

EU COVID-19 green recovery funding for the decarbonisation of civil aviation

Open Letter to EU Ministers and European Commissioners

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The COVID-19 outbreak has caused an unprecedented crisis, resulting in the collapse of air connectivity and putting at risk the future of the entire aviation ecosystem – with far-reaching consequences for tourism and countless businesses and citizens across Europe. Restarting air transport will play a crucial role in the overall recovery of European economies. But if civil aviation is amongst the hardest hit sectors by COVID-19, it is also one that faces far greater challenges when it comes to climate change – and its ability to decarbonize. Therefore, air transport must be at the very core of the strategy the EU is charting for its recovery.

The European aviation sector welcomes the approach taken by the European Commission to combine the economic recovery from the COVID-19 crisis with a strong commitment to sustainability and the European Green Deal objectives. We fully support the idea that we should use the current crisis as an opportunity to “*build back better*”, by reducing carbon emissions from flying the most cost-efficient way. This is even more important as COVID-19 has shown that early action is critical to address a looming crisis, and that delays have a significant human and economic cost. Delaying or reducing the rate at which emission reductions are made today is not an option as it will require more ambitious cuts in the future. Accelerating the transformation to sustainable aviation will also pave the way for a more resilient tourism sector and will keep Europe as the first destination in the world.

Due to the current dramatic revenue losses across the entire air transport eco-system in Europe, it will be challenging to achieve timely and ambitious investments into climate action. Public support for the decarbonisation of European civil aviation, as well as other public support measures (which are not further addressed in this joint paper), are therefore important now, more than ever.

We therefore jointly call upon policymakers to consider smart measures to support the decarbonisation of the European civil aviation sector during its recovery. This requires ensuring that aviation climate action is eligible for funding under the mechanisms foreseen by *Next Generation EU* and the new MFF.

Benefitting from these support measures will help our sector regain its economic viability – a prerequisite for safeguarding both air connectivity and our ability to keep investing in decarbonisation. Such support measures are equally important to ensure a global level playing field for EU aviation stakeholders in particular in light of the significant support provided by non-EU governments (i.e. USA, China and others) to non-EU industry.

Building on this joint effort between public and private investment, we commit to speeding up work to decarbonise European civil aviation in line with the EU’s goal of climate neutrality by 2050.

Proposals:

- **Boost the production and uptake of Sustainable Aviation Fuels (SAFs) in Europe** through a dedicated and stable set of policy measures and public investment plans. Such measures would notably be welcomed within the “ReFuel EU Aviation-Sustainable Aviation Fuels” initiative. Support measures should include:
 - **Direct capital investment (or ownership) in SAF production facilities** enabling the necessary de-risking required to debt finance projects as well as the execution of off-take contracts with aircraft operators.
 - **Making Europe the centre of excellence for the development and production of SAF’s** through the construction and funding of commercial scale SAF projects from globally approved technology pathways.
- **Implement a green incentive scheme for airlines and aircraft operators to replace older aircraft** (fixed wing and helicopters) with more modern and environmentally friendly aircraft; use public funds dedicated to the recovery to provide such incentives to aircraft operators. On average, new aircraft models are 20% - 25% more fuel-efficient, and are producing less noise compared to previous generations. Such an incentive scheme would speed up the green transition towards the EU’s shorter term ambition of 2030.
- **Increase public funding and increase the public co-funding rates for Civil Aviation Research & Innovation (Clean Aviation and SESAR):** use resources from the recovery funds to inject additional capital beyond the amount that will be provided through the MFF and Horizon Europe. European disruptive technologies and innovative fuels, including hydrogen, can generate deep and long-term emissions reductions towards the EU’s Climate Neutrality in 2050.
- **Continued investment in the European Air Traffic Management system (ATM):** Enhance the benefits of SES and temporarily provide **100% public funding for the deployment of SESAR technologies with proven sustainable and environmental benefits**. The current exceptional situation as a result of very low air traffic levels offers a window of opportunity to accelerate the digital transformation of the industry which has already been planned -- or is currently planned in upcoming Common projects and within the SESAR Airspace Architecture Study roadmap. Recovery funds can be used to ensure necessary projects can continue readying the industry for the traffic levels expected after the crisis - enhancing efficiency and reducing environmental impact. These funds could be used to increase the co-funding rates for SESAR deployment beyond the amount of money provided through the Connecting Europe Facility (CEF) or address short term liquidity issues. Such funds should benefit all stakeholders that will need to contribute to the deployment of new technologies, including airports, airspace users and air navigation service providers.
- **Investment in sustainable airport and heliport infrastructure:** Ensure eligibility of projects related to energy efficiency, renewable energy and electrification (e.g. improving the energy efficiency of terminal buildings, renewable energy generation on-site, supply of electrical ground power to aircraft on stand, electrification of ground vehicle fleets, etc.) for relevant funding under *Next Generation EU* and the MFF. This also includes R&I related to the infrastructure and handling logistics needed to support the deployment of SAF, hydrogen and electrified aircraft.

- In addition, in order to provide urgent relief to the sector, existing financial instruments could also be used immediately before the recovery funds are in place.

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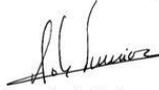
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