

# AmCham EU position on the Aviation Strategy

## *Unleashing the growth and innovation potential of the aviation sector*

### Executive summary

AmCham EU recognises that aviation plays a crucial role in serving passengers and facilitating trade and tourism. Further liberalisation of international air services can lead to increased economic benefits. Therefore we strongly support the European Commission's Aviation Strategy for Europe. We believe that regarding aviation safety the strategy should deliver on increased regulatory convergence and harmonisation with other regulatory authorities and international organisations, while considering conflicting EU policies such as chemicals policy and emerging technologies. Sharing the sense of urgency on the need to implement more swiftly the Single European Sky, AmCham EU supports the implementation of a more efficient Air Traffic Management system. We also promote a measured, but effective, globally harmonised regulatory approach on the unmanned aircraft integration into civil airspace that focuses on safety and keeps up with evolving technology and market needs. To deliver on the EU's ambitious climate objectives, AmCham EU believes that the work of ICAO and the development of advanced biofuels will be instrumental

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*AmCham EU speaks for American companies committed to Europe on trade, investment and competitiveness issues. It aims to ensure a growth-orientated business and investment climate in Europe. AmCham EU facilitates the resolution of transatlantic issues that impact business and plays a role in creating better understanding of EU and US positions on business matters. Aggregate US investment in Europe totalled more than €2 trillion in 2015, directly supports more than 4.3 million jobs in Europe, and generates billions of euros annually in income, trade and research and development.*

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## **Introduction**

With its new Aviation Strategy the European Commission underlines the importance of aviation as an enabler of economic growth and a key contributor to the European fundamental freedoms such as free movement of people, goods and services across the region. AmCham EU believes that aviation plays a crucial role in serving passengers and facilitating trade and tourism, resulting in a positive impact on the EU economy and enabling the mobility of EU citizens and businesses.

Additionally, air transport connectivity between regions and markets worldwide boosts productivity and provides key infrastructure upon which modern globalised businesses rely. An estimated 2 million European jobs are directly generated by the air transport industry, particularly airlines and Original Equipment Manufacturers (OEM) as well as supply chain companies, while 5.5 million cross-sectoral jobs also depend on the air transport industry. It is of strategic importance to establish a sustainable and prosperous environment to facilitate effective operations and maintain growth.

Against this backdrop, AmCham EU supports the EU's efforts to put in place a strategy that unleashes the full potential of aviation, further enhances the sector's leading safety record and leverages innovation and technologies that make the aviation system more efficient and sustainable.

## **Aviation safety and security**

AmCham EU acknowledges that the revision of the European Aviation Safety Agency (EASA) Basic Regulation provides the opportunity to put in place a flexible and forward-looking framework to prepare the European safety system for the challenges ahead and enable continuous growth of the aviation market.

EASA has evolved into one of the leading aviation authorities in the world. We encourage the agency to aim for a harmonised approach with the Federal Aviation Agency (FAA) as well as other key regulators while ensuring alignment with International Civil Aviation Organisation (ICAO). Expanding the use of Bilateral Aviation Safety Agreements (BASAs) with like-minded foreign authorities could further eliminate duplication of oversight. It is essential that regulators like EASA intensify their efforts to promote regulatory convergence and global harmonisation with other leading regulators like the FAA.

In light of the need to adapt the EASA system to consider conflicting EU rules and emerging technologies, we welcome the expansion of EASA's role into select areas such as EU chemicals legislation, in particular REACH, to cover more holistically pertinent topics of aviation safety. The industry has stringent safety standards for which years of development and qualification are necessary to enter a product into service. Despite major research efforts to identify suitable replacements, no drop-in alternatives currently exists for a number of banned chemicals. Due to the fact that neither the REACH obligations nor the airworthiness requirements set by EASA take precedent over each other, closer alignment and cooperation between EASA and the European Chemicals Agency is needed.

AmCham EU welcomes a stronger coordination between EU institutions and their plans to actively prevent and manage cyber security incidents in Europe. Security is a shared responsibility whereby the partnership between government agencies and industry provides a multi-layer of security measures to ensure the reduction of vulnerabilities while strengthening our resilience against threats. It is therefore indispensable that industry is properly involved in rulemaking activities on cyber security by EASA, the Commission and Member States. Equally important is the close coordination between the EU and the US and alignment with ICAO in this area.

AmCham EU believes that EASA should retain a clear focus on existing responsibilities despite its expansion, in particular a timely, efficient, and risk-based approach to product certification and validation. To this end, EASA needs sufficient resources and effective working methods to allow the industry to bring safe and more technologically-advanced products to the market in a timely manner.

### **Safe and efficient Air Traffic Management (Single European Sky)**

As the fragmentation of European airspace causes longer flight time, delays, extra fuel burn and carbon dioxide (CO<sub>2</sub>) emissions and also creates safety risks, AmCham EU shares the sense of urgency on the need to implement more swiftly the Single European Sky (SES) and fully deploy the globally harmonised SESAR technologies. It is estimated that these inefficiencies will grow to cost the European economy EUR 245 billion in 2035.<sup>1</sup>

A timely and performance-driven delivery of SES will underpin not only a safe and more efficient Air Traffic Management (ATM) system, including more efficient routing and reduced time in the air, but also a more environmentally efficient air transport system globally. When implemented, the Single European Sky could deliver a 10 to 15 % reduction in environmental impact alone, as it will save 300 to 500 kilograms of fuel and 948 to 1,575 kilograms of carbon per flight.<sup>2</sup>

### **A global aviation system**

History shows that open skies have been good for the air transport industry, air travelers and shippers. AmCham EU encourages policies that generate economic growth and expand trade. Research confirms that the liberalisation of international air service continues to produce broad economic benefits. Those include increased market access and operational flexibility for airlines, greater choice and lower fares for air travelers, and the economic development opportunities that arise from better and more affordable air service.

### **A new era of innovative unmanned aircraft technology**

AmCham EU supports a measured and effective regulatory framework for Europe on the integration of unmanned aircraft in civil airspace that focuses on maintaining a high level of safety, while providing the right environment to advance innovation for this rapidly growing industry. Common EU rules should be established by allowing EASA to regulate all Unmanned Aerial Vehicles (UAV) irrespective of their mass. It is paramount that these rules aim at preventing any interference with commercial or general aviation or any adverse impact on the efficiency of users of non-segregated airspace.

AmCham EU supports the development of robust technical standards for certification requirements in a timely manner for all classes of UAVs. The common EU rules need to ensure that UAV users are educated or even licensed to comply with the corresponding regulations. The development of common EU rules also needs to be complemented by solid enforcement measures and safety promotion actions that EASA has to develop to support the Member States to ensure regulatory compliance by all UAVs users.

Given the global nature of the growing UAV market, international harmonisation between the US and the EU as well as alignment with ICAO is indispensable to avoid unintended market barriers.

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<sup>1</sup> SEO Amsterdam Economics, *Economic benefits of European airspace modernisation*, February 2016.

<sup>2</sup> Oxford Economics, *Aviation: Benefits Beyond Borders*, Report prepared for ATAG, April 2014.

## **A forward-looking climate change policy**

AmCham EU strongly welcomes the Aviation Strategy's acknowledgement that ICAO plays a critical role in the development of a global solution to address green house gas (GHG) emissions from international aviation, and fully supports the Aviation Strategy's reference to the deployment and market development of advanced biofuels as providing an important contribution to the reduction of aviation's environmental impacts.

We welcome the Commission's active engagement in ICAO to pursue a global market based mechanism (MBM) to address emissions by the 2016 ICAO General Assembly and adopt the first CO<sub>2</sub> efficiency standard for aircraft. The agreement on the CO<sub>2</sub> standard reached on 8 February 2016 represents a significant step towards the industry's long-term goal to halve aviation CO<sub>2</sub> emissions by 2050. It also provides positive momentum on the road towards the Assembly and the ongoing discussions on a global MBM based on an offsetting scheme, in order to cap growth in CO<sub>2</sub> emissions from aviation from 2020. AmCham EU urges all stakeholders to build on ICAO progress towards developing a global scheme and to maintain a spirit of constructive international cooperation ahead of the next Assembly, in order to achieve a global solution to the global problem posed by aviation emissions.

Building on its support for the 2011 White Paper's target of a 40% use of sustainable low carbon fuels in aviation by 2050, AmCham EU urges the Commission to keep the focus on advancing the development of second and third generation biofuels in the post-2020 period. This is particularly relevant for the aviation sector, which has no practical alternatives to liquid hydrocarbon fuels over the long-term because of range, weight, temperature and other safety and aircraft operating requirements. Sustainable biofuels have the potential, over time, to enable the aviation industry to reduce its carbon footprint and become more energy sustainable. The industry has been focusing on advanced biofuels that do not compete with food sources and require minimal land, water and energy to produce.

While the technology is ready and four types of aviation biofuels have been approved (2,500 commercial airlines flights on alternative fuels have taken place since 2011), major barriers to the commercialisation and use of sustainable aviation biofuels remain. In this regard, AmCham EU welcomes the practical implementation of the 'zero rating' provision to account for biofuels use in the aviation Emission Trading Scheme (ETS) Directive on the basis of a purchase-based methodology, as endorsed by the Regulation on ETS Monitoring and Reporting and related guidelines. However, policies to integrate the existing instruments (including research and development and incentives into low carbon vehicles and fuels) into a consistent framework that allows all carbon reduction technologies to compete on an equal basis are still needed. This would enable the business and investment communities to respond to demand for sustainable aviation biofuels.

## **Conclusion**

AmCham EU is a strong supporter of the European Commission's Aviation Strategy as it unleashes the potential of aviation as a key enabler for economic growth, innovation and connectivity, as well as putting forward timely and crucial regulatory initiatives to close existing gaps in the EU regulatory framework and to meet the new challenges arising from emerging technologies. To address this, we believe intensified efforts by the Commission are needed to create a smart enforcement strategy, and to ensure involvement of industry stakeholders. AmCham EU looks forward to continuing a close dialogue on these important issues and remains available for further discussion and comments.