



Mr. Johan Lindqvist  
30, Square de Meeus  
1000 Brussels

Subject: E4FC calls to avoid fragmentation of Single Market in the Energy Taxation Directive

24 March 2023

Dear Mr. Lindqvist,

Ahead of the Working Party on Tax Questions meeting on 27 March, Europeans for Fair Competition (E4FC) - a unique coalition of network airlines and trade unions fighting for fair competition and high social standards - would like to share with you its position on the current discussion on the Energy Taxation Directive (ETD).

E4FC has been endorsing the European Commission's decarbonization ambition set out in the Fit for 55 package. However, the proposal on the revision of the ETD to introduce a tax on aviation fuels is counterproductive from an environmental point of view while at the same time imposing a financial burden on EU airlines and their employees. The reason being that this measure would take away resources from the EU airlines that could otherwise be used to invest in new and sustainable innovations such as new generation, more environmentally friendly aircraft, sustainable aviation fuels (SAF), and other energy-related projects.

Therefore, we strongly oppose the kerosene tax put forward in the ETD proposal, as because the foreseen system would not contribute to the objective of effectively reducing greenhouse gas emissions, as there is no guarantee that the revenue collected from a kerosene tax would be earmarked for sustainability projects. As the measure would only apply to intra-EU services, EU's network airlines would see their competitiveness deteriorate compared to their non-EU competitors, that do not have these financial burdens. This in turn will also impact employment at EU network airlines.

E4FC believes that the compromise text on the ETD by the Swedish Presidency of the Council of the EU, which provides increased flexibility for Member States and regional exemptions for certain regions/islands/island States, would further unlevel the playing field (also intra-EU) and damage the competitiveness of EU network airlines even further.

Another element that undermines the level playing field is the minimum taxation rate for intra-EU flights proposed by the revised ETD. To safeguard a well-functioning Single Market for EU aviation and avoid a distortive impact on competition, it is essential that the taxation level is harmonized within the EU and that the EU rules do not result in a patchwork of different national taxation rates.

In the context of the next meeting of the Working Party on Tax Questions, we count on you to not endorse the aforementioned elements in the Council's position, which would be further detrimental to the level playing field.

We remain available should you have any questions.

Kind regards,

**Europeans for Fair Competition (E4FC)**

**Contact**

For further information please contact [info@e4fc.eu](mailto:info@e4fc.eu).