




January 14, 2021

Dear Executive Vice President,

We would like to thank you for the fruitful discussion with other aviation stakeholders recently. We hope we were able to convince you of the aviation industry's commitment to addressing the environmental and climate challenges that the Commission has made its core and defining task: the European Green Deal.

 we would like to reinforce our commitment to working with the Commission in contributing to Europe's climate goals. Though aviation can already look back on a remarkable track record on achieving emission reductions, we also know that we will need to do more.

During our discussion, we were gratified to hear the extent to which you are aware both of the importance of a financially sound European aviation industry and the competitive challenges that go along with Europe taking the lead on the transition to a carbon neutral economy. We share your position that corresponding regulation should ideally take place at a global level. Similarly, we all know that global regulation takes years to implement – and it often takes compromises that may not be compatible with the European ambition levels.

However, until there is adequate global regulation, we cannot stress enough the importance of a level playing field between European and non-European airlines, in particular in a post-COVID world. This particular element is of lesser importance to low-cost operators that operate predominantly intra-EU services, but for global operators this is crucially important.

An example of this unlevel playing field is the current design of the EU ETS that already puts EU airlines at a disadvantage: feeder flights to long-haul flights via a European hub are included in the ETS; a flight to the same destination via a hub outside the EU – for example Istanbul, Dubai or Doha – is not.

The resulting cost advantage passed on to passengers will cause them to detour via such hubs. Apart from the economic impact on EU airlines, there is a detrimental effect on the CO<sub>2</sub> footprint. The tightening of the ETS and other additional measures that unilaterally affect costs for EU airlines, such as a blending mandate for sustainable aviation fuels, will intensify this economic and ecological distortion.

However, with a smart, well-designed environmental legislation, we believe that there *are* solutions that satisfy the EU's and aviation's ambitious climate goals while maintaining European airlines' competitiveness.

Regarding the example of the ETS, we see three possible solutions:

- a) establishing a carbon border adjustment mechanism for aviation;
- b) alleviating the financial burden on intra-EU feeder flights, either by exempting them or reimbursing airlines. This could be financed via the ETS revenues or re-distributed to intra-EU point-to-point traffic, where there is a level playing field; or
- c) integrating hubs close to the EU into the ETS via air services or trade agreements.

We would be happy to continue the dialogue on this specific topic in an effort to further our common goal of a sustainable and competitive European aviation industry, both personally and via our teams in Brussels.

Yours sincerely,

