Status of Pan-European Aerospace Sector & Response to COVID-19 Impacts

Aerospace is one of Europe’s Truly World Class Capabilities – Creating Skilled Employment, Intellectual Property and Wealth
EACP is an unique network of Aerospace Clusters in Europe

EACP members represent:

5000+ Companies
500+ Research institutes and universities
240+ Public authorities
What is the EACP?

1. Learn about market development (EU and International)
2. Establish an international network for fast and easy exchange (contact pool for internationalisation)
3. Team up for joint projects (C2C level)
4. Set up business and research opportunities for cluster members (B2B level)
5. Influence EU policy (design of calls, funding requirements)
    Promote regional competences and capabilities
What EACP is doing

- Sharing knowledge
- Encouraging growth
- Supporting innovation
- Strengthening relationships

In the fields of...

**Strategy** – Thought Leadership, Awareness & Response

**Internationalisation** – Networking, Competitiveness & Missions

**Technology** – Innovation for Products, Production Processes & Business Services

**Skills** – Requirements, Retention, Reinventing, Renewing

**Supply Chain** – Development, Connectivity, Sustainment
Why European Aerospace is at Risk from COVID-19 Impacts

**Collapse of Aviation Travel** – more than 90% Down (in Europe civil almost 100!)

- Business & Leisure Travel
- Aviation = Airlines + Airports + **Aerospace** Products & Services
- Aerospace = Sales, Design, Manufacture & Support of Aircraft

**Destruction of Capability, Capacity & Competitiveness**

- Cash-Flow Liquidity
- Staff – skills
- Capital – facilities, equipment, inventory
- R&D – Intellectual Property protection & sustainment
- Supply Chain Continuity & Connectivity of Supply Chain

**Post-Pandemic Financial Weakness Vulnerability**

- Acquisition & Off-shoring of Intellectual Property
- Competitiveness – Repositioning, R&D, Reinventing in New Normal
EACP Support for Industry

**Short term:**
- Focus: survival of European aerospace industry
- Awareness of limitations during lifting of pandemic measures – i.e. travel will not be instant and support will have to last until the first lifting of the lockdowns
- International coordination on a European scale to restart the aviation

**Mid term:**
- Focus: renewed restart
- Support to rebuild economy with a strategic approach
- Address new disruptive value chains
- Support SMEs to become more independent of foreign investment
- Exchange support ideas and measures to strengthen cooperation (cross-sectoral, etc.)
How EU can Help…

Public and Personal Health Protection

- Support for national & regional regulation agencies
- Support the rethinking of aviation processes (aircraft interiors, operation processes) to make the sector adequate to the new habits of living with COVID and probable other future pandemics

Prevent collapse of Aviation Sector

- Provide Financial support to customers and suppliers of the aviation sector to avoid widespread bankruptcies creating knock on effects on the entire civil aviation value chain including industry
- Support Reactivation of Safe Travel Desire

Cash-Flow & Liquidity Support

- Support companies (especially SMEs) to survive the shutdown through direct financial support with no interest and long period (10-20 years) to pay back (short term action) → feed both cash by quasi-zero loan rate and asset by non-refundable contribution
- Staff retention (salaries & skills), capability protection (facilities, equipment, critical services), supply chain continuity (timely & assured payment)
- Fund for aerospace sector (aviation, aerospace and production) to become pandemic proof for the future
Support for innovation and higher risk R&D for recovery and growth in “New Normal”

Programmes:
- Cashflow: work with advance payments for R&D projects
- Launch a massive EU support Plan’ for aviation and aeronautics to trigger European innovation towards future sustainable aviation building from existing initiatives such as CleanSky and SESAR
- Sustainable innovations for a life after the COVID19 pandemic
- Need for important investments in a new aviation processes (manufacturing, airports, airplanes, etc.) → rethink the entire system to make the sector adequate to the new habits of living with COVID and probable future pandemics

Value, Reinforce & Accelerate investments in Green Aviation:
- Greener topics had just been addressed in EU R&D planning (still in their early stages) – the current situation might stop highly needed development → secure sustainability & future competitiveness of the industry
- Integrated European support programmes for sustainable innovations – focused and accessible also on smaller supply chains actors
More attention for the position of SME’s, in particular those working in the civil aeronautics sector

- Provide Financial support (dedicated guarantee schemes and liquidity) measures: for European aerospace supply chain companies including SMEs which are more fragile
- Screen Foreign Direct Investments: be particularly vigilant to foreign takeovers, especially critical SMEs in our sector using existing EU FDI guidelines
- R&D funding programs:
  - Set up a specific SME Research program correlated with Clean Sky with special funding conditions (EACP could help for partnering and setting up the program)
  - Programs for SME’s with attractive funding rates and less administrative burden
  - Requirements to the major companies to take along SME’s
  - Adapt and increase the funding levels for SME's to participate in European R&D projects
- Provide incentives to OEMS and First Tiers to support SME (both for R&D and for normal business)
- Create a “think tank” to exchange support ideas and measures over a longer Period to support Commission (EACP could be a member of that “think tank”)
Next Steps...

- Feedback from EU
- Formalise Dialogue between EU & EACP
- Develop & Support for EU/EACP initiatives?
Stronger together – Connecting aerospace clusters

EACP 2017

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EACP 2018

EACP 2019