



Speech by **Jean-Pierre SAUVAGE**

President

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Introduction

Some factual data:

- 100%: The level of traffic in France in December 2023 reached the 2019 level (94.5% for the year), with international traffic at 103.7% (97.0% annually).
- Global IATA level: 4.287 billion passengers (vs. 4.543 in 2019). 2024 Perspective: 4.7 billion passengers.
- Economic performance: \$896 billion in revenue (vs. \$838 billion in 2019).
- Operating margin: 4.5%, with a net profit of 2.7%.

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I - Infrastructure Taxation

The French exception in all its magnificence, clinging to the ecological merit medal at the expense of airports and highways without any consultation at the European level. What about the green deal and the provisions in the FIT for 55 program, excluding, for example, the principle of taxing kerosene for non-EU flights (thanks to the Chicago Convention)? Once again, at the highest level of the state, the international dimension of air transport is overlooked, which cannot be confined to hexagonal geographical limits. If only it contributed to financing the energy transition of the aviation sector, but no, its proceeds are directed towards supporting the railway, which cannot function without public aid. A rather surreal result from a legal point of view of a tax undoubtedly impeding the investment capacity of the affected airports, converted into fees by some airports and inevitably leading to an increase in the cost of air tickets. To conclude this chapter, I will recall a statement by our former prime minister declaring that taxation has not promoted ecological transition.

II - Relationship with Airports and Evolution of Economic Regulation Framework

The Regulatory Authority for Transport (ART), our regulator, published a comprehensive report in September 2023, formulating recommendations to improve the efficiency of the

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regulatory framework for the largest French airports (Reminder: ART authority for over 5 million passengers). As we have already expressed in a joint letter with IATA and A4E addressed to the Minister of Transport on August 4th of last year, we are in favor of a concerted and transparent reform of the applicable framework. I won't go through the 130 pages of this report, but I will simply recall the three key principles it contains:

- Strengthen transparency and consultation among stakeholders, especially regarding investments and service quality.
 - Encourage better performance by introducing economic incentive mechanisms.
 - Ensure the stability of the regulatory framework through the establishment of multi-year contracts that guarantee a contribution from the commercial activities of airports to the financing of the public airport service. Four of the 19 operational recommendations proposed in this report particularly catch our attention:
 - Explicitly specify the moderate nature of tariff evolution.
 - Strengthen the role of users in the elaboration of the CRE (Airport Regulation Contract).
 - Include binding service quality objectives in the CRE with financial penalties.
 - Provide a contribution from the non-regulated perimeter to the regulated perimeter based on profits after capital remuneration.
- We also note with interest the exhaustive and comparative study conducted by the Authority projecting a CMPC (Capital Market Premium Cost) between a low bound of 3.6% and a high

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bound of 5.5%, depending on certain criteria taken into account. It is worth noting that in the transport code (Art 6235-1), it is provided that the amount of fees takes into account the remuneration of invested capital within a perimeter of activities specified by regulation for each airport. A public consultation has just been launched after the presentation of a project related to fees for services rendered at the airports of LYON, Toulouse, Marseille, Bâle-Mulhouse, and Bordeaux. The objective, subject to concluding a CRE, would be to limit the scope of activities to SPA (Airport Public Service) and set a redistribution of extra-air profits at 35% of public service costs.

In this regard, it seems pertinent to highlight the recent communication from ART on December 12, 2023, mentioning for the eight airport companies under its jurisdiction a cumulative net result of nearly 800 million euros in 2022, a level 32% higher than the average of the three years before the COVID crisis. This will undoubtedly fuel many discussions among stakeholders. But what matters in this subject is the need to evolve towards a more efficient system in terms of investments and focused on operational and economic efficiency. We are therefore in favor, as mentioned earlier, of a mandatory multi-year process with clearly defined roles, especially concerning the respective prerogatives of the regulator and the State regarding investments and service quality.

III - Environment

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1 - Relations with Residents

Allow me to emphasize the fundamental importance of considering the concept of a balanced approach to noise management, as defined by ICAO Resolution A 33/7, and whose principles are reflected in EU Regulation 598/2014 and Directive 2002/49/EC. (Reminder of a balanced approach: source reduction of noise (-25% noise in 10 years), land use and management, so-called low-noise operating procedures, operating restrictions). All texts indicate that noise assessments should be based on common, objective, and measurable criteria for all member states, and for the EU, noise-related operating restrictions should only be introduced when other measures under the balanced approach are insufficient to achieve specific noise reduction objectives. Although the European regulation requires regular assessment of airport noise nuisances, such an assessment does not necessarily imply the adoption of new restrictions, even if the constant pressure from residents seems to encourage some authorities to promote them. But what does our sector do, if not precisely implement noise reduction measures at the source and less disturbing operational procedures for residents? Do you know what the IGMP or Weighted Average Global Index is? Few people know or do not want to know, yet it is an indicator that was established by a decree on January 28, 2003, to measure and specify the evolution of noise nuisances at CDG. Implemented to better assess the noise environment at this platform, it calculates in real-time the total sound energy during a year for takeoffs and

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landings, relative to the energy calculated for the reference year (the average of the years 1998 to 2001 corresponds to a value of 100). It is the only regulatory indicator based on measured noise that also provides a statistical series for more than 10 years. You will be surprised to note that this indicator has been steadily decreasing day and night: from a high point of 92.8 in 2008 to 51.8 in 2022, a gain of over 40 points. Why not implement a similar measurement system at ORLY or other regional airports, which would at least provide a reference for more balanced discussions with residents?

2 - Sustainable Aviation Fuel (SAF)

With the positive momentum of air traffic recovery after COVID and the projections of a doubling of passengers by 2050, we observe a frenzy of aircraft orders from operators, which implies an active commitment from our industry to the ecological transition challenge through the exclusive use of non-fossil fuels. As many experts and operators much more qualified than I have expressed, achieving zero carbon emissions by 2050 is an existential challenge for our sector. The major question today is how to respond to this challenge technologically and economically. Even if the President of Airbus promises us a hydrogen-powered plane by 2035, it is not lost on anyone that this energy mode, and

even more so the electric one, have their limits in terms of time and technological capacity to move large capacity and

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long-range aircraft. Therefore, the alternative of Sustainable Aviation Fuel (SAF) remains the most efficient to meet sustainability objectives and the medium and long-term needs of airlines. For this to happen, they must have access to these new energy resources in sufficient quantities and at a competitive price for profitable operation of their business. However, today we are far from achieving this goal, considering the current offer in this new fuel market, which is far, very far from meeting the needs estimated by IATA at around 450 million tonnes of fuel. What about the current prices of SAF at €5000 per tonne in France when the global market seems to be around €3000, while the current cost of kerosene fluctuates around €800 per tonne? In this matter, the role of the State will be crucial for the accomplishment of the roadmap aiming at the decarbonization of air transport by securing multi-year funding for CORAC, promoting the emergence of a competitive French fuel sector, supporting the accelerated renewal of fleets, assisting air navigation services for optimal optimization of air operations in flight and on the ground, and ultimately ensuring the overall financial sustainability of the sector's decarbonization.

Before concluding, I would like to mention the results of an IATA passenger opinion survey that demonstrates the significant role travellers will play in the aviation industry:

- 89% agree that air transport is a necessity for modern life.
- 89% agree that air connectivity is essential to the economy.
- 88% stated that air transport has a positive impact on societies.

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And last but not least:

- 83% declared that the global air transport network is a key contributor to the United Nations' sustainable development goals. These data allow us to view the evolution of our industry with a certain optimism without any particular shame.

Thank you for your attention, and I now invite you to a moment of conviviality to celebrate together the 75th anniversary of our organization.

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