

Brussels, 30 November 2022

Re.: Airlines for Europe's recommendations on the Fit for 55 package and SES 2+ ahead of the EU transport ministers meeting on 5 December

Dear Minister,

I am writing to you on behalf of the member airlines of Airline for Europe (A4E). A4E is Europe's largest airline trade association, accounting for more than 70 per cent of the continent's air passenger journeys. Our members have a combined fleet of over 3,200 aircraft.

Ahead of your discussions at the Transport Council meeting on 5 December, I would like to underline some important points that we believe are important for the discussion that you are due to have.

The multi-faceted crises Europe has faced this year, from health to climate and now energy, have been central features of the agenda of European airlines. These crises reinforce the need to focus on ensuring airlines can continue to operate in a cost-efficient way in a robust single market for aviation. This is important for delivering benefits to passengers and helping the sector address its climate footprint.

As an initiator of the Destination 2050 roadmap¹, together with representatives of the European aviation eco-system - civil aeronautical industry, airlines, airports, and air navigation service providers² - A4E is fully aligned with the aviation sector's target to achieve net zero CO₂ emissions by 2050.

Aviation is a critical mode of transport for millions of Europeans. Our destination 2050 roadmap is a workable and achievable plan to ensure that aviation can remain central to how Europeans move about in a sustainable manner. The decarbonised future envisaged by European aviation can be achieved through improvements in aircraft and engine technologies, the development of sustainable aviation fuels (SAF), improvements in air traffic management and aircraft operations, as well as through efficient economic measures. An effective policy, regulatory and financial framework is needed at European level for aviation to support and accelerate the sector's transformation.

For this reason, ahead of the next Transport Council, A4E provides below its recommendations on key pending issues that we hope you can take into consideration.

¹ For more information, visit www.destination2050.eu

² A4E, ACI, ASD, ERA, CANSO.

1. ReFuel EU Aviation

Trilogue negotiations are progressing rapidly and several elements need to be addressed to achieve a successful outcome:

- **A single Sustainable Aviation Fuel (SAF) mandate in a single aviation market:** To ensure the integrity of the EU single market for aviation, we need harmonised mandated blending levels, not diverging national legislation. The absence of a common mandate at EU level would roll back some of the gains we have achieved with the aviation single market which has been so crucial for integration in the EU and for enabling the freedom of movement across the continent.

Having different national mandates across the EU would result in numerous negative economic and environmental effects. They include shifts in demand and consumer behaviour, divergences in fuel and commodity prices, aircraft redeployment, changes to airport and infrastructure investment flows and flight switching by passengers. This is on top of the unnecessary complexity that will be introduced in complying with thirty potentially different blending mandates. Distortions to the single market and intra-European carbon leakage are not acceptable. Once in place, the European SAF mandate should supplant national mandates and harmonise all relevant legislation to avoid fragmentation of the single aviation market in Europe. We cannot accept that the single market is jeopardised.

- **Ambitious but achievable quotas for SAF:** On the back of the Ukraine war, energy prices have significantly increased, thereby affecting the cost of compliance for the ReFuel EU mandate and, in particular, the proposed synthetic fuel sub-target. Any decision to increase targets for 2025 and 2030 needs to be based on up-to-date economic data and a solid analysis of potential impacts.
- **High standards for SAF uplifted in Europe:** To create trust in the market, SAFs must be truly sustainable without any compromise. Their production cannot occur at the expense of food supplies for people or animals or cause damage to the environment through deforestation. If Recycled Carbon Fuels need to be eligible, fuels produced from food and feed crops and feedstock like palm fatty acid distillate (PFAD) should not find their ways onto airline aircraft.
- **Pricing mechanisms closing the gap between SAFs and fossil fuels:** Bringing the production of SAFs to a level that is commercially viable and sufficient in volume remains one of our key challenges. This is because SAFs can cost up to an estimated seven times the price of jet fuel. The ReFuel legislation will lead to carbon leakage and competition distortions as it stands. Therefore, allowances for SAF uptake through the EU ETS should be a prerequisite to the new Regulation. These allowances should reflect at least the amount of CO₂ saved through the future mandate and they should also incentivise operators to go beyond the legislation's targets.
- **A flexibility mechanism reflecting a book and claim system:** The transitional period during which SAF will be supplied through a mass balance system across the EU does not force suppliers to supply the mandated volumes to all EU airports. It is therefore crucial that a flexibility mechanism is developed by 2025 and implemented before the ReFuelEU mandate starts being applied. This is crucial for a fast and cost-efficient market ramp-up of SAF.
- **A staged progress towards the labelling of the environmental performance of flights:** A well-designed environmental labelling system could be a powerful tool to communicate about the significant improvements in the performance of airlines. Addressing the label at a technical level and

introducing it initially through a voluntary scheme would ensure the initiative fully reflects the complexity of the air transport decarbonisation challenge.

2. Decision on the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA), developed by ICAO

At the 39th Assembly of the International Civil Aviation Organization (ICAO), governments reached an historic agreement on a global scheme to address carbon emissions from international aviation. This unprecedented agreement is a milestone in the history of international climate change policy. A4E welcomes this challenging work and the compromise reached by the member states, the European Commission and other stakeholders through the ICAO system to establish the first sectoral deal to mitigate CO₂ at a global level.

Through Destination 2050, the European aviation industry was the first in the world to commit to the realisation of a net-zero goal for all departing flights. A4E remains fully committed to this roadmap. We recognise its key role in providing consistency among policies, creating a level playing field and setting the ground for the necessary regulatory certainty for investment and finance to secure a sustainable future for the air transport sector globally.

3. Single European Sky 2+ (SES 2+)

A4E urges EU Ministers to continue their negotiations of the Single European Sky (SES) regulatory framework with an open mind, giving aviation its proper place in the transport world, ensuring that the environment, EU citizens and industry all profit from its success.

A4E urges member states to come to an agreement on the Single European Sky (SES) without delay. With climate goals high on the EU's political agenda, implementing the SES would deliver immediate and significant emissions reductions as improved airspace efficiency has a direct and positive impact on the environment. However, for this measure to be effective the update needs to be ready for application when the RP4 regulation will be developed (before 2024).

SES2+ should be performance-based while:

- Implementing an independent and strong European regulator that is empowered to take action.
- Implementing a governance structure that allows airlines to guide and monitor the activities from research to decommissioning.
- Establishing a clear distribution of roles and responsibilities facilitating a network-centric planning process and cooperative decision-making.
- Ensuring Air Navigation Services Providers (ANSPs) work in a competitive environment thereby reducing or regulating existing monopoly situations.
- Allowing training and licensing of air traffic controllers to reap the benefits of changes in technology – disconnecting ATCO licenses from geographic locations (at least for en-route airspace).
- Ensuring the performance indicators and ATC charging schemes contribute towards the implementation of the Single European Sky and decarbonisation of the aviation industry.

Ultimately, A4E's vision for airspace is one that is safe, sustainable and cost-efficient.

4. Alternative Fuel Infrastructure Regulation (AFIR)

The obligation for airports to ensure electricity supply to stationary aircraft under the AFIR proposal is a concrete measure that can be implemented in the short to medium term, even if the estimated carbon reduction is modest: from 0.3% to 1% of total aviation CO2 emissions.

However, there is need to make certain adjustments to the proposed AFIR requirements to ensure that they are practical and effective. In particular, the scope of application, definitions, and financial implications must be clarified:

- **Exemptions from the obligation to provide electricity supply to stationary aircraft:** A4E recommends that the smallest EU airports (below 10,000 scheduled commercial movements per year) are exempt from the obligation in Article 12. At these airports, the required investments and operating costs of such infrastructure are expected to be disproportionate in relation to the potential emissions savings, not least because these airports account for a very small number of short-haul flights.
- **Deployment of hydrogen and electric re-charging infrastructure:** A4E welcomes that the draft national policy frameworks for alternative fuels infrastructure, to be submitted by EU member states to the European Commission in 2024, will include a deployment plan for alternative fuel infrastructures, such as hydrogen facilities or electric re-charging of aircraft (Article 13). Such plans are a fundamental prerequisite for the uptake of new technologies and sustainable fuels as part of long-term decarbonisation strategies. However, we would caution against proposals already including targets in AFIR for future technologies such as hydrogen or electric re-charging of aircraft, whose potential market uptake remains to be determined.

The companies we represent have committed to a realistic and attainable goal of net zero emissions by 2050. Aviation is crucial for bringing people together from all across Europe and we will continue to work towards a carbon-free society in which aviation remains a central part.

We hope that we can count on your government's active support during the next Transport Council meeting ahead of the conclusion of the Czech Presidency.

Sincerely,



Thomas Reynaert
Managing Director A4E