

## Press Release

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# New study highlights critical role and future needs of Public Service Obligations that serve Europe's regions

- New study by European Regions Airline Association (ERA) recognises the pivotal role aviation plays in providing connectivity to Europe's regions.
- The study was launched this week in Brussels during ERA's Industry Affairs Meeting attended by ERA members and representatives from the European Commission, including Flor Diaz Pulido, Head of Unit Aviation Policy, DG MOVE, European Commission and Juan José Montero-Pascual, Director, Florence School of Regulation.
- Greater support and a pressing need for PSO reform is also identified to ensure valuable air links are maintained.

A new study on the practice of Public Service Obligations (PSOs) in Europe underscores the essential role of aviation in maintaining the EU's connectivity, emphasising the fundamental need for flexibility and sustainability in managing PSO routes. Conducted by ERA, with support from Cranfield University, this study identifies and offers recommendations for reforming PSOs to enhance economic growth and social cohesion in remote and sparsely populated regions.

The study, enriched with insights from ERA member airlines and leading European aviation experts, presents a comprehensive analysis of the challenges facing airlines connecting remote regions across the European Union. It highlights the socio-economic importance of regional and thin air connections, demonstrating the need for an enhanced PSO framework.

"In an environment of heightened volatility and risk and with growing geopolitical tensions across Europe, it is imperative that PSO contracts are flexible, enabling regional airline partners to exercise the ability to be responsible to changing circumstances," said Dr Romano Pagliai SFHEA FRAeS, Senior Lecturer in Air Transport & Deputy Director of Research in SATM, Cranfield University, a world-renowned institution specialising in aerospace and aviation.

The Conference of Peripheral Maritime Regions (CPMR) emphasised: "Regional and thin air connections are crucial for Europe's remote regions, driving economic growth and social cohesion. The upcoming revision of the EU Air Services Regulation should enhance PSOs' flexibility to support sustainable, accessible air connectivity and promote decarbonised aviation technologies."

As the aviation industry commits to net-zero carbon emissions by 2050, the study finds that the PSO framework must support the adoption of low-carbon technologies and Sustainable Aviation Fuel (SAF). Extending contract lengths and providing adequate incentives for regional airlines are necessary to justify the high initial capital costs of new technologies. The regional aviation industry is poised to pioneer new aircraft technologies, such as electric and hydrogen-powered aircraft, showing the necessity for substantial investment and support.

\* Founded in 1980, European Regions Airline Association (ERA) is a non-profit trade association representing over 55 airlines plus around 150 other companies involved in European air transport, and is the only association that bring together the entire spectrum of companies involved in European aviation. The association supports and defends the airline industry in providing safe, efficient and sustainable air connectivity to all regions of Europe. By lobbying European regulatory bodies on policy matters, ERA promotes and protects social responsibility, environmental sustainability and the development of regional economies and local communities.

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Based on the study's findings, ERA suggests several policy recommendations to improve the PSO framework, including additional funding and creation of new routes; allocation of more powers to EU regions involved in the PSO process and decision making; process improvements; allowing carriers to renegotiate PSO contracts in times of crisis; extending the duration of PSO contracts to facilitate airlines' investment in fleet renewal along with the implementation of 'green PSOs'; adapting EU261 compensation on PSO routes and establishing a dedicated and effective aid tool to enable public authorities to support airlines in assuming the financial risks of starting new routes.

ERA's Director General Montserrat Barriga commented: "Regional connectivity is crucial for holistic development and encompasses economic, social, political and environmental benefits that contribute to the overall wellbeing and progress of regions and their citizens. PSOs are essential for maintaining connectivity in Europe, often in locations where travelling by air is the only transport option available. However greater flexibility and support are needed to ensure that airlines can continue to offer these crucial and valuable air links."

A copy of the study can be found [here](#).

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