Position Paper

E4FC calls on Member States to maintain the current scope of the EU ETS to intra-European flights

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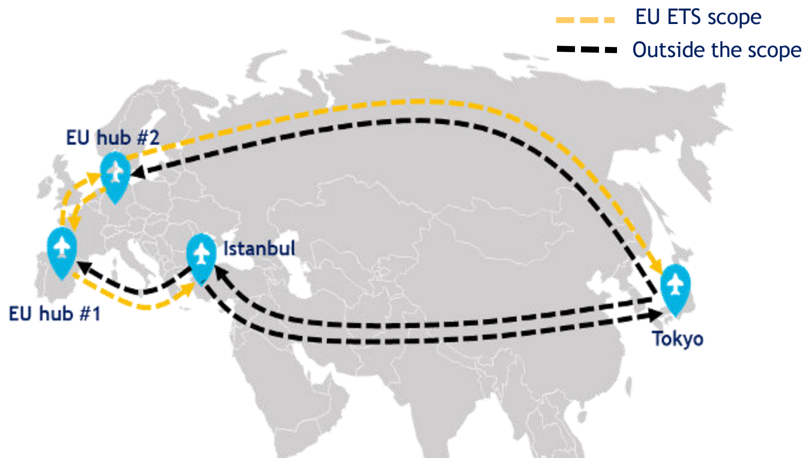
In the context of the Trilogue negotiations, Europeans for Fair Competition (E4FC) – a unique coalition of major European network airlines and unions representing airline employees - would like to express its deep concern about the European Parliament's position adopted on 8 June in their plenary setting.

Accordingly, the European Parliament amended the Commission's proposal to extend the scope of the EU ETS from intra-EU to all flights departing the EU, also to non-EU destinations. Widening it to include all flights leaving the EU would lead to a **significant distortion of competition** between EU and non-EU airlines and airports, and as a consequence, to **increased carbon leakage**. A unilateral decision from Europe to expand the scope of EU ETS to non-EU destinations runs the risk of creating double counting of the same emissions. It will also pose a serious threat to this global objective as it will preclude a successful outcome of these global negotiations, and it will likely lead to retaliation from some third countries.

We, therefore, call on the Member States to retain the scope proposed by the European Commission: intra-European flights only.



* Scope based on the proposal from the European Parliament

An extension of the ETS scope would lead to an immense increase in competitive distortion to the benefit of non-EU carriers. For example, it would mean that an EU airline flying from an airport in the EU to Tokyo would need to surrender ETS allowances for the entire journey. Non-EU airlines would only be affected for their first flight to their hub airport at the borders of Europe, like Istanbul, Doha, or Dubai. The successive connecting flights from this non-EU hub to – for instance – Tokyo would be excluded from the EU ETS. This would put EU airlines at a massive competitive disadvantage, as three out of the four stretches would be covered by ETS costs compared to just one stretch for non-EU airlines. This would incentivize passengers to fly via non-European hubs due to lower ticket prices, leading to significant carbon leakage and endangering European jobs, growth, and connectivity. This enlarged scope would not be detrimental to airlines that operate primarily intra-EU (such as low-cost carriers). However, it would come solely at the expense of EU network airlines, which intensifies the existing competitive distortion issue of the current EU ETS.

The EU should be aware not to repeat the mistakes of one decade ago when the proposed full-scope EU ETS provoked retaliatory responses from third countries eventually leading to the stop-the-clock solution. Sticking to an intra-EU scope for EU ETS and CORSIA for all flights leaving the EU would be the most effective solution, avoiding negative effects for EU airlines.

Furthermore, the decision by the European Parliament to include obligations for aircraft operators on non-CO_2 emissions is additionally expanding the scope of the original proposal from the European Commission, potentially doubling the impact. As of today, there are neither completed scientific and legal analyses nor a thorough impact assessment available to understand the exact impact of non-CO_2 emissions from aviation and how best to address them. In light of this, E4FC is calling on the Member States to refrain from including non-CO_2 emissions.

We count on you to keep the current intra-EU scope of EU-ETS and refrain from including non-CO_2 emissions. A vocal position during the Trilogue meetings would be much appreciated. Furthermore, E4FC calls on you to take both topics into account, when proceeding with the Trilogue negotiations.

Contact
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