

Draghi report

A REFORM AGENDA FOR THE EU

The Draghi Report holds up a mirror to the EU. The state of competitiveness is alarming. The new EU Commission must take countermeasures quickly – also in the aviation sector.

It could hardly be more urgent: a radical change of course is needed to secure the EU's competitiveness in the long-term. Otherwise, Europe faces "slow agony". One key area for action is the transport sector, which, according to Draghi, is the basis for prosperity and social cohesion in the EU.

The challenges for the aviation industry are considerable. The report classifies the sector as particularly difficult to decarbonize. The analysis confirms what European airlines and airports have been criticizing for a long time: the EU's climate protection policy leads to competitive disadvantages for domestic companies. As long as there is no international level playing field, value creation will shift to non-European countries. In addition, European aviation is suffering from high energy costs and a lack of public support to achieve the ambitious CO₂ targets.

The report estimates that the investment required to decarbonize EU aviation will amount to over 60 billion euros per year. In total, more than 1.2 trillion euros will be needed by 2050 – an immense amount. The focus here is on sustainable aviation fuels (SAF). They are regarded as the technological key, but production capacities are still far from sufficient. SAFs are not competitive in terms of price and are foreseeably unaffordable for widespread use.

In short, climate protection and the competitiveness of European aviation must urgently be reconciled. To this end, the report calls for effective solutions: targeted funding and the build-up of European SAF production. In addition, it is important to continuously analyze carbon leakage risks. Also, a legal level playing field is needed internationally, for example at the level of the International Civil Aviation Organization (ICAO). This is the only way to effectively prevent hub traffic from being shifted outside the EU. A reform of European airspace is also called for. Investments in digitization and new technologies could improve efficiency here.



»There is a risk of business diversion from transport hubs in the EU to those in the EU's neighbourhood, unless effective solutions for ensuring a level playing field are found at the international level.«

Mario Draghi

Special Advisor to Ursula von der Leyen

The report must be followed by action

Active action is now required to maintain and expand the strategically important autonomy of the EU in aviation. Firstly, the European SAF blending mandate must be corrected and made competition-neutral. In addition, a targeted reform of merger control and a determined reduction of red tape are essential for long-term success.

An integrated industrial, climate and competition policy must also be reflected in the daily work and cooperation in Brussels. President von der Leyen is right: "Those who are not competitive will become dependent." The new EU Commission must be judged by this insight.