



# ECAC/EU DIALOGUE

## with the European air transport industry

### Challenges and opportunities in financing aviation

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#### **Session 1: State of play - Europe's needs in investment**

*Investing is a prerequisite for further development of the aviation sector and to ensure its short- and long-term sustainability. Does aviation attract investors? Under what conditions? How is the aviation sector financed today in Europe, and how does this compare to other regions?*

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This session should provide a high-level overview of the current status of the aviation industry (i.e. airlines, airports, ANSPs, manufacturers) in Europe and address the need for investment. The European aviation sector is constantly evolving and is facing new challenges, thus new investments are needed to ensure the short- and long-term sustainability of the sector in a highly competitive environment.

The speakers should offer their perspective on where the needs for investment lie, the existing means to finance the European industry, what would encourage or prevent investors from financing aviation and what is needed to improve the attractiveness of the sector, and how investors assess the investment opportunities, and identify possible innovation in financing. The speakers could also provide their views on other sectors of the economy they consider to be more attractive for investment, and the reasons for that.

The discussions should progress from examining the value of the aviation sector, recognising that aviation is a strong driver for economic growth, jobs, trade and mobility, towards the need to secure and develop aviation's crucial role in the European economy and connectivity. The session should offer the perspective of both private and public investors - from the sector and from outside - tackling the concerns of financing the industry and identifying the priorities and expectations in order to make the sector more attractive.

The overview should also consider international aviation developments outside Europe, in particular the strong growth in certain regions, and analyse how aviation is financed in those regions. A comparison with other infrastructure sectors (including communications) could also provide a broader picture for the aviation industry. The comparison should encourage the development of a new vision for financing aviation in Europe.

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**Session 2: Challenges and solutions – how can we make existing solutions work better?**

*What are the constraints for financing aviation development? Are existing costs a hindrance to investment? What solutions exist to promote investment in aviation? How could constraints for financing in aviation be solved by today's approaches?*

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This session should offer various perspectives on the state of play of investment in aviation and the need for investment in areas not yet addressed, both on the ground and in the air (e.g. airlines, ATM infrastructure, aircraft development). Speakers should address the European perspective on the existing constraints and the solutions needed to ensure a sustainable development of the sector, also considering the challenges posed and the opportunities offered by the growth of air transport in other regions.

The main challenges for the growth of European aviation are to reduce the capacity and efficiency constraints, reduce costs, modernise the system and attract investment. Competition from other transportation modes attracting public investment (e.g. rail) also represents a challenge. Innovative solutions need to be explored to address how to maximise the “return on investment”.

The analysis should address the main constraints to attracting more investment in Europe and to developing long-term financing programmes, and identify the specific role and needs of the different operators and the relations among the stakeholders.

The part dedicated to “investing on the ground” should provide an overview of the need to increase airport capacity, the challenges to develop new infrastructures, and the cost of this development. The existing and envisaged solutions should be analysed from the perspective of airport operators, airlines, regulators and investors.

The part of the session dedicated to “investing in the air” will focus on an analysis of existing restrictions on investing in airlines due to regulatory limitations (e.g. ownership and control regulations) and the economic risks, the constraints on the development of ATM infrastructure, and the challenges faced in financing new aircraft programmes. Since air traffic management service providers, together with airports, constitute the key elements of the civil aviation infrastructure, the quality, efficiency and cost of these services are crucial for the competitiveness of the industry. The speakers are invited to share their views on the existing limitations and identify possible ways to mitigate the risks, reduce the costs and increase efficiency to attract investment. A comparison with investment in the air in other regions would be valuable to enrich these discussions.

**Note:** The following morning, the Session 2 moderator will open the day's proceedings by offering a summary on the state of play of European investments in aviation, the existing constraints and the current future needs of the sector in order to stimulate an exchange of views in the round-table debates in Session 3, first amongst the key European stakeholders and then amongst policy makers and regulators, to allow for final proposals and recommendations to be drawn up.

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**Session 3: Game changers – what are they?**

*Game changers and far-reaching solutions are needed to finance innovation in aviation. States' strategies are needed to promote investment in aviation. What needs to change, and who should finance innovation?*

*What are the consequences of the evolution of business models for airlines/airports? Multimodal investment: how do we do it? How do we promote airport development towards "airport cities"? What are the future evolutions of airline business models? Ownership and control rules: is liberalisation a leap ahead? What would it bring along? EU regulator's perspective*

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This session, organised in round-table format, should start with the comprehensive picture depicted on the first day and move towards the concrete changes and innovative solutions to be embraced by stakeholders and regulators to promote investment in European aviation and ensure the long-term competitiveness and sustainability of the European industry.

In the first round table, the key stakeholders will discuss the new business models and future industry evolutions in order to propose to policy makers and regulators the changes and actions required to ensure the attractiveness of the European aviation industry for investors.

The second round table will be dedicated to the regulators' analysis of if, and how, the existing regulatory framework fits the European industry's needs and expectations and if not, what needs to be changed to foster more investment. For example, would the liberalisation of air carriers' ownership rules be a way forward to promote the development of European air carriers?

The European policy makers and regulators should consider and discuss the industry's proposals for regulatory changes to finance innovation and allow the development of new business models. They should consider whether revisions or new initiatives are required, or whether a different interpretation and/or application of the existing framework would satisfy the needs.

**Dialogue conclusions**

The Dialogue should result in short- and long-term concrete recommendations and proposals to address investment constraints and create suitable conditions to finance the future of European aviation.