

18th Florence Air Forum

Towards resilient and sustainable aviation: implications for competition and competitiveness of the EU aviation sector

13 May 2022

Sala Europa - Villa Schifanoia, Via Boccaccio 121 - Florence

Organised by Transport Area of the Florence School of Regulation (FSR-Transport), RSCAS, European University Institute in collaboration with European Commission - Directorate-General for Competition and Directorate-General for Mobility and Transport

Introduction

The COVID-19 pandemic has almost forced the aviation industry to a halt in 2020, at least when it comes to the provision of passenger services: the number of active routes, as well as frequencies were substantially reduced while passenger volumes drastically declined. The impact of COVID-19 on aviation continues to be felt today, as the industry faces an uncertain recovery outlook. While [EUROCONTROL forecasts](#) 2022 traffic to recover to 70-90% of 2019 levels, the evolving pandemic has seen traffic fall away from its optimistic forecast to converge increasingly on the baseline forecast.

The Commission adopted several emergency measures to support the aviation sector during the pandemic. First, as confirmed by the discussions of the [17th Florence Air Forum](#), since the beginning of the COVID-19 pandemic, the Commission has enabled Member States to use the full flexibility provided under State aid rules to support the aviation industry. In particular, the Commission adopted a [temporary framework for State aid rules](#) in 2020, in force until 2022. Thanks to the massive State support approved by the Commission, the aviation ecosystem was thus able to stay afloat. However, this massive State support has also been asymmetric, as certain Member States have granted much higher amounts of aid than others.

This impact of COVID-19 on the competitive landscape in which aviation actors are operating must also be placed against the background of the decarbonisation imperative, as well as in the context of pervasive digitalisation. The combination of all these forces will inevitably result in a post-COVID-19 aviation industry that is significantly different from the one we know today. Consequently, competition law rules and the regulatory environment may have to be adapted to the new circumstances in the industry, and the different instruments (i.e., State aid, mergers, antitrust and the general EU regulatory framework for aviation) will have to be applied in accordance with the new reality. Building upon the discussions of the 17th Florence Air Forum, which centred on the short- and mid-term implications of the pandemic, the 18th Florence Air Forum will take a longer-term perspective in discussing the industry's resilience and sustainability from both a regulatory and competition law perspective.



The Forum will be kick-started by a presentation of the main findings of the study commissioned by the Commission to assess the structural changes in the aviation market, including those pertaining to connectivity, pricing, competitiveness, as well as the changes to business models and travel demand, among others. Stakeholders will have the opportunity to react to the freshly presented findings while debating the questions: What are the structural changes in the market? What has been the impact of the COVID-19 outbreak on operators' financial status and resilience? How long would it take them to recover? The Forum will also investigate how the pandemic has affected the provision of connectivity (e.g., more destinations but less frequency), ticket prices, travel habits and inter-modality, but also the implications on the competitive structure of different airlines, as well as on the relationships between airlines and airports. The findings of this analytical session will then inform the discussions in the subsequent sessions.

The second session will aim to draw lessons from the crisis. It will be dedicated to the various emergency measures adopted by the Commission including legislative (e.g., Airport Slots, Air Services Regulation, Ground Handling Directive) but also other non-legislative measures (e.g., Guidelines on State aid and emergency Public Service Obligations, Temporary Framework for State aid rules). In the context of State aid support, the Forum will discuss the effectiveness of the flexible rules introduced by the Commission, the limitations of existing State aid instruments, and not least, the issue of aid disparities (i.e., airlines vs. airports, and legacy carriers vs. low cost carriers). Participants will discuss the main challenges identified, including possible ways to address them in any next crisis, be it within the competition law or regulatory framework.

In a third session, the Forum will discuss possible ways of improving the resilience of the aviation sector, so as to reduce the amount of State support needed for airlines and airports during the next crisis, whatever shape it may take. For example, what could be the prudential and capital requirements for both airlines and airports to this end? How can the rules on slots, airport charges or ground-handling be improved to ensure that they are crisis-proof?

Last but not least, this Forum will tackle the timely topic of the aviation sector's decarbonisation against the backdrop of the [Fit for 55 Package](#). How to strike the right balance between advancing EU greening objectives and securing the competitiveness of EU airlines and airports? What is the role of regulation and/or State aid? How can we render airport acquis greener? Where can the financing come from? What role is there for multimodality (e.g., short haul bans, shift to rail, combination of air and rail)?

Programme

13 May

08:45 - 09:00 *Welcome Coffee*

09:00 - 09:30 **Setting the scene**

Juan Montero | Florence School of Regulation, Transport Area, European University Institute

Henrik Morch | DG COMP, European Commission

Filip Cornelis | DG MOVE, European Commission

Session A - What has been the impact of COVID-19? What is the new normal?

09:30 - 10:15 Presentation of the study (20 minutes)

Clémence Routaboul | Steer

Stakeholder reactions and open discussion (25 minutes)

10:15 - 10:30 *Coffee break*

Session B - Lessons learnt from the COVID-19 crisis response: What went well and what needs improvement?

10:30 - 11:45 **Camilo Perez** | Aéroports de Paris (ADP) and ACI Europe Economics Committee

Barbara Kovacs | Wizzair

Ernst-Jan Heuten | Authority for Consumers & Markets

Q&A and open discussion

11:45 - 12:00 *Coffee break*

Session C - Towards a more resilient air sector: updating the regulatory framework for the new normal and improving the resilience of the sector

12:00 - 13:15 **Andrea Waechtershaeuser** | IATA

Fabio Soleri | Aeroporti di Roma

Chris Gadsden | Easyjet

Bastiaan De Bruijne | ACI Europe

Q&A and open discussion

13:15 - 14:15 *Lunch break*

Session D - Towards a more sustainable and greener air sector: impact on the competitiveness of EU airports and airlines and international competition consideration

14:15 - 15:30 **Anna Sotaniemi** | Finnair

Guillaume Burghouwt | Royal Schiphol Group

Vassiliki Christidi | Aviareps Hellas S.A.

Andrew Murphy | Transport & Environment

Q&A and open discussion

15:30 - 15:45 *Coffee break*

15:45 - 16:15 ***Synthesis and concluding remarks***

Juan Montero | FSR Transport, EUI

Matthias Finger | FSR Transport, EUI

Filip Cornelis | DG MOVE, European Commission

Henrik Morch | DG COMP, European Commission