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## **“Fit for 55” package risks European socio-economic cohesion without supporting measures, independent study shows**

**Brussels, 08 June 2022:** An independent report has been made public today which analyses, for the first time, the cumulative impact of the EU “Fit for 55” proposals on the airport industry.

This report, commissioned by ACI EUROPE and undertaken by Oxera, is designed to inform the analysis of this crucially important legislative package for the decarbonisation of aviation, which has been tabled by the European Commission without a comprehensive assessment of its impact on the aviation sector.

It comes just as the EU Council finalised its position on the Refuel EU Aviation proposal (which mandates the use of Sustainable Aviation Fuels at EU airports) and on the Alternative Fuels Infrastructure Regulation proposal (which mandates the provision of electricity to stationary aircraft at EU airports) – and as the European Parliament is set to decide this week on the revision of the EU Emissions Trading Scheme for aviation.

Europe’s airports fully support a major policy revamp enabling the achievement of the EU’s climate targets. However, a comprehensive impact assessment is a prerequisite to ensure that the decarbonisation of aviation happens hand in glove with the preservation of the unique economic and social benefits afforded by air connectivity - in particular as regards its contribution to social and territorial cohesion.

Oxera’s report ([Assessment of the Impact of the Fit for 55 Policies on Airports](#)) shows that the European Commission’s proposals will result in significant fare increases, reducing demand, potentially causing leakage of carbon emissions, and impacting the EU’s air connectivity.

While the impact will be greater on intra-EU flights – a serious concern for countries and regions for whom territorial equality and parity is a central pillar for stability and growth – it will also be felt on flights connecting the EU to the rest of the world via its airport hubs.

### **Regional/secondary airports and their communities most impacted**

Compared to a business-as-usual scenario, the report reveals that on **intra-EU flights, airfares** are set to increase by **+16% and +17% in 2030 and 2050** respectively. This will result in **demand reductions** of **-11% in 2030** and **-12% in 2050** - travellers who otherwise would be visiting family and friends, discovering Europe’s regions or engaging in cross-European business and commerce.

Significantly, as demand for direct intra-EU flights will be predominantly impacted compared to direct extra-EU flights, the EU’s regional and secondary airports are bound to be most affected – hurting in particular regions highly dependent upon the tourism industry.

These findings demonstrate the importance of mitigating against the risk of downgrading air connectivity where it is most needed, to preserve the EU objective of socio-economic cohesion.

### **Traffic diversion risks for EU hubs**

Compared to a business-as-usual scenario, the report also shows that on **connecting flights via EU hubs air fares** are set to increase by **+2% and +5%** in **2030 and 2050** respectively. This will lead to **demand reductions** of **-4% in 2030** and **-9% in 2050** – with travellers shifting to itineraries using hubs located in other world regions, especially in the Middle East and Asia.

### **Improving Fit for 55 - remedies needed**

The Oxera report shows the need for appropriate remedies to address the impact of Fit for 55 on both the EU's regional/secondary airports and hubs – so as to mitigate against the risk of downgraded air connectivity. Such remedies should include:

- **Further incentivise and financial support for the uptake of SAF**

As demonstrated by the study, the "ReFuel EU" proposal is responsible for most of the demand reduction in 2050 for intra-EU flights, due to the higher cost of Sustainable Aviation Fuels (SAF). To support a more economically viable uplifting of SAF and related CO<sub>2</sub> emissions reduction, a 'SAF compensation mechanism' should be established - whereby airlines would be granted free allowances under the EU ETS commensurate with overall CO<sub>2</sub> reduced by the uplifting of SAF.

Also, the targets proposed by the European Commission should not be amended – as they are both ambitious and realistic. Similarly, EU States should not be allowed to decide on higher national targets as this would severely compromise the functioning of the Single European Aviation Market and lead to distortions in air connectivity.

- **Allocation of revenues from taxation and ETS for aviation decarbonisation**

To accelerate the aviation industry's decarbonisation pathway while preserving air connectivity, revenues from the auctioning of ETS allowances and from fuel taxation must be earmarked for aviation decarbonisation purposes. This is the bare minimum level of public support needed to help aviation finance its transition to Net Zero. An aviation fund should be created to receive these revenues and ensure their allocation to the most effective aviation decarbonisation initiatives.

- **Exempt small airports from supplying electricity for stationary aircraft**

At smaller airports, the costs of acquiring and operating equipment to supply electricity to stationary aircraft are likely to exceed the associated emissions reduction potential at these airports – thus resulting in the installation of unutilized or underutilized equipment.

The airports concerned are mostly regional airports, often located in peripheral regions and thus only serving a small number of short haul flights with medium or small size aircraft.

A de minimis threshold to exclude airports with less than 10,000 scheduled aircraft movements per year from the scope of the target set in the Alternative Fuels Infrastructure Regulation (AFIR) is a necessity. Such measure would still allow covering 97% of the air passenger traffic within the TEN-T networks by the obligation to provide electricity to stationary aircraft.

- **Engagement with the EU's main trading partners and other third countries to accelerate international decarbonisation goals and actions**

EU laws and policies will not alone deliver net zero aviation. An effective global approach is vital to accelerate aviation decarbonisation. The EU should seek the adoption and implementation of similar ambitious frameworks by its main trading partners and other third countries - notably as part of aviation and trade agreement negotiations.

Crucially, the EU should not resort to unilateral action. It should ensure that its external aviation policies fully support the adoption by ICAO of a long term aspirational goal for international aviation (LTAG) for carbon emissions – with the forthcoming 41st ICAO Assembly being a crucial step in that regard.

**Olivier Jankovec, Director General of ACI EUROPE** said *"The achievement of our climate goals is too important to proceed with anything other than the fullest body of knowledge possible. And the social and economic cohesion that comes with robust air connectivity is too valuable to our continent and communities to put at risk.*

*Oxera's report published today shows that the "Fit for 55" package, whilst unquestionably valuable in its aspirations and directions, invites unwelcome and unanticipated consequences through lack of a comprehensive and cumulative impact assessment. As we all strive to decarbonise our sector, let us go forward with our eyes wide open. The process will be costly, and lengthy, and ours is by its very nature a global industry. The measures we propose today will help create a firm foundation for us to move forward whilst protecting Europe and its citizens from distortion and exclusion. We urge the European Institutions to incorporate these in their next steps".*

**Michele Granatstein, Oxera's Head of Aviation added:** *"As the industry addresses the critical issue of decarbonising aviation, Oxera has been able to furnish ACI EUROPE and industry stakeholders with a body of analysis showing how the regulatory costs of the 'Fit for 55' package will impact airport operators and ultimately the connectivity they enable for their communities – a crucial exercise in any transformative process. Our rigorous and objective assessment will allow for the most informed progression of European environmental policy to support the aviation eco-systems' decarbonisation pathway."*

**## ENDS ##**

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**ACI EUROPE** is the European region of Airports Council International (ACI), the only worldwide professional association of airport operators. ACI EUROPE represents over 500 airports in 55 countries. Our members facilitate over 90% of commercial air traffic in Europe. Air transport supports 13.5 million jobs, generating €886 billion in European economic activity (4.4% of GDP). In response to the Climate Emergency, in June 2019 our members committed to achieving Net Zero carbon emissions for operations under their control by 2050, without offsetting.