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Subject: **Any other business**

Air Connectivity and the recovery post pandemic

- *Information from the Cyprus delegation, on behalf of the Cyprus, Estonian, Greek, Hungarian, Lithuanian, Polish, Romanian and Slovak delegations*

Delegations will find attached the final version of the information note prepared by the delegation of Cyprus, on the above-mentioned subject for consideration under "Any other business" at the meeting of the Council (Transport, Telecommunications and Energy) on 3 June 2021.

Air Connectivity and the recovery post pandemic

The Covid-19 Pandemic has disproportionately affected air transport and the Union’s internal and external air connectivity. Current projections estimate a slow recovery to pre-pandemic connectivity levels affecting the EU single market, the competitiveness of our economies, our potential for growth, social cohesion and putting at risk the European Integration process. Air connectivity is an essential component of the EU Single Market bringing together our economies and societies. Any resulting gaps in connectivity cannot be ignored and we consider that we need to take targeted measures for the speedy recovery of the sector, ensuring our continued international and regional competitiveness, serving the needs of the EU citizens, the economy while at the same time ensuring a sustainable future for air transport.

Cyprus will be presenting the “Declaration on Air Connectivity for the People, the Union, the Environment and the Future”, on behalf of Cyprus, Estonia, Greece, Hungary, Lithuania, Poland, Romania and Slovakia addressing the above issues and proposing a way forward.



Declaration by Cyprus, Estonia, Greece, Hungary, Lithuania, Poland, Romania and Slovakia

Air Connectivity for the People, the Union, the Environment and the Future

The Covid-19 Pandemic severely affected the Union's internal and external connectivity. Devastating statistics speak of over 60% decrease in flights across and beyond the EU for the first months of 2021, with 2020 being equally devastating with a 54 % reduction of passenger flights. However, other major air transport markets fared much better¹.

We, the Ministers of Transport of Cyprus, Estonia, Greece, Hungary, Lithuania, Poland, Romania and Slovakia recognizing this unprecedented impact on the Union's air connectivity and expressing serious concerns about the future viability of the EU's air transport sector, invite the European Commission to take decisive and targeted measures for the speedy recovery of the sector safeguarding EU air transport connectivity. This is necessary in order to protect: (a) the rights of European citizens with regard to freedom of movement, (b) the environment in line with our climate neutrality goals, and (c) the competitiveness and resilience of the Union itself including the well-functioning of our Single Market.

Connectivity for the People. Freedom of movement, a cornerstone of European citizens' rights, is severely restricted due to measures adopted to stem the spread of Covid-19; the whole EU aviation sector is facing an unprecedented crisis while mainly peripheral and insular Member States suffer the worst consequences. This fundamental right is at great risk of being unfairly and disproportionately restricted even after the Pandemic, especially for those European citizens who live at the EU periphery and rely on air connectivity for personal or professional reasons. The industry needs to be supported in order to regain passenger trust and ensure the right of the citizens to equal access to air connectivity. If the current severe disruption in connectivity is not adequately addressed, then freedom of movement will become a right for some and not all, putting at stake our vision for more integration and a competitive aviation market serving the needs of the people. Thus, we urge for measures so that no one is left behind, starting with the removal of obstacles to the Freedom of movement within the EU caused by the Pandemic.

¹ ICAO Dashboard on operational impact of COVID-19 shows a reduction in passenger flights of 28.83% for China and 15.08% for the USA.

Connectivity for the Union. Connectivity, across and beyond the Union, is an essential component of the Single Market; air-connectivity is a key factor to cross-border investment, knowledge exchange and supply chains, providing growth to the Union, fostering cohesion among member-states, facilitating regional and European integration. Both cohesion and integration are currently at stake and ensuring the Union's economic recovery is a challenge. Member States are facing demanding challenges, more so peripheral and insular ones that rely exclusively or significantly on air connectivity. Any constraints to efficient and timely air connectivity with global markets will jeopardize the Union's competitive edge. Supporting air connectivity and connecting the capitals of all Member States would lead the Union to speedy economic recovery in the Pandemic's aftermath and allow our economies to compete on equal terms and increase the competitiveness of the EU globally.

Connectivity for the Environment. Air transport should become environmentally sustainable based on dedicated financial instruments to address societal sensitivities and contribute towards a climate-neutral future. We should redouble our efforts to boost the uptake of sustainable aviation fuel and hydrogen, facilitating its production within the Union. Intersectoral competition and the environmental footprint of short-haul flights should be tackled. Environmental issues should also be addressed at an international level and we should continue to safeguard and improve CORSIA, thus ensuring a level playing field among our international partners. Taking advantage of efficiency gains offered by digitalization, such as seamless multimodality and mobility as a service, and by integrating air transport, will further facilitate mobility and connectivity while promoting sustainability.

Connectivity for the Future - Recovery, resilience and international competition. Supporting air connectivity and its resilience is about safeguarding our common future. The worsening situation of airports and airlines and the delay in the recovery process mean that the relief offered under the Temporary Framework may not be sufficient to support the transport sector. A coherent framework for connectivity will support the continued competitiveness of the Union regionally and internationally. The framework should aim to keep all Member States connected between them and the world, thus preserving expertise and human capital, so that social cohesion and integration continues while forging a way to sustainability and ultimately serving the needs of EU citizens, and society at large. The new Sustainable and Smart Mobility Strategy should be also developed as an important element fostering future air connectivity and its resilience.

Furthermore, we invite the Commission to focus on the competitiveness of the EU air transport market worldwide by exploring the extent to which the 2014 Guidelines on State aid to airports and airlines and PSO provisions in the Regulation 1008/2008 could be relaxed allowing more flexibility within the EU market especially for airports of national, regional or local importance, where air connectivity, being an essential part of regional accessibility, is significant for economic development and attractiveness of the EU for neighbouring countries.

In view of the above, we invite the European Commission to adopt a comprehensive temporary framework allowing flexible and relevant state aid for air connectivity past the expiry of the Temporary Framework and for an adequate time to ensure a speedy recovery whilst ensuring at the same time fair competition and a level playing field. The framework should be offered over a period of at least three years to match the expected recovery time of aviation². We stand ready to work towards achieving the common goal of improving air connectivity.

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² <https://www.eurocontrol.int/publication/eurocontrol-five-year-forecast-2020-2024>

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