Newsletter n. 1/2021

Dear readers,

After a lapse of one year , during which most of our internal communication has inevitably amounted to a repetitive and rather disheartening report on the COVID-19 pandemic spread and on the resulting stream of travel limitations imposed by the Governments, with the beginning of 2021 we believe it's now time for all of us to look forward to and start preparing for a restart.

The same mindset is valid also for our Newsletters.

We are confident , as most players in our Industry , that the combined affects of vaccines , large-scale testing and efficient tracking will soon trigger the much needed restart for both our industry and the global economy at large.
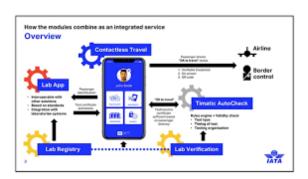
IATA Travel Pass

In the Industry view , digital , inter-operative and globally recognized solutions will be a key factor for the recovery of air transport.

Across Europe , the National BARs are supporting IATA in their efforts to engage Airlines , Health Authorities , Governments and Testing Labs on the adoption of this digital solution .

The Travel Pass is presently being tested by some 20 Carriers and IATA foresees its fully-fledged launch before next summer.

In this framework , IBAR and IATA will organise for early March a **Travel Pass Webinar** with a presentation of the main features of this comprehensive digital solution devised by the industry body to simplify travel experiences globally.

A save the date alert for the IATA Travel Pass webinar will be distributed shortly.

SEA's proposal for the limitation of handlers at MXP

ENAC has convened a consultation with the Airlines and their representatives for 16FEB21 to examine , yet again , a SEA proposal to limit the number of certified handlers operating at MXP.

IBAR , the local AUC and IATA have already written to ENAC to highlight their puzzlement at a proposal made when the airport is operating at roughly 10% of its capacity.

New Regulation for Ground Handlers

On January 7th , ENAC concluded their consultation on a draft proposal for the Regulation for Ground Handlers.

One of the main items that were highlighted by IBAR and the other Industry Associations during the consultation period is the proposed introduction of "commercial agreements" between different handlers for the provision of services by delegation.

In our view this proposed development would be both legally questionable and likely to trigger further market distortions/cost increases.

Ten years' contracts between ENAC and ROM,MIL,VCE Airports.

By the end of 2021 , the main Italian Airports are due to prepare long term investment plans which will be the base for their 2022-2031 regulated charges' proposals.

In view of the importance of the relevant consultations , IATA , IBAR and the local AUCs are already approaching the Airport Managers to request full visibility on their infrastructure projects before these are submitted to ENAC for their technical analysis and approval.

Meanwhile the legal battle to determine whether the independent Transport Regulation Authority (ART) is now entitled to perform its full regulatory prerogatives on these airports is still on.

Last December IBAR has submitted its own recourse to support the immediate extension of the ART's scope to all Italian airports , without exceptions.

Parallely , IATA and IBAR are in contact with the EU Commission's DG MOVE (competent for Transport matters) to ensure that this Office keeps putting pressure on the Italian Government for the full implementation of the EU Airport Charges Directive which provides for the economic supervision to be carried out by an Independent Authority.

CAG Airport lowers its charges following an IBAR appeal to ART.

As a consequence of the COVID crisis , most Italian Airports have refrained from upping their charges for 2021.

CAG Airport , ignoring the Airlines' pleads to that extent , pressed ahead with hefty increases.

Following an IBAR appeal , the Transport Regulation Authority resolved that the Airport must apply revised charges as of May 1st, 2021

The industry performance (SEP-NOV 2020) as reported by IATA Economics' Monthly Report (Jan21)

- The recovery in air travel has stalled amidst elevated COVID-19 cases and the re-introduction of travel restrictions in some regions. Industry wide-revenue passenger-kilometres fell by 70.3%yoy in November – a broadly unchanged decline from October. European carriers saw a further deterioration in passenger traffic due to renewed virus outbreaks and travel restrictions. **RPKs fell by 82.2%yoy vs. 77.6% decline in the previous month.** Positive developments seen in the larger Within **Europe** market were reversed, **with year-on-year RPK decline accelerating for the third consecutive month, to -84.7%.**

- The passenger load factor (PLF) remained at record lows across most regions and at the industry-wide level (58%) in November. **European carriers reported the PLF down ~32ppts compared with a year ago, at 52.3%.**
- On the freight side, demand continued to outpace supply, which resulted in a new record-high industrywide load factor (CLF) for any month of November in our series. European airlines posted the CLF up 8.7ppts vs. a year ago.

Senatorial Audition on the Single European Sky

On December 9th, IBAR was heard by the Italian Senate Commission examining the new EU Proposal on the Air Traffic Management[1] (SESII+).

The proposal aims at establishing a clearer definition of the scopes of the EU bodies responsible for Aviation and foresees a (limited) transfer of prerogatives from the National ANSPs to Eurocontrol and EASA.

During the audition , the airports' and the airlines' Associations expressed their support for the proposal and stressed the need to eliminate the

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[1]

https://ec.europa.eu/transport/modes/air/single_european_sky/ses_2_en

bottlenecks created by an obsolete ATM organization that is still designed to replicate land borders whilst the comments of ENAV and the written observations produced by the Ministries tended to protect "National interests".

BREXIT-RELATED ISSUES

We recap the main effects for the aviation sector of the Brexit Agreement entered into force on January 1st , 2021

Licences
On January 8th, 2021, ENAC has published an information circular to illustrate the effects of Brexit on the validity of licenses and certificates issued by the UK CAA, which are now regarded as originating in a 'third country' and , as such , will **now have to follow a conversion procedure for recognition in Italy.**

EU-UK Traffic Rights
5th freedom rights between EU points are no longer accessible to the UK Carriers.

Code sharing
For both EU and UK Carriers , the code-shared flight must be part of a marketing carrier's service between a point in its Home Country and a third Country.

Aircraft leasing
The use of a leased aircraft operated by a non UK-EU crew is now restricted to exceptional circumstances and for limited periods.

Charter
Allowed only for 3rd and 4th freedom , both for passengers and cargo.

Airport Passenger Duties
The current Italian Airports' charging structure provides for higher passenger embarkation duties for Extra- EU destinations, which may be now applicable for the flights having a UK destination.

So far , Airports and Regulators have stated that any changes to such differentiation will require a Ministerial Decree.

AdR has provided the only notable exception , leaving the level of passenger duties for the UK-bound flights unchanged for 2021.

New IBAR website, Linkedin page and Twitter account

Our website ibarair.eu has undergone extensive maintenance and a new version is now online with upgraded graphics and features.

The registration process to access the Members' Area has now been simplified and the documents' repository enriched.

The website home page also features links to our Linkedin and Twitter accounts.

During the forth-coming Travel Pass Webinar we shall briefly illustrate the new website functionalities.