

A4E CEOs: Back-to-Back crises call for urgent action on key aviation policies to assist aviation's recovery and support continued decarbonisation efforts

- Aviation remains one of the worst hit sectors, with A4E airlines having lost nearly 500m passengers during COVID-19 pandemic.
- Soaring energy prices will increase airline operating costs beyond 2023; updated EU policies would accelerate airlines' sustainable recovery and help rebuild connectivity.

Brussels, 31 March 2022: Two years since the COVID-19 pandemic began in Europe, and five weeks after the outbreak of war in Ukraine, A4E CEOs are navigating back-to-back crises and have called on European policy makers to take urgent action on key legislative proposals that would strengthen airlines' recovery prospects, protect and accelerate decarbonisation efforts and help rebuild passenger connectivity.

European aviation remains one of the sectors hardest hit by the COVID-19 pandemic. Between 2020-2021, A4E airlines lost over 500m passengers compared to 2019, and some experienced staff cuts (-150,000 employees) due to the pandemic. According to the latest IATA forecast, Europe's airlines are not expected to post a profit until 2023, or 2024 at the earliest. A thriving and economically viable aviation sector in Europe is a key enabler for other industries' recovery, including tourism.

With fuel representing up to 35% of airlines' operating costs, and energy prices expected to remain high until at least 2023, EU aviation policies must reflect the "new reality" airlines in Europe are facing. Despite strong pent-up demand among Europeans to travel again, record oil and carbon prices¹ combined with lengthy detours around Russian airspace will weaken competition between European and non-European carriers for flights to/from Asia.

Key policies must be re-assessed and swiftly updated to help airlines mitigate rising costs on multiple fronts and operate more efficiently. For example, more cost-efficient air navigation services for flights within Europe could be realized along with an up to 10% reduction in CO2 emissions by implementing the Single European Sky, which remains in trilogue negotiations between the European Council, the European Parliament and European Commission.

Without appropriate mitigation measures, future energy and climate policies will erode airlines' competitiveness and lead to carbon leakage.

CEOs reiterated their commitment to reaching net zero CO2 emissions by 2050 and support European carbon reduction targets -- but stressed the need for global climate action and pricing support measures to level the playing field. A4E CEOs want global uniform regulation, including a global carbon price for aviation which would stimulate low carbon technology development -- as well as using the system of ETS allowances to support the uptake of sustainable fuels.

¹ Oil prices have soared in the last three weeks to reach a 14-year high of \$139 a barrel

“Europe can become a global leader in decarbonising aviation. But achieving net-zero emissions by 2050 should not erode the competitiveness of European airlines nor lead to carbon leakage”, said Carsten Spohr, Lufthansa Group CEO and A4E's 2022 Chair. “To be successful, policies must be designed to avoid distorting competition between European stakeholders within the single aviation market -- as well as between European and non-European airlines”, Spohr added.

The long overdue reform of EU air passenger rights rules (EU261) will ensure better information for passengers, reduce complexity, and incentivise airlines to minimize the impact of flight disruptions. For example, a list of so-called 'extraordinary circumstances' will help passengers know when they can claim compensation. As key issues are not defined in the current legislation, the total cost of European airlines' compliance to EU261 has risen from €1.6 bn in 2011 to €5.3 bn in 2018.² It is vital that EU261 is streamlined and made future-proof should aviation be affected by another crisis like COVID-19.

“We call on the incoming Czech EU Council Presidency to prioritise both the SES and EU 261 proposals when its mandate begins in July. Given the multiple crises European carriers are now facing – whether energy, consumer health, or geopolitical – a thorough re-evaluation of the aviation regulatory landscape has become an absolute necessity”, said Thomas Reynaert, Managing Director of Airlines for Europe (A4E).

“We need to draw on all the lessons learned following two years of this pandemic: travel restrictions have been proven ineffective and should be abandoned altogether. Only then can we restore passenger confidence in air travel and begin our path towards recovery”, Reynaert added.

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About A4E (Airlines for Europe)

Airlines for Europe (A4E) is Europe's largest airline association, based in Brussels. A4E works with policy makers to ensure aviation policy continues to connect Europeans with the world in a safe, competitive and sustainable manner. As a key initiator of aviation's Destination 2050 roadmap, A4E and its members committed to achieve Net Zero carbon emissions for their own operations by 2050. With a modern fleet of over 3,200 aircraft, A4E airlines carried 270 million passengers in 2021 -- down from 700 million in 2019 due to the COVID-19 pandemic. Each year, A4E members with air cargo and mail activities transport more than 3.7 million tons of goods, life-saving vaccines and essential medical equipment to more than 360 destinations either by freighters or passenger aircraft. Follow us on Twitter @A4Europe.

² Steer, “Study on the current level of protection of passenger rights in the EU” for the European Commission, January 2020.