

**A4E'S RESPONSE TO EUROPEAN COMMISSION'S CALL FOR EVIDENCE FOR AN IMPACT
ASSESSMENT ON AIR SERVICES REGULATION**

Introduction

The Air Services Regulation (Regulation No 1008/2008 on common rules for the operation of air services in the Community) is one of the EU's major success stories and remains vital for European airlines.

The creation of the EU internal market for air services has benefited both the aviation industry and European consumers for years. Nevertheless, the 2019 European Commission evaluation of the Air Services Regulation concluded that the revision may need some target adjustments to adapt the current framework to changes in the functioning of the internal market.

The world has changed significantly since 2008 and the competitiveness of EU aviation has been increasingly under pressure since – both due to factors inside and outside of the EU. EU climate policies have significantly impacted the competitiveness of the European airline industry compared to non-EU countries.

While Regulation 1008/2008 still works well overall and a comprehensive revision is considered unnecessary, A4E agrees that a targeted assessment is needed, in light of the evolving internal market for air services. The general objective of the potentially revised Regulation must therefore remain aligned with its original goal: governing the EU internal market for air services.

As a general rule, the Regulation should promote the competitiveness of European airlines and not be overburdened with measures that are better suited for other bodies of EU law.

This document outlines A4E's general position on the areas mentioned in the call for evidence supporting the impact assessment.

1. Targeted measures are needed to make European airlines competitive

European airlines operate in a highly competitive market, where EU regulatory related costs – including European environmental, consumer protection, and tax regulations - together with inefficiencies in the EU aviation market, resulted in more than €15.5 billion of additional costs for A4E airlines in 2024¹.

Without immediate action, these costs are expected to nearly double by 2030, reaching €27.6 billion annually.

According to the Draghi Report on competitiveness, decarbonising aviation could cost up to €61 billion annually between 2031 and 2050². These costs are harming the competitiveness of Europe's airlines and making Europe a more expensive place to do business.

¹ Steer (2025), Assessment of the cost of regulatory compliance of European Airlines.

² Draghi et al (2024), The Draghi report: A competitiveness strategy for Europe.

1.1 Ownership & Control (O&C) rules

A4E Members agree to find a way to provide more flexibility on ownership and control and to identify and tackle the risks linked to this change.

The potential way forward is to allow institutional investors from selected third countries to hold a limited percentage of shares (5% of total shares, for instance) which would count towards the EU share of ownership. A4E is also open to other options that meet the objectives of providing more flexibility on O&C while tackling the risks linked to this change.

It is particularly important that any change to O&C should be done in a way that will not restrict the exercise of traffic rights in the Air Service Agreements (ASAs). It is equally important that this complies with EU competition law.

1.2 Mitigating measures

Unilateral EU climate policies including ReFuel EU and EU ETS for Aviation significantly increase the cost of flying to, from, and within the EU.

This cost imbalance, combined with readily available alternatives, leads passengers to opt for flights via non-EU hubs or to choose destinations outside the EU. This switch of hubs and destinations undermines Europe's competitiveness and contributes to significant carbon leakage.

A4E agrees that the EU should implement a combination of complementary mitigation policies to level the playing field and address carbon leakage. These should incentivize Sustainable Aviation Fuels (SAF) uptake while reducing its price, lower the cost of the ETS while strengthening CORSIA, and, finally, balance costs on extra-EU routes not covered by the SAF mandate with an ad-hoc mechanism applying to passenger aviation³.

However, it should be carefully assessed whether Regulation 1008/2008 is the right instrument to introduce such measures. A4E believes that this Regulation should not be overburdened with mechanisms that are better suited for other bodies of EU law.

2. The air service market has proved to be resilient against financial and liquidity crisis

2.1 Minimum capital requirements

In normal times, the airline industry has shown strong resilience. Between 2011 and 2019, only 0.04% of total EU passengers were affected by airline insolvencies and the overall number of affected passengers has remained low over the last years.

A potentially revised Air Services Regulation should therefore not be burdened with unnecessary, additional and expensive provisions, such as higher minimum capital requirements. In fact, such provisions

³ A4E (2025), Recommendations on policies to mitigate carbon and business leakage.

would be counterproductive and only unilaterally burden EU airlines, thereby further putting their competitiveness – and resilience – under pressure.

The current regulatory framework contains the right tools for the authorities to monitor financial fitness of airlines. The revision of Regulation 1008/2008 could be rather used to ensure more consistent and effective implementation of the requirements on the financial oversight of airlines, which would allow national authorities to address the risk of potential bankruptcies before they occur and take action to mitigate the impact on consumers in advance.

2.2 Measures to protect passengers against insolvency risks

This also applies to the potential introduction of insolvency protection schemes. There are already various tools in place to ensure passengers are adequately protected in the very few instances where airlines become insolvent. Regulatory change such as mandatory insurance against insolvency or a guarantee fund would be disproportionate and have unintended consequences, including higher prices for consumers and distorting competition in the market.

In the rare cases of an airline bankruptcy, competing airlines have promptly activated ‘rescue fares’ enabling stranded passengers to reach their final destination - as seen in the cases of the Thomas Cook and Flybe bankruptcies.

3. A common European approach is essential to protect EU consumers, protect freedom of movement, and for the resilience of the market against increasing ATC disruptions

3.1 ATC disruptions

In 2023, ATC industrial actions led to 16,254 flight cancellations and 84,827 delays, affecting more than 20 million passengers. Amid a worsening of air traffic management inefficiencies in Europe, causing delays to more than a third of all flights in Europe in 2024, harmonized binding measures are essential to minimize the disproportionate impact of ATC strikes on European citizen and connectivity across the continent.

A common European approach to disruptions caused by ATC industrial action is essential to preserve the integrity of the European Single Market, passenger convenience, operational and cost efficiency, and to meet sustainability objectives.

A4E has long been calling on the European Commission and EU governments to enact measures ensuring that:

- Mandatory arbitration takes place before ATC unions can threaten strike action.
- An industrial action is notified at least 21-day in advance.
- Air traffic Controllers participating in an industrial action provide individual notification 72 hours in advance.
- Overflights are protected, while ensuring this is not at the expense of departures and arrivals in the country where the strike originates.

4. Commercial freedom must be retained as part of Regulation 1008/2008

A4E and its members support the fundamental principle of pricing freedom. Airlines shall continue to be able to freely set their air fares and air rates as specified in Article 22.

4.1 Measures on hand luggage

Offering additional carry-on baggage options, as many airlines do, is an essential part of our value proposition for passengers and is in line with the existing EU Regulation 1008/2008. Retaining this commercial freedom is vitally important to allow passengers to choose the exact services that best suit their needs.

The revision of Regulation 1008/2008 should complement the Council's proposals for the reform of EU 261 and confirm the right of passengers to a personal item of hand luggage as part of the airfare and should then clearly acknowledge the commercial freedom of airlines to unbundle services and to decide whether to charge for additional items of hand baggage.

4.2 Measures on price transparency

Price displays should be transparent for the consumer and satisfy consumer needs. A4E and its members support and already comply with the measure to state what is included in the ticket when displaying air ticket offers.

It is essential that intermediaries are subject to transparency requirements, e.g., they must be required to clearly and up-front display any intermediary fees and mark-ups on fares and ancillary services throughout the booking process. Whether in the framework of Regulation 1008/2008 or other EU legislation, it will be important to tackle these harmful commercial practices by online travel agents or meta-search engines, such as hidden mark-up of fares or incomplete information being provided to consumers on the terms and conditions of the airline. Having obligations solely placed on air carriers does not reflect the distribution landscape for air tickets.

5. Environmental flight bans are not an effective tool to promote sustainable connectivity

5.1 Environmental flight bans

The provisions on the freedom to provide intra-EU air services, as governed by the provisions of Air Services Regulation, are not the right pathway to resolve complex environmental issues, as these concerns are being more appropriately managed in other pieces of EU legislation⁴.

⁴ This includes:

- the Fit for 55 package, which introduces binding targets and measures for aviation emissions reduction;
- the ReFuelEU Aviation Regulation (EU) 2023/2405, which mandates increasing shares of SAF in aviation fuel supply;
- the upcoming Sustainable Transport Investment Plan (STIP), which is expected to provide the financial and industrial policy tools needed to support the deployment of SAF and decarbonisation infrastructure;
- the EU Emissions Trading System (EU ETS), which prices carbon emissions from intra-EEA flights;
- EU efforts to address non-CO₂ effects of aviation within EU ETS, with ongoing work to improve scientific understanding and develop appropriate policy responses;
- the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), the ICAO-led global scheme for offsetting CO₂ emissions from international flights, implemented in the EU via EU ETS;
- and the Balanced Approach Regulation (EU) 598/2014, which provides the legal framework for addressing noise at EU airports.

Environmental objectives should continue to be pursued through these dedicated instruments —rather than by limiting the freedom to provide air services within the EU.

A4E and its members are firmly opposed to flight bans and flight limitations as a means to allegedly address environmental concerns. Such measures are neither effective nor appropriate for reducing CO₂ emissions in aviation. Instead of delivering real climate benefits, they risk triggering unintended consequences, such as:

- Modal shift to less efficient transport modes or longer routings, potentially resulting in increased overall emissions rather than reductions;
- Carbon leakage, where traffic and emissions are shifted without any net environmental gain;
- Distortion of competition, disproportionately affecting EU carriers while giving a competitive advantage to non-EU airlines operating under less stringent environmental or market access rules.
- Moreover, flight bans and restrictions undermine connectivity, freedom of movement, and consumer choice that underpin the EU internal aviation market.

Therefore, any potential consideration of flight bans or limitations at national or EU level must require prior consultation with the aviation industry and a thorough impact assessment, including analysis of carbon leakage, socio-economic effects, and implications for the competitiveness of EU aviation.

Conclusion

Regulation 1008/2008 has been instrumental in shaping a competitive and integrated EU air services market. While a full revision is considered unnecessary, the regulation must now evolve to address new challenges and priorities through target changes.

A4E therefore supports a targeted revision that reinforces the competitiveness of European airlines and ensures market resilience, as long as the general objective of the revised Regulation remains closely aligned with its original goal: governing the EU internal market for air services.

Reforms should focus on enhancing European airline competitiveness through a more flexible O&C regime able to tackle possible risks, improving resilience to systemic disruptions such as ATC strikes, without burdening the Regulation with provisions that are better suited for other bodies of EU law.

A4E aims to working collaboratively with the European Commission and contributing to the future stages of the consultation process.