

SPEECH
GÜNTER VERHEUGEN

Ladies and Gentlemen,

Thank you for giving me the opportunity to take the floor at this opening ceremony of the European Aviation Safety Agency's (EASA) new premises in Cologne. The setting up of this agency proves that Member States are prepared to see important responsibilities exercised at the European level. And it expresses the trust they have in the management of the agency and the Commission to make the new system work.

Mr Schmidt as well as my colleague and friend Jacques Barrot have already addressed the agency's role in developing Europe's aviation policy.

I would like to take a slightly different perspective and look at the role of the agency from an industrial policy point of view.

It is not by accident that the creation of EASA was strongly supported by industry. European aircraft, aero-engine and equipment manufacturers had long pushed to overcome the previous certification approach which in practice meant for example that a new Airbus aircraft that was developed and built across national borders still needed individual certificates from the various national authorities. The EASA structures are expected to significantly facilitate the previously complex, costly, bureaucratic and time consuming certification processes. I see EASA as the EU's response to the fact that the European aerospace industry has largely overcome national fragmentation itself and expects similar changes from the regulatory environment in which it operates.

Europe's general economic and competitive situation has been widely discussed in the context of the "Lisbon strategy". The main issue in these discussions is that - compared with the US and others - Europe has faced relatively weak economic growth over recent years. We have analysed the reasons for this and identified a number of issues that need to be addressed for all sectors across our economy: entrepreneurship, research and innovation and thirdly, the

creation of a business-friendly regulatory environment with a well-functioning internal European market.

In parallel to this approach, it is clear for me that Europe must maintain strong modern industrial capabilities in important sectors of our economy. It will not be possible to achieve the long term Lisbon objectives if we risk losing substantial industrial production to third countries. I do not believe that we would be able to balance such a loss by focusing only on the services sector. We also need to keep production in Europe in part to foster the supporting service industries.

Let me be clear on this. I see a thriving flourishing aviation industry as an essential component of the EU's economy and a pre-requisite for our continued prosperity. Of all the forms of transport, aviation has shown the most striking growth over recent decades. Traffic through the airports of the Member States has risen at an average rate of 7.4% a year since 1980.

Our economy also depends on air travel. Many businesses, in both manufacturing and service industries, also rely on air travel; and it is particularly important for many of the fastest growing sectors of the economy. Visitors by air are crucial to EU tourism with travel by air also connecting the world.

For every million passengers processed through (European, not EU) airports, these airports support around 2.950 jobs nationally, 2.000 jobs regionally and 1.425 jobs sub-regionally. In 2001, total on-site employment at European airports was around 1.2 million plus 0.2 million direct airport-related jobs located off-site. A similar contribution is made the air carriers to our economy. In 2003, total revenues of the top 50 EU carriers amounted to approximately 80 billion US dollars.

The aviation sector including airlines, airports and associated services are thus clearly one of the biggest employers and generators of wealth in Europe and the integration of 10 Eastern European economies will increase further business and tourism opportunities.

Within this the Aerospace industry plays a crucial role:

It is a high tech industry which promotes the development of a wide range of processes and technologies that are vital for a broad-based and prosperous economy. The extreme performance demands placed on aerospace products act as a catalyst for technical innovation

and create constant spin-offs that can be used in many other sectors bringing further economic benefits to the EU generated by the aerospace industry.

In 2003 the European aerospace industry employed more than 410.000 individuals directly and created a turnover of € 74 billion (65% civil, 35% defence). It invested about 14% of its turnover in research and development – a benchmark that very many other industries could learn from. Exporting more than half its output, the industry provided a positive trade balance of € 2 billion for the EU as a whole.

When we talk about our aim of revitalising the Lisbon agenda to promote employment and growth; to adopt competitiveness as our political project for the next 5 years, it is clear to me that aerospace will play an important role for Europe and in this project.

If we translate all of this into political action, I see two areas to which I personally attach the greatest political importance:

- First, we must maintain a high level of research and innovation in Europe – we must be prepared to invest today for to reap the reward in the future.
- And second we must create a business-friendly regulatory environment with a well-functioning internal European market.

Before coming to the regulatory aspects, I would like to touch upon research and innovation. Long term competitiveness in aerospace can only be achieved if one constantly invests in new technologies. Aerospace is a highly competitive programme driven industry and this means that innovation is closely linked with the development of new products. The success of Airbus in the large civil aircraft market is maybe the best example of this. With a turnover of about € 20 billion in 2003, Airbus alone accounted for about 25% of the turnover of the overall European aerospace industry. The success of Airbus has been based in part on high levels of investment in new aircraft technologies and ability to bring new innovative products to market faster than its competitors.

You all are aware that we in the Commission take aerospace research very seriously. The 1 Billion Euro multi-year aerospace budget under the Sixth Framework Programme and our efforts to improve Europe's complex research structures prove that. The preparations for the 7th framework programme are now underway and the Commission has proposed to increase the budget of the so-called Framework programme of Research and Development from the current 17.5 Billion Euro over a four year period to 40 Billion Euro. This can be seen as the EC's own contribution to the March 2002 Barcelona Council objective of raising average

Community R&D spending to 3% of European GDP by 2010. Within this context, I see a continued need for significant research efforts at the EU level in the aviation industry under FP7 and intend to work with my colleague Janez Potocnik to this effect. I also believe that further significant research opportunities will open up for the aerospace related industry within the two relatively new areas which now fall under my own political responsibility namely the areas of security research and space research where significant programmes are to be expected in FP7 and where many of the most active companies and researchers will be those already active in the aeronautics sector.

But let me now come back to the topic which I intend to make the trademark of my next five years as Commission Vice-President. I am talking about the need to create a business-friendly regulatory environment with a well-functioning internal European market. I am talking about the need to fight excessive red-tape, to look carefully and understand the impact of our legislation upon those who generate wealth, prosperity and jobs BEFORE we embark upon a journey of discovery and discover only too late the unfortunate consequences of our well meaning but ultimately mis-guided intentions.

This does not mean that legislation at the European level can not bring commercial and competitive benefits to our industry. The inauguration of the European Aviation Safety Agency today is an excellent example. An example of simplifying legislation and administrative burden and reducing red tape. The type of legislation I want this Commission to be known for.

The decision to create EASA and to give it important responsibilities must be seen as a real milestone in the aviation sector: It gives us a real opportunity to build up an integrated European approach from the outset instead of just trying to counter the effects of national fragmentation.

Today, EASA is still a very young organisation. It is being built up to cope with important tasks ahead such as the certification of the Airbus A 380 super jumbo – a product whose roll-out on 18 January I am looking forward to with great enthusiasm.

Yet much energy is still spent on organisational issues, and the new agency will need to find its place in relation to the national civil aviation agencies, the Commission, its customers from industry and, last not least, its counterparts all over the world.

I am confident that EASA will become an ever more important player in the broader field of aviation safety over time. And we should look forward to the agency developing from today's well defined set of tasks to take on further responsibilities as it builds up the necessary

confidence and trust in its work, and establishes itself at the very centre of aviation safety issues in Europe.

Ladies and Gentlemen,

The inauguration of the new EASA premises in Cologne is an important event for the agency. It is also an important step in the Commission's broader policy to build up a coherent framework for Europe's aerospace industry.

Over the last decade, the European Commission has regularly highlighted the importance of aerospace issues and supported the development of an integrated European approach to the sector. The so-called STAR 21 initiative of 2002 and last year's Commission Aerospace Communication show this clearly.

A strong and competitive European aerospace industry plays an important role in achieving our economic and political objectives. And EASA is one of the key elements in providing the necessary regulatory framework for such a strong and competitive industry.

As Commissioner for Enterprise and Industry, I therefore wish EASA a good start in Cologne and look forward working together closely with you all of you present here today to further develop and promote a strong European aviation industry.

Thank you very much for your attention.