** to discussing these issues with all of you and trying to define solutions together **within multilateral structures such as ICAO** so that we can **maintain global standards, ensure maximum safety for passengers, and take aviation towards a greener future**.

Thank you for your attention, and I wish you a dynamic, stimulating and productive meeting.