

**A4E's POSITION ON THE PROPOSED TARGETED AMENDMENTS TO THE
TAXONOMY CLIMATE DELEGATED ACT: 6.19. PASSENGER AND FREIGHT AIR
TRANSPORT**

Summary

A4E welcomes the proposed targeted amendments to the Taxonomy Climate Delegated Act, and the inclusion of aviation technical screening criteria (TSC) covering the environmental objectives of climate change mitigation and adaptation. Achieving the TSC suggested for passenger and freight air transport in the proposed delegated act will be extremely challenging.

Criteria for the uptake of Sustainable Aviation Fuels (SAF) have been set at levels the upcoming EU legislation on the matter itself does not consider as achievable.

Yet, the ambition of A4E and its members is not only to include European aviation in the objective of the EU Green Deal but to lead on the transformation of the whole aviation sector to make it a fully decarbonised industry.

Airlines for Europe (A4E) is Europe's largest airline association, based in Brussels. A4E works with policy makers to ensure aviation policy continues to connect Europeans with the world in a safe, competitive and sustainable manner. As a key initiator of aviation's Destination 2050 roadmap, A4E and its members committed to achieve Net Zero carbon emissions for their own operations by 2050. With a modern fleet of over 3,200 aircraft, A4E airlines carried 270 million passengers in 2021 -- down from 700 million in 2019 due to the COVID-19 pandemic. Each year, A4E members with air cargo and mail activities transport more than 3.7 million tons of goods, life-saving vaccines and essential medical equipment to more than 360 destinations either by freighters or passenger aircraft. Follow us on Twitter @A4Europe.

Intro

€820 billion of additional premium expenditures will be required in the next 27 years for the sector to decarbonize in line with the sector's net-zero ambitions laid out in the **Destination 2050 European aviation roadmap**¹. Fleet renewal and alternative fuels expenditures represent the largest part of these additional expenditures. The aviation sector's expenditures towards achieving net zero are substantial and are dependent on access to finance from the private and public sector. This is vital when capital reserves are insufficient to make large upfront payments for new aircraft and infrastructure.

This inclusion is necessary to attract investments, allowing it to finance innovative, long-term changes like sustainable aviation fuels or zero-emission planes. As rightfully mentioned in the Delegated Act proposal, zero-carbon solutions (i.e., zero emission aircraft) for aviation are not yet sufficiently advanced. Therefore, including aviation in the EU Taxonomy as a “transitional activity” represents an effective way to incentivise sustainable improvements, especially. Significant investment in fleet renewal and R&D for new technology is needed. Without a taxonomy basis for aviation, there is a risk that financing will not be diverted to lower emitting new-technology aircraft.

A streamlined funding and enabling regulatory framework providing clarity, predictability, clear criteria for sustainable investment are needed to support a faster adaption of innovative sustainable aviation projects.

Additionally, the TSC proposed for aviation-related activities under the Delegated Act proposal stem from an intensive collaboration between the industry and the European Commission in the Platform on Sustainable Finance², with the aim of identifying approaches fostering the achievements of the EU's climate objectives.

Passenger and freight air transport TSC

The aviation criteria considered are set at a very high level of ambition, preserving environmental integrity whilst driving innovation and supporting investment. Aligned with the ambitions of the EU Green Deal and the Paris Agreement, they are necessary to

¹ *The Price of Net Zero, Aviation Investments Towards Destination 2050 - Research Report*, NLR and SEO, Amsterdam, March 2023, <https://www.seo.nl/en/publications/the-price-of-net-zero/>

² [Platform on Sustainable Finance \(europa.eu\)](https://europa.eu/platform-on-sustainable-finance/)

attract investments, allowing it to finance innovative, long-term changes like SAF or zero-emission planes.

Aviation is a capital-intensive industry and is reliant on material private financing. The successful transition to a net-zero position can only be achieved through the promotion of SAF and hydrogen production and distribution channels; through significant investment in new technology as replacement for current aircraft technology and through the deployment of resources to the research and development of next-technology aircraft/engines. The published proposals for the EU taxonomy substantially promote each of these necessary areas, particularly as the importance of sustainable finance is essential to each of them.

A European SAF strategy

The inclusion of aviation within the EU taxonomy will bring key incentives to the deployment of financing and resources towards these transitional activities and encourage the current industry momentum, at a time where an increase in focus could make the achievement of targets more attainable. Unfortunately, a comprehensive strategy for the deployment and development of a European SAF industry is still missing.

A stronger financial and administrative incentivisation for SAF is necessary, beginning with (1) the inclusion of SAF in the annex list of strategic net-zero technologies of the Net Zero Industry Act (NZIA), and (2) a serious consideration of subsidisation schemes. Within the NZIA proposal, alternative fuels technologies such as SAF and liquid hydrogen need to be categorised as Strategic Net Zero Technologies ensuring that the full value chain is covered: research & development, production, transport, storage and uptake, as well as use.

Moreover, A4E also supports the inclusion of SAF production in the list of sectors that can benefit from the **Temporary Crisis and Transition** framework. SAF should be considered as a strategic sector for a net zero economy under Section 2.8 of this framework, being necessary to fulfil the implementation of the European Green Deal including the ReFuelEU Aviation Regulation.

The Green Deal Industrial Plan should develop a **sizeable financial SAF incentivisation scheme** that can match the US Inflation Reduction Act (IRA) and similar legislation abroad. This would provide the much needed financial “carrot” to the “stick” that is the

ambitious blending mandates of the ReFuel EU Aviation legislation that would ensure that Europe is not once more falling behind on a key net-zero technology.

Implementation

As part of the implementation of the proposed amendments, the European Commission should consider several **industry-specific practicalities**. Clarity on the following elements will be needed once the amendments have been approved:

- **Operational and auditor guidance** to make the system effective notably in respect of the technical screening criteria for passenger and freight air transport;
- **Clarification of definitions** and choice of data sources;
- **Clarification of the timing** of the Act's entry in force: eligibility, alignment