FNAM, or the Fédération Nationale de l’Aviation Marchande, is the association of French air transport professionals. Created in 1991, the Paris-based association boasts over 370 members and represents 80% of the French aviation industry including airlines, airports and handlers. It aims to promote social dialogue, job creation and training, flight safety, flight security, competitiveness and sustainable development.

INTRODUCTION

FNAM is grateful to be able to participate to this public consultation on the new policy of the European Investment Bank. FNAM fully supports the initiative of linking the credit policy of the EIB with the ambitious political agenda of the EU.

FNAM believes that the air transport sector can drive projects leading to

- a smarter growth by responding to the needs of the European economy
- a sustainable growth by reducing the carbon footprint of the sector
- an inclusive growth by developing the employment and the territorial cohesion

As a background, it may useful to notice that EIB’s policy set in 2007 is to be read in the light of the following context:

- drastic reduction in airline financing by the EIB: our of the 5.2 Bn EUR loans to the “Air “ sector (as per EIB classification), about only 0.6 BnEUR was directed to airlines, ie 1.3 % of the total loan in the Transport field (see appendix 1) ;
- The airline environment is changing on a very notable pace (globalization; technology; geography), but keeps two major characteristics: it is highly capital intensive and it employs many people (136 000 direct jobs in France).

As a key industry in Europe in terms of infrastructure, employment, tool to improve the territorial cohesion, it is important to assess the benefits of the industry, bearing in mind all the commitments that as a whole it has taken and will continue to promote, especially in its environmental impact.

MAIN COMMENTS

The smarter growth concept can be declined as following

a/ Safety & technology coming from the SESAR

As far as safety is concerned, the Single European Sky ATM Research (SESAR) will improve the safety performance by a factor of 10. The European Commission has mentioned in its working document the volcanic ash crisis as one of the events proving how urgent it is to move towards
an even better integrated EU airspace. SESAR could provide a safe and smart solution to this kind of situation.

Thanks to the de fragmentation of the European sky, SESAR will promote a cost efficient system. SESAR will provide Air Traffic Management (ATM) services to the airspace users at a reduced cost of at least 50%. The current cost of inefficiency and fragmentation represents more than 4 billion Euros a year.

The SESAR program will provide a three-fold increase in capacity. This multiplication of capacity will increase the competitiveness of the EU in line with the EU 2020 strategy. This objective is essential since the demand in air transport will increase in the next decades.

The deployment of SESAR in the agreed time frame is an essential step in the completion of the Single European Sky.

Delivering the SES within the agreed milestones is of utmost importance for the future of European Aviation. The Member States have a key role to play to make the SES a reality.

**What kind of technology could be supported?**

The SESAR program has more than 300 projects. Some technologies included into the SESAR programme could be supported by the EIB such as the Automatic Dependent Surveillance Broadcast (ADS-B) which is a key technology for SESAR. This technology requires a harmonized implementation on the ground and in the air. SPI/IR which is the mandate to implement ADS-B imposes the implementation of ADS-B technology to the airlines and not to the ANSPs. So far and at global level: 35% of aircrafts are equipped with this technology, 11% are planning to implement it and 54% are not equipped yet.

The coordination between SESAR and the US system (Next Gen) is essential to reach a harmonized system. The US government has already decided to fund the ADS.B technology. Meanwhile, some Member States have decided to refrain from timely implementation of such crucial service. The EIB could help the EU to keep the leadership on this kind of project.

Other technologies such as SAT-COM or ADS-C could be implemented thanks to the support of the Bank. Electronic Flight Bag should be supported as well.

**b/ Aircraft related investments**

Some technologies could be provided through the renewal of the fleet. On this issue, the EIB could come back to its previous policy (before 2007) regarding the loans to finance new aircrafts.

“Greener” aircraft are more expensive: there is no mechanism in the aircraft industry to promote the use of new technologies –beyond the EU-ETS scheme. The EIB could legitimately build a case in which manufacturers and operators would be incentivized to have more modern aircraft and to reduce the time line between R&D phases and its entry in service.

Technologies such as winglets could be supported as well in order to reduce the ecological footprint of aviation.

**Sustainable Growth:**

**a/ On mobility, congestion and pollution the airline industry is very active and could be encouraged**

- **Congestion:**
The Roadmap to a Single European Transport Area – Towards a competitive and resource efficient transport system has been published in March 2011. The Completion of the Single European Sky is the number 2 priority of this key document.

As mentioned under the previous chapter, SESAR will multiply the capacity by 3 and will contribute to remove bottlenecks and congestion in the European sky.

This roadmap is seen by both the European Commission and the European Investment Bank as the starting point of the new credit policy of the Bank.

See Appendix 2 for details.

- Energy efficiency

A sustainable alternative fuels strategy including also the appropriate infrastructure is foreseen under point 24 of this very same text.

FNAM is now expecting concrete actions from the shareholders of the EIB to finance these ambitious objectives.

The aviation industry is committed to reach the following targets:

- For the short term (2020), a 1.5% fuel efficiency improvement on average per year.
- For the mid-term, a stabilization of net aviation CO\textsubscript{2} emissions from 2020 onwards.
- For the long-term, a goal of a 50% net CO\textsubscript{2} reduction from 2005 levels, by 2050.

To reach these ambitious targets, the industry should get an adequate funding, better infrastructure, advanced technology and a clear coordination between stakeholders for implementation of the rules.

As estimated by the UNFCCC, aviation represents between 2 and 3% of Global Carbon Emissions.

The Bank should support the improvement of mobility in a sustainable manner while contributing to a reduction of congestion and pollution.

The Single European Sky ATM Research (SESAR) is one of the golden projects linking both reduction of pollution and congestion.

As far as the pollution is concerned: the SESAR program contributes to modernise and decarbonise the transport sector. One of the objectives of the SESAR program is to enable a 10%- 12% reduction in the effects flights have on the environment. The reduction of CO\textsubscript{2} emissions could reach 150 millions tons of CO\textsubscript{2} in 10 years.

The quick implementation of SESAR is crucial as far as the EU ETS will kick in 2012.

FNAM supports co-modality between different modes of transport. However, it is clear that even within Europe there are isolated communities that depend on aviation and have no practical alternative.

Investments subsidizing fixed electrical ground based power at EU Airports and local level (avoiding APU Emissions) should be supported.

The European Investment Bank (EIB) should support sustainable solutions for those sectors that have few alternatives to using fossil fuels. Although aviation has an impressive track record.
in achieving fuel efficiency improvements its only realistic emissions reduction technique is bio-jet fuel. The technical and environmental barriers to bio-jet development have been overcome but growth is now restricted by lack of investment. The EIB could support the aviation industry (and correspondingly European agriculture and bio-jet producers) by undertaking the following:

(1) Promoting R&D funding - focusing on alternative feedstock with low environmental impacts such as algae. (e.g.: 3rd generation bio-jets)
(2) Providing low-interest rate loans, match-funding and loan guarantees for bio-jet investments,

The USA has successfully introduced new legislation (Renewable Fuel Standard) and large R&D programmes (such as “Farm to Fly”) which promotes bio-jet. The EU needs to adopt a similar approach or risk losing this exciting new technology race.

4/ A new policy to promote an “inclusive growth”

Aviation has a key role to play in globalization. Aviation involves 32 million jobs in Europe and should be supported to increase this average. The role of aviation into the European and the Global economy could be increased thanks to the implementation of common projects such as SESAR. This project could reduce the ATM cost by 50% and will reduce the flying distance per flight between 10 and 12%.

Aviation is essential in delivering territorial cohesion (regions, islands...). The EIB is well aware about this vital role of aviation since the recent loans to renew airlines fleet were provided to carriers contributing to territorial cohesion. The EIB should keep this element in the review of its policy.

New technologies developed in the SESAR program should also generate new employment.

CONCLUSION

EIB policy in transport lending is a key issue for airlines, since it has to reflect the determination of EU to implement general transportation policies and it marginalizes for the time being a major sector, employing million people in Europe.

Clear projects exist for the time being, supported by the European commission (SES for example), but many new opportunities can be created to develop a comprehensive and smart growth, as identified.

EIB’s involvement could take the following forms:
- Standard EIB loans
- Project financing solutions such as the project bonds.
- Equity or quasi equity funds such as the Marguerite fund

It will be important to identify project that maximize the priorities.
Appendix 1

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>Total 3 years</th>
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<tr>
<td>Total</td>
<td>689 000 000 €</td>
<td>2 420 813 000 €</td>
<td>1 808 397 626 €</td>
<td>584 813 000 €</td>
</tr>
<tr>
<td>To airlines</td>
<td>25 000 000 €</td>
<td>559 813 000 €</td>
<td>0 €</td>
<td>ns</td>
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<tr>
<td>in %</td>
<td>0 €</td>
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out of total EIB transport loans 44249000000 1,3%

Comments:
- airlines have been funded only for pre-2007 commitments
- loans committed in 2007-10 for EIB are in general related to airport infrastructure

Appendix 2

On 26\textsuperscript{th} July 2010, MEP Tremosa (ALDE ES) put a written question to the Commission on the lack of loans of the EIB to the airlines to renew their fleet. MEP Tremosa was pointing to the incoherence between the ambitious objectives of the EU in terms of environment and the absence of available tools to reach them.

On 8\textsuperscript{th} September 2010, Olli Rehn (Commissioner for Economic and Monetary Affairs) replied to MEP Tremosa: "The Commission would like to attract the Honourable Member's attention to the fact that the Commission plans to issue a Transport White Paper later in 2010. This will allow the EIB to take into account the policy orientations of the White Paper (finally called Roadmap to a Single European Transport Area) in the revision of its transport policy."

On 16\textsuperscript{th} July 2010, Brian Simpson (chairman of the Transport Committee of the European Parliament) raised the same issue in a letter to Philippe Maystadt, President of the EIB

On 2\textsuperscript{nd} August 2010 President Maystadt replied:

"It is important that the EIB's renewed policy takes full account of EU Policy and therefore aligning with the timetable for the Commission's proposals in the transport sector is essential, as you will appreciate. With that in mind, we expect the process of updating our Transport Lending Policy to be largely completed by the end of this year with a new policy published around spring time in 2011."