

Statement

Inception Impact Assessment for the EU initiative "Revision of the EU Emission Trading System Di- rective 2003/87/EC concerning aviation"

Last update: August 2020

The German aviation industry is committed to the EU climate goal of greenhouse gas neutrality by 2050. We welcome the EU's support for the UN aviation organization ICAO in designing the climate protection and CO₂ pricing instrument CORSIA. The ICAO has thus fulfilled its responsibility to include CO₂ pricing in the emissions of international flights (i.e. including flights between two EEA member states).

With the now initiated legal act for the demarcation of CORSIA and EU-ETS, the necessary legal certainty for airlines will be provided. One principle of the EU-ETS is to avoid carbon leakage. This risk does exist in international aviation. Therefore, it is important for the implementation to avoid market distortions potentially leading to disadvantages for the European hub system and the corresponding feeder flights.

In addition, Options 4 and 5 carry the risk of double regulation of emissions, which should be avoided. Besides, we advocate equal treatment of operators on the same route. In order to be able to fly carbon-neutral, fossil fuel must be replaced by sustainable aviation fuel. This requires government support for market launch. To this end, revenues from the auctioning of certificates should be earmarked for aviation's climate protection. In addition, the procedure for accounting these fuels under EU ETS must be simplified.

Details of the proposed options:

- (1) "Full Scope" is not only legally contestable, but was already rejected by third countries in 2012 and thus disqualifies itself.
- (2) "Intra-EU/EFTA ETS only" contradicts the CORSIA principles and must be rejected.
- (3) "CORSIA only" implements CORSIA as intended. The high administrative burden of the EU ETS for comparatively low emissions of domestic flights would be eliminated. In addition, in some member states domestic flights are already covered by ticket taxes.
- (4) "ETS-CORSIA Clean Cut" ignores the fact that even flights between two European states are international flights and thus fall within the scope of CORSIA. Therefore, there is a risk of either double regulation/double counting of emissions or the agreed CORSIA scope for international flights has to be reduced. Competition with non-EU airlines would intensify, especially with regard to feeder flights. This option should therefore be rejected.
- (5) "ETS-CORSIA mix" takes due account of CORSIA and domestic flights. The economic consequences, especially in combination with the planned reduction of free certificates, are to be assessed in the impact assessment. Furthermore, double regulation must be avoided due to the sectoral approach of CORSIA.
- (6) "ETS-CORSIA Mix according to licence" contradicts the CORSIA principles and is to be rejected. The reduction of free allocation is already regulated in the EU ETS and corresponds to the slow reduction (4). Option 0 is therefore obsolete. Any additional increase in costs in the next few years, as would be the case with the "immediate phase-out" (1) and "swift phase-out" (2) options, would place an unnecessary additional burden on European airlines in the Corona crisis and must therefore be rejected.

In order to maintain the competitiveness of European airlines and not to withdraw their financial resources for more climate protection, the Impact Assessment must include an evaluation of the various projects that exist for aviation within the framework of the Green Deal, each of which can lead to a competition-distorting price increase of aviation (RED II, ETD, ReFuelEUAviation).

Furthermore, it would be welcome if this revision would regulate the re-allocation of emission allowances of insolvent airlines and allow the transfer of free allocations from AOC to AOC.

We would be pleased to assist you in the preparation of the Impact Assessment.

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The German Aviation Association (BDL) was founded in 2010 as a joint representation of the interests of the German air-transport sector. Members of the association are airlines, airports, German air traffic control and other aviation service providers. These companies employ more than 180,000 employees. Air transport in Germany enables mobility for more than 200 million passengers a year and contributes to the transport of goods worth more than €200 billion to strengthen Germany as a business location.