



THIRTY-NINTH PLENARY (TRIENNIAL) SESSION

(Videoconference, 12 July 2021)

Agenda item 4: Presentation of the Focal Point reports

REPORT ON ECAC ACTIVITIES ON ECONOMIC MATTERS

(Presented by Damien Cazé, ECAC Focal Point for Economic matters)

SUMMARY

This paper presents the report on the 2019-2021 ECAC activities on economic matters, underlining the achievements of the various groups.

ACTION TO BE TAKEN

The Plenary Session is invited to note the main achievements in the economic field for the period 2019-2021.

Introduction

1. Economic activities in ECAC during this triennium became increasingly dominated by the broad-ranging impacts of the COVID-19 crisis. Aside from the mere fact of the collapse of passenger traffic arising from the pandemic, knock-on issues such as implications for State support, impacts on charging regimes, labour issues and other operational questions all became the subject of ECAC activities in this field; and given the likely lasting effects of the crisis, the broader issue of the post-COVID environment is to continue to form a large part of the economic work for the future.

Organisation

2. Based on the demands from ECAC Member States for new activities in the economic regulation of air transport field, two groups, the Economic Working Group (ECO) and the Network of Chief Economists (NCE), were established in 2016. The groups' work aims at developing economic expertise in ECAC Member States and promoting cooperation and mutual understanding with international partners, regional and international organisations. These groups complement the existing European Coordination Group on economic matters, whose aim is to promote pan-European priorities and positions in international meetings such as the ICAO Air Transport Regulation Panel and the Assembly.

3. Regarding the chairing of these groups, 2019 saw the appointment of a new chair of the Economic Working Group - Mr Mark Bosly (United Kingdom), and of a new co-chair of the European Coordination Group on Economic matters - Ms Christine Mucina-Bauer (Austria) in 2020.

4. Regarding the role of ECAC Focal Point for Economic matters, several Directors General held this portfolio during this triennium:

- Mr Dan Micklethwaite (DGCA United Kingdom) from August 2019 to end 2019;
- Mr Alessio Quaranta (DGCA Italy) from March 2020 to December 2020;
- Mr Mario Nemeth (DGCA Slovakia) in December 2020; and
- Mr Damien Cazé (DGCA France) as of January 2021.

Implementation of the 2019-2021 Work Programme

5. The 2019-2021 Work Programme in the economic field identified the following objectives:

- To support mutual understanding on economic issues of common interest to the aviation community within ECAC.
- To promote and support understanding of current issues and future challenges of common interest to the aviation community within ECAC.
- To promote pan-European priorities and positions in international meetings.

Mutual understanding on economic issues of common interest

6. In line with this work programme, the **Economic Working Group** (consisting of Member States, and observers from IATA, ACI EUROPE, the European Commission and CANSO) discussed the liberalisation of market access and developed an aspirational statement, which was endorsed by Directors General in December 2020. The objective of this statement is to have a direction and common understanding among ECAC Member States regarding the liberalisation of market access, and to guide ECAC Member States in their work on this matter within the region. The group also monitored international developments on economic regulations and discussed the liberalisation of non-scheduled

services, in particular the application of the Multilateral Agreement on Commercial Rights of Non-Scheduled Air Services in Europe (Paris 1956).

7. From the beginning of the COVID-19 pandemic in March 2020, the group's main focus has been on COVID-19-related matters. The group has supported ECAC activities and discussed topics such as economic and financial relief measures, key elements for Member States' consideration regarding economic matters in the crisis, and the development of a study on the economic consequences of the crisis, the last of which is now being undertaken by the ECAC Secretariat. ECAC had launched several surveys on the economic relief measures implemented in Member States. Based on this, with the support of a secondment from DGCA Italy, the next study will include a general overview of the different measures that were put in place during the crisis, economic and financial ones, but also health restrictions and to assess their effects (e.g. on operators/on passenger behaviour). The objective is to produce recommendations for Member States, including lessons learnt and future good practices. Some longer-term aspects (including investment and sustainability) that will become highly critical for the future of aviation will also be included. An outline of the study will be presented to Directors Generals' end-August meeting and it is planned to be finalised by late summer (September).

8. In addition to regular meetings, the Economic Working Group and the Network of Chief Economists held several brainstorming sessions in 2020, on economic aspects of the crisis such as regulatory frameworks, market access, financing, criteria for financial fitness of airlines and airports, economic relief measures, sustainability of sector). The group has also identified a list of the key topics and challenges on which to exchange views and progress their discussions. It also agreed to enrich its discussions by inviting external experts to share their views and knowledge on these topics. So far, the following topics have been addressed at these meetings:

- Labour and social issues: (external expert: Mr Eoin Coates, Head of Aviation, European Transport Workers' Federation).
- Airport revenues: (Michael Stanton-Geddes, ACI EUROPE and Julie Lassaigne, Secretary General, European Travel Retail Confederation (ETRC)).
- Operational and economic impacts from the crisis: (József Váradi, CEO, Wizz Air; Markus Linke, Head of Aviation Security Politics & Compliance/Deputy Head Task Force Regulatory Coronavirus, Lufthansa; Pierre-Hugues Schmit, Chief Commercial & Operational Officer, VINCI Airports; and Donal Handley, Chief of Staff, Director General's Office, EUROCONTROL).

9. The Network of Chief Economists was established to ensure the exchange of information on economic studies and relevant statistics. The members of the Network reviewed the survey on airport charges and levies, and actively contributed to the development of a survey on PRM charges, which was a follow-up action to the ECAC workshop on PRM charges. In addition, the members discussed developments of latest studies and statistical research in their State or in international forums.

10. As with the Economic Working Group, discussions in 2020/2021 focused on the economic impact of the COVID-19 crisis and its potential consequences. The Network shared facts and the latest studies from various sources, to develop a more comprehensive understanding of the evolving situation. The restricted website for economic studies and statistical data has been updated and new economic studies and statistical data from Member States regularly uploaded.

Promotion of pan-European priorities and positions in international meetings

11. The **European Coordination Group on Economic matters** promotes pan-European priorities and positions in international meetings. The group, co-chaired by an

ECAC Member State expert and the European Commission, coordinated the European contributions to ICAO events, such as the Economic Commission during the 40th session of the ICAO Assembly (24 September–4 October 2019).

12. Coordination efforts focused on developing key messages and strategies for the Economic Commission. The group prepared two working papers: one on liberalisation of foreign investment in airlines and the other on consumer protection. Ultimately, it was not possible to reach a consensus on foreign investment in airlines, but one working paper was submitted on behalf of ECAC Member States to the Economic Commission, covering Consumer Protection and Air Passenger Rights (WP/92) and this paper was well supported. Overall, the European objective of ensuring the continuation of work and discussions on multilateral arrangements for liberalising air transport, with a commitment to work towards identifying convincing solutions, was achieved and reflected in the final report and Resolution A40-9.

13. The group also discussed expectations for the informal session of the ICAO Air Transport Regulation Panel (ATRP), held on 18 November 2020. The group will continue to work on the preparation for the ICAO High-Level Conference on COVID-19 and the next informal sessions and meeting of the ATRP (planned for late 2021 and early 2022).

14. The **ECAC/EU Dialogue with the air transport industry**, established by ECAC and the European Commission in 1995, represents a forum for regulators and leaders of the air transport industry to meet and debate the current key aviation issues and future challenges in an open and even provocative way. It takes place every three years.

15. The eleventh ECAC/EU Dialogue was held virtually on 4 November 2020 on the theme "Restart, Reconnect, Recover - Rebuilding Aviation in a Changed World". The Dialogue was opened by the ECAC President Ingrid Cherfils and featured a welcome address by Parliamentary State Secretary of the German Federal Ministry of Transport and Digital Infrastructure Steffen Bilger, as well as a keynote speech by Henrik Hololei, Director-General for Mobility and Transport in the European Commission. Across four panel debate sessions, the panellists and moderators, representing a broad range of high-level aviation stakeholders, explored the economic and financial impact of the COVID-19 crisis on aviation, the public's perception of air travel, the consequences for environmental initiatives and the impact of the crisis on the implementation of the Single European Sky. With the objective of setting priorities to support the recovery of European aviation in a changed environment, a press release with some main conclusions was published¹, highlighting the need for adequate support measures, rebuilding consumer confidence, acceleration action on innovation and environment and modernising air traffic management system.

16. The **ECAC Forums**, organised back-to-back with the December meetings of Directors General, have offered Directors General the opportunity to debate key aviation topics. Discussions have been facilitated and enhanced by input from selected external speakers, mainly from the industry and academia. These Forums have often been used to promote high-level discussions among Directors General on economic topics. The 2019 edition of the Forum covered policies to address aviation's environmental challenges, while the discussions in 2020 focused on the COVID-19 crisis and explored how to go from survival to recovery.

17. In addition to the above, since 2019, two editions of ECAC News have been dedicated to economic-related topics:

¹ https://www.ecac-ceac.org/images/news/press-releases/ECAC_Press_Release_2020_01.pdf

- ECAC News No 68 (winter 2019): Sustainable Aviation – Managing Growth
- ECAC News No 71 (autumn/winter 2020): Flight Path to Recovery – Building a Resilient and Sustainable Future for Aviation.

Action to be taken

18. The Plenary Session is invited to note the main achievements in the economic field for the period 2019-2021.

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