

# ***“The value of air transport on job creation and economic growth”***

***Keynote speech by Commissioner Elżbieta Bieńkowska at the Airlines for Europe high-level CEO-Summit on Air Mobility and Prosperity***

*Brussels, 28 June 2016 12.45 pm*

Dear Presidents and CEOs, Honourable Members, Ladies and Gentlemen

I would like to thank Airlines for Europe for giving me the opportunity to discuss with you the value of air transport on job creation and economic growth.

You are all aware that Jobs and Growth is at the centre of this Commission’s agenda.

The European air transport sector is a key contributor to this, both directly and indirectly.

But the sector is facing new competitive challenges in a rapidly evolving global market.

Two challenges stand out.

First, the growing strength of emerging markets in the Asia-Pacific region.

And second, a major restructuring of the industry in the United States.

Today I would like to talk about these challenges and how we can respond to them.

Ladies and Gentlemen

The EU aviation sector directly employs over 2 million people.

And it has some major spill over effects on other sectors, such as trade and tourism.

So overall it supports over five and a half million jobs.

The direct contribution of aviation to EU GDP is 110 billion euros.

And the overall impact is as large as 510 billion euros.

And the benefits are not just felt in terms of jobs in the sector.

When large firms take decisions on where to locate their headquarters, the availability of direct intercontinental flights is a major factor.

A 10% increase in the supply of intercontinental flights results in a 4% increase in the number of headquarters of large firms.

A 10% increase of departing passengers in a metropolitan region increases local employment in the services sector by 1%.

And by 2030 international arrivals will grow from 1.1 billion to 2 billion, with 500 million potential new tourists from Asia alone.

So for today's travellers, air transport, trade and tourism go hand in hand.

In the EU, we have done our best to increase those figures.

Over the last 20 years, the EU has liberalised the internal market for air services.

Air transport users now enjoy an unprecedented choice of air travel opportunities at competitive prices.

Low-fare EU carriers are now amongst the top carriers both in terms of passengers and in terms of market capitalisation.

European aeronautical manufacturing has been equally strong, leading the world.

As a frequent flyer, I can see each and every time I am at a European airport how this benefits the EU citizens.

But let's never take success as granted.

The rest of the world is doing its best to catch up.

The international aviation sector outside Europe has also seen significant developments, characterised by very strong growth in certain world regions, especially Asia.

As a result, several new airlines and airports have emerged and are posing a new and considerable challenge for European hub airports and carriers.

In other parts of the world, like the United States, air transport has been carrying out major restructuring.

This in turn has led to their air carriers becoming some of the most competitive and profitable in the world.

We cannot ignore this reality.

Ladies and Gentlemen

We must respond to these challenges.

We have to open a new page for European Air transport.

Together with my fellow Commissioners, in particular Violeta BULC, we are convinced it is critical that the EU aviation sector remains competitive, maintains its leadership position and is able to grow.

Europe must be a leading player in international aviation.

It must be a global model for sustainable aviation.

And it must set a high level of service and ambitious EU standards.

The industry itself must lead this.

We cannot create the jobs.

We cannot carry out the innovation.

Only you can.

But what we can do is to create the best conditions.

We can work together to strengthen the competitiveness and sustainability of the entire EU air transport value network.

The Single European Sky is a concrete example of where the EU can make a difference by raising capacity, improving safety and cutting costs while minimising aviation's environmental footprint.

But it now needs to deliver and we count on your support.

And we can work on improving access to third markets.

European aviation is still restricted in its ability

- to access third-country markets,
- to access different sources of investment, notably foreign investment,
- to buy out airlines in other parts of the world, and

For the EU aviation industry to remain competitive, market access must be based on a regulatory framework which enables reciprocal opportunities and prevents distortion of competition.

But the main challenge for the growth of European aviation is to reduce capacity and efficiency constraints.

These are seriously impeding the European aviation sector's ability to grow sustainably, compete internationally, are causing congestion and delays, and are raising costs.

Ladies and Gentlemen

We have not been sitting on our hands.

You all know that last December, we adopted an aviation strategy.

We identified three key priorities:

- Tapping into growth markets, by improving services, market access and investment opportunities with third countries, whilst guaranteeing a level playing field
- Tackling limits to growth in the air and on the ground, by reducing capacity constraints and improving efficiency and connectivity
- Maintaining high EU safety and security standards, by shifting to a risk and performance based mind-set

And to do this, we also identified actions in a number of other areas.

- Creating high quality jobs in aviation
- Protecting passenger rights
- Embracing a new era of innovation and digital technologies
- Contributing to a resilient Energy Union and a forward-looking Climate Change Policy

We are now focusing on implementation.

I am glad the Council recently gave mandates to the European Commission to negotiate ambitious international agreements with major trade partners.

The European Commission is working hard on the other topics.

We have to address the issues without any preconceived ideas.

Being in charge of very different sectors of the industry, I sometimes wonder why there are so many specific rules to the aviation sector.

Let's take for example airport charges.

I know how sensitive this topic is for Airlines for Europe.

But do we need a detailed regulation explaining how charges are to be fixed?

Would we not leave more room to the market to fix prices, with competition authorities only taking care of abuses?

Is it not the best way for airports to perform as companies?

I think that it is worth raising this kind of questions.

Ladies and gentlemen

The European Commission cannot act alone.

We cannot create the jobs: only industry can.

We are fully aware that maintaining European leadership in the aviation sector including manufacturing is at stake and constitutes a challenge.

The European Commission is firmly committed to implement the aviation strategy.

To make it a success, we need a permanent dialogue with all relevant stakeholders.

This is what I am looking forward today.

I count on your support.

Many thanks for your attention.