

The logo for ACI Europe is a light blue square containing the letters 'ACI' in a large, white, serif font. Below 'ACI', the word 'EUROPE' is written in a smaller, white, sans-serif font. A white curved line sweeps across the logo from the bottom left towards the top right.

ACI EUROPE POSITION
on Aviation & Climate Action
Market-Based Mechanisms

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AIRPORTS COUNCIL
INTERNATIONAL

1. Introduction

- 1.1. European airports have a long-standing commitment to reducing their climate impact, in particular through the implementation of the global carbon management standard *Airport Carbon Accreditation*, launched by ACI EUROPE in 2009. As of December 2019, 147 European airports have been accredited, with 50 of them being recognised as carbon neutral for operations under their control.¹
- 1.2. In its Resolution from 26 June 2019, ACI EUROPE has enhanced its position on the reduction of aviation's climate impact. Through this Resolution, European airports commit to reach Net Zero carbon emissions for sources under their operational control, at the latest by 2050 - while also calling on the aviation industry as a whole to work towards Net Zero carbon emissions.² Through this commitment, European airports align themselves with the conclusions of the IPCC Special Report on Global Warming of 1.5°C and the ambition of the European Commission to make Europe the first climate-neutral continent by 2050.
- 1.3. ACI EUROPE recognises that to effectively decarbonise aviation, a comprehensive basket of measures needs to be implemented, including innovative technologies, more efficient operations, Sustainable Aviation Fuels (SAF – possibly supported by blending mandates) and market-based measures. ACI EUROPE hereby outlines its position on market-based measures and their implementation in Europe. As market-based measures, we define mechanisms that allocate a carbon price to aviation emissions, either directly (e.g. through emissions allowances) or indirectly (e.g. through ticket taxes).

2. Key principles for effective Market-Based Measures

- 2.1. In order to be effective, a market-based measure should reduce emissions to the largest extent possible - while minimising negative socio-economic impacts and maintaining a level playing field for all aviation stakeholders concerned. Therefore, ACI EUROPE believes that market-based measures implemented at the **global level** have the **highest potential in terms of effectiveness**.

¹ For more information, see www.airportco2.org

² <https://www.aci-europe.org/component/downloads/downloads/6175.html>

At the same time, ACI EUROPE acknowledges that building on such global mechanisms, **supplementary regional measures might be required** to:

- comprehensively address aviation's climate impact,
- meet regionally defined climate goals, and
- explore regionally specific decarbonisation opportunities.

2.2. Fully supporting the European Commission's ambition to make Europe the first climate-neutral continent, ACI EUROPE recognises that specific regional policy measures to address aviation emissions will be required to achieve this goal. **ACI EUROPE therefore supports the continued inclusion of aviation into the EU Emissions Trading System (ETS), building on its initial advocacy and engagement in favour of the introduction of this mechanism back in 2012.**

2.3. ACI EUROPE is of the view that the continued use of the EU ETS will deliver **greater results to achieve the desired outcome than the blunt instrument of taxation**, as the latter does not yield significant environmental benefits and entails the risk of suppressing/downgrading air connectivity where it is most needed and thus hampering socio-economic value creation. This would be potentially devastating for smaller regional airports and their communities, especially those that can only be reached by air as well as whose air services come with very thin margins (e.g. Public Service Obligation (PSO) routes).

In that respect, ACI EUROPE notes the conclusions of the European Commission Impact Assessment from February 2017, according to which the implementation of EU ETS for aviation has not affected the competitiveness of the European aviation sector: *"It should be noted that distortions have not been identified during the 5 years where the EU ETS has been applied to aviation, and it is expected that this should be even less the case where other routes will be covered after 2020, by a new market instrument such as the GMBM [Global Market-Based Measure]."*³

2.4. Against this background, ACI EUROPE advocates for the **continuation of the EU ETS for aviation within the European Economic Area (EEA) only**, while also supporting a potential **strengthening the requirements for the aviation sector**, to enable the EU to reach its climate goals.

When considering different options for doing so, a comprehensive cost-benefit analysis will need to be carried out and special attention should

³ Commission Staff Working Document, Impact Assessment, SWD(2017) 31 final, page 37.

be paid to distortions of competition between economic actors – both airlines and airports.

- 2.5. **ACI EUROPE supports the implementation of the ICAO Carbon Offsetting and Reduction Scheme for International Aviation (CORSA)**, adopted by ICAO in 2016, and calls on all stakeholders involved to ensure a maximal coverage of international aviation emissions and to use highest quality offset credits in the scheme. Therefore, **flights from/to destinations outside the EEA should be covered by CORSA only.**

In this context, **European policy makers must ensure that the same emissions are not covered by two types of reduction or offsetting obligations at the same time.** For instance, should the ETS apply to emissions also subject to CORSA, airlines shall be able to account the fulfilment of obligations under ETS for compliance with CORSA. This will ensure complementarity between the two instruments.

- 2.6. While market-based mechanisms can play an important role in incentivising emissions reductions, ultimately it is the switch from fossil to low or zero carbon energy sources that will allow for a break-through in the decarbonisation of aviation. Therefore, **ACI EUROPE urges the European Commission to deliver concrete means to incentivise the uptake of Sustainable Aviation Fuels (SAF) in Europe, including the possibility of an EU-wide SAF blending mandate for fuel suppliers**, i.e. the mandatory blending of a certain % of SAF in the total jet fuel supply.

The eligible SAF must be compliant with the sustainability criteria as defined in the Renewable Energy Directive (RED) II from December 2018 (and possible further revisions thereof). European airports are committed to facilitate and support whenever possible the provision of SAF.

- 2.7. ACI EUROPE stresses the crucial importance for the aviation sector to have **access to public funding to spur research & innovation in decarbonisation technologies.** Such funding would also be required to help cover the price premium associated with a SAF mandate and thus avoid distortion of competition for the European aviation sector. Therefore, ACI EUROPE also calls on the European Union to ensure that the continued application of the EU ETS to aviation allows the sector to tap fully into the EU Innovation Fund.

3. Conclusion

As part of a broad set of actions to reduce aviation emissions, ACI EUROPE:

- Supports the implementation of effective market-based measures.
- Believes that with the entry into force of CORSIA and the continuation of aviation's inclusion into EU ETS within the EEA, the European aviation sector will be subject to a comprehensive and effective carbon pricing framework while avoiding distortion of competition.
- Calls on European policymakers to ensure full complementarity between CORSIA and EU ETS.