



## EU ETS and EU comprehensive air transport agreements with third countries

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Market-based instruments, such as the EU Emissions Trading System (EU ETS), are effective schemes to limit, reduce and price the permissible CO<sub>2</sub> emissions for participating sectors. EU network airlines and their employees generally support a tightening of the EU ETS to achieve the EU’s ambitious emission reduction targets.

However, in aviation, certain routes are exposed to carbon leakage. As an example, on a trip from Barcelona via Frankfurt to Tokyo, the feeder flight with an EU-airline from Barcelona to Frankfurt is subject to the EU ETS. However, the feeder flight from Barcelona to Istanbul by a non-EU airline is not.



EU network airlines and their employees are convinced that the revision of the EU ETS must address the risk of traffic and emissions shifting to network hubs that are located in close geographical proximity to the EU. **A concrete measure to address carbon leakage is for instance to include binding provisions in comprehensive air transport agreements between the EU and third countries on the participation in the EU ETS.** Such provisions would promote the introduction of emissions trading in third country contracting Parties.

In the unlikely case that these agreements already cover environmental issues, EU and Member State’s air transport agreements with third countries only contain vague and non-binding provisions on environmental “cooperation”. The members of the Europeans for Fair Competition believe that future comprehensive air transport agreements should therefore

# Position Paper



include comprehensive and binding environmental requirements on the EU ETS. This would enhance the level playing field between EU and non-EU airlines and be of benefit to the environment.

Concretely, we propose the following text for a possible amendment to the report on the EU Emissions Trading Scheme for Aviation and that could serve as a new recital:

*To ensure that the decarbonisation efforts of the European Union do not stop at its borders, the European Commission and the Member States should ensure that both existing comprehensive air transport agreements - either by re-negotiation or agreement in the Joint Committees - as well as future EU comprehensive air transport agreements include a specific provision about the extension of EU-ETS to those third countries. Member States should equally strive to achieve this in their existing and future bilateral air service agreements.*

## Contact

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