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Speech of Mr Alessandro Mariani, Ambassador, Head of the European Union Delegation to the Republic of Mauritius, for the Union of Comoros and the Republic of Seychelles

Conference on the connectivity in the Indian Ocean Region:

What strategy for air transport?

2 & 3 May 2013, Port-Louis, Mauritius

The Hon. Arvin Boolell, Minister of Foreign Affairs, Regional Integration and International Trade,

Mr. Jean Claude de l'Estrac, Secretary General of Indian Ocean Commission,

Members of the Diplomatic Corps,

Ladies and Gentlemen,

We all agree that the interconnectivity of the Island States in the Indian Ocean represents a real challenge for their development.

I am therefore glad that the EU is supporting the organisation of this conference ***on the connectivity in the Indian Oceanic Region*** which aims at developing a regional strategy for air transport to respond to the development objectives and expectations of the Indian Ocean region.

Air transport is one of the vehicles to foster economic growth and socio-economic integration. Transport infrastructures and services are essential to ensure the movement of people and goods.

For instance, the EU aviation market was gradually liberalized through three successive packages of measures adopted at EU level which covered air carrier licensing, market access and fares. The completion of the internal EU single aviation market 20 years ago has transformed what used to be fragmented and protected national markets into the largest liberalised and integrated regional aviation market in the world.

We trust that all stakeholders participating in this regional conference, organised by the IOC, are going to analyse the

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best way(s) to respond to the demands proposing the most appropriate options in terms of business model.

The conference should ideally provide a platform for dialogue between the private and public sector of the region aviation industry. It should bring the public and private sector on the same wavelength regarding the challenges facing the air transport sector and the best way forward. And of crucial importance to the sector is that both "P" (Public and Private) are conscious of their role and the importance of their respective responsibilities for a successful Partnership.

This being said let me now focus on the role of the EU (European Commission and EIB) with regards to development co-operation in the aviation sector at regional level.

The message we wish to pass is that there is a clear division of labour within the EU between the European Commission and the EIB.

The European Commission, which provides grants, has usually focused its development cooperation in Africa on air safety; air security and satellite navigation. Currently, the most important initiative in the aviation sector at a regional level under the 10th EDF is the Intra-ACP project: "Support to the Air transport

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sector and Satellite services applications in Africa" (9 million EUR).

The key activities on aviation safety include rule making, enforcement, legal aspects, fostering regional organisations, inspections, training in relation to main areas such as: aerodrome certification; air operator certification; aircraft accident and incident investigation; airworthiness; personnel licensing, including air traffic control staff; Air navigation service providers certification; Maintenance and Training organisations. Key activities on aviation security include technical assistance for policy advice and training and equipment to improve aviation security (e.g.: access and perimeter controls; aircraft protection; baggage, cargo and mail controls; passenger checks; staff checks; etc).

The European Investment Bank (EIB), which provides loans, focuses on three main areas in the air transport sector: airport development; air traffic management; and aircraft acquisition.

The EIB intervention across all those area is strongly linked to their economic benefits, but, as with all transport modes, these benefits can come at an environmental cost. So, the EIB also seeks to finance projects which, while performing strongly in

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economic terms, limit environmental and social impact and, where possible, improve environmental performance.

The bulk of the EIB lending in the sector is for airport development projects and here it requires capacity expansions to be commensurate with reasonable demand forecasts and generate a strong economic rate of return. Projects are also required to achieve compliance with international safety, security and operational standards.

Air traffic management upgrade projects are particularly well considered by the EIB at present. These not only improve airspace capacity and help countries meet emerging international regulations, but importantly more direct air routes and efficient control procedures play a central role in helping aviation improve its environmental performance.

The financing of aircraft acquisition is also possible, but it will be supported only when very strong value added can be demonstrated. It is possible but quite exceptional. This could be the case in the EU for example where the aircrafts are serving routes which help to maintain the territorial integrity of the Union or are for lifeline purposes providing medical, rescue or fire fighting services. Aircraft purchases should also normally

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involve a significant increase in fuel efficiency over existing fleets.

At this juncture I wish to thank you for your attention and wish you fruitful deliberations