

Brussels, 05 December 2024

Subject: Economic and Financial Affairs Council (ECOFIN) 10 December 2024 - Aviation sector's recommendations on the introduction of an aviation fuel tax

Dear EU Ministers of Economy and Finance,

A4E, ACI EUROPE, ERA, and our member companies and organisations, are writing collectively as representatives of the European aviation industry to present their views on the Hungarian Presidency's compromise on the Energy Taxation Directive (ETD) and on the introduction of an aviation fuel tax, ahead of the Economic and Financial Affairs Council (ECOFIN) on 10th December.

In light of the ECOFIN's 2022 request to strike a balance between the specific situations of Member States and overarching climate objectives, we believe that the latest compromise presented by the Hungarian Presidency represents, for the first time since the 2021 proposal, a good basis for discussion. It considers the global competitive dimension of the aviation sector as well as its decarbonisation pathway and therefore maintains the exemption regime in place for commercial aviation fuels as set out in the current Directive 2003/96/EC Article 14(1)(b) and 14(2).

The aviation industry is committed to the ultimate objective of reaching net-zero carbon emissions by 2050 as highlighted in the Destination 2050 roadmap¹, thereby aligning with and strongly contributing to the EU's climate targets.

The next two decades will be key in ensuring a competitive decarbonisation of aviation. Investments in sustainable aviation fuels (SAFs) development and more sustainable aircraft technologies are best suited to promoting sustainability and to encourage and enable the future decarbonisation of air transport. The aviation sector is already subject to a price on carbon emissions, through the EU Emission Trading System (EU ETS), and has ambitious Sustainable Aviation Fuel (SAF) targets in place as per the ReFuel EU Aviation Regulation.

The EU competitiveness strategy² by Mario Draghi confirms that decarbonisation is projected to cost € 60 billion each year from 2031 to 2050 for aviation and recommends unlocking investments in decarbonising aviation, addressing business leakage and addressing the competitiveness gap emerging between the EU and the rest of the world driven by the cost of energy.

Introducing an intra-EU aviation fuel tax goes in the opposite direction as it is a setback for the decarbonisation efforts of the European aviation industry and, because of its limited geographical scope, it puts our global competitiveness at stake.

In this context, we appreciate the realistic recognition by the Hungarian Presidency of some of the European aviation industry's challenges relating to the market availability of SAFs and the competitive disadvantage that the limited geographical application of an intra-EU tax

1 NLR-SEO, D2050 - A Route To Net Zero European Aviation, 2021

2 Mario Draghi, The future of European competitiveness. A competitiveness strategy for Europe, 2024



would cause our sector. Airlines and airports already contribute significantly through taxes and funding for infrastructure and security. Additionally, by 2030, European airlines will contribute over €10 billion annually to the EU Emissions Trading Scheme (ETS). European airlines also plan to invest €14.8 billion in SAF and €165 billion in new aircraft by 2030. Imposing an additional intra-EU tax would only divert resources away from these crucial investments.

In parallel, the total economic impact of European airports and the air connectivity they enable generate €851 billion in GDP (5% of European GDP). Every +10% increase in direct connectivity yields an increase of +0.5% in GDP per capita, +8.5% in research and development, as well as +1.6% in job creation.³

The ECOFIN discussion on 10th December will play a crucial role in ensuring that the structure and concept of maintaining the exemption for aviation with a review clause will be locked-in, limiting the possibility to revert back to previous versions of the ETD compromise proposal (including e.g. zero rates or time-limited exemptions) which damage Europe's competitiveness and represent a setback for our sector's decarbonization efforts.

Therefore, A4E, ACI EUROPE, ERA, urge EU Member States to endorse the delicate balance reached by the Hungarian Presidency compromise between the specific situations of Member States, EU climate objectives and EU competitiveness, and consider their proposal on aviation as a good basis for future discussions.

Yours sincerely,



Airlines for Europe (**A4E**)



ACI Europe (**ACI-E**)



European Regions Airline Association (**ERA**)

³ SEO Amsterdam Economics, ACI EUROPE - Benefits of Airports & Air Connectivity, 2024