AIRE position on the EU ETS revision

1 November 2026

Airlines International Representation in Europe (AIRE) is a leading association representing the interests of airlines and aviation stakeholders operating across Europe since 1976. AIRE's primary goal is to advocate for fair and balanced policies that foster a competitive, sustainable and efficient aviation industry. The association works closely with European regulators, policymakers and other stakeholders to ensure that the perspectives of its member airlines are taken into account in legislative and regulatory decisions. Through constructive dialogue and active industry representation, AIRE aims to contribute to a future where aviation continues to connect people, support economic growth and enhance the passenger experience across Europe and beyond**.**

In this context, the European aviation sector remains fully committed to contributing to the EU's climate objectives and delivering the substantial reductions in aviation emissions required for the transition to climate neutrality. Aviation has been subject to the EU ETS since 2012 and has consistently supported the development of market-based measures to address its climate impact. AIRE's concerns regarding the Commission proposal and the amendments currently under discussion should therefore not be understood as an attempt to weaken aviation's contribution to decarbonisation. On the contrary, they are intended to ensure that **the EU ETS framework delivers tangible emissions reductions in a cost-effective manner, while safeguarding the competitiveness of European aviation.**

1. EU ETS revenues from aviation should be reinvested in aviation decarbonisation

The Commission itself recognises that aviation is a hard-to-abate sector, characterised by long asset lifetimes, high capital intensity and the limited availability of near-term alternatives to fossil fuels. These characteristics make access to predictable financial support particularly important in accelerating the sector's transition to climate neutrality.

The EU ETS is not only a carbon-pricing instrument but also an important potential source of funding for decarbonisation. The Commission acknowledges that predictable revenues and their targeted use can support the transition while strengthening industrial competitiveness. However, the effectiveness and transparency of the current allocation and use of EU ETS revenues remain insufficient.

Against this background, there should be a clear link between the costs borne by European airlines under the EU ETS and the financial support made available to the sector for its decarbonisation. AIRE therefore calls for the support mechanism to ensure that **100% of revenues attributable to aviation are reinvested in aviation decarbonisation,** with particular attention to sustainable aviation fuels (SAF), as follows:

Recommendations:

- **Revenues from aviation should be used for the purposes of article 3c(6),** to cover the price gap between conventional fuel and SAF, alongside the SAF allowances (FEETS), with transparent reporting on their use.

- Revenues generated from the auctioning of aviation allowances should also be channeled back into the aviation sector to support its decarbonisation, including investments in **new technologies, more efficient aircraft engines, fleet renewal** and **other innovative solutions delivering verifiable emissions reductions**.

The absence of adequate support and reinvestment mechanisms could further increase the cost burden on airlines and passengers, potentially affecting the affordability of air travel and the connectivity of regions that rely heavily on air transport.

2. Strengthening the EU ETS SAF support mechanism

The EU ETS SAF allowance mechanism (FEETS) is designed to cover all or part of the price differential between eligible sustainable aviation fuels (SAF) and conventional aviation fuel. However, the mechanism is already facing increasing pressure. Approximately 1.3 million allowances were allocated in 2024, followed by a further 5.2 million in 2026. **Combined, these allocations account for approximately one third of the existing 20-million allowance reserve within its first two years of operation.**

The Commission's proposal would provide for a further maximum of 110 million allowances from 2029, in connection with the extension of the geographical scope of the EU ETS. However, **additional support for SAF should not be conditional on extending the geographical scope of the EU ETS**. The level of support should reflect the structural barriers to the production and uptake of SAF that the Commission has already acknowledged, as well as the specific market conditions prevailing in Europe. These include high energy costs, the price premium of eligible aviation fuels over conventional kerosene, and the limited availability of long-term offtake agreements needed to unlock the new production capacity.

Recommendations:

- **Increase the number of allowances by at least 130 million**. This additional support should be determined independently of any extension of the EU ETS geographical scope and take account of projected aviation allowance volumes under the current scope. According to the Commission's Impact Assessment, the existing reserve could be exhausted by 2028. Increasing it to 130 million allowances would strengthen SAF uptake and help cover the eligible price gap. A binding review should ensure additional allowances are made available where projections identify a funding shortfall through 2040.

- **Maintain eligibility for SAF produced outside the EU, particularly during the initial years of market development.** Restricting eligibility on the basis of geographical origin could unnecessarily limit the pool of available SAF at a time when Europe needs to increase supply, stimulate competition and accelerate market development. SAF that complies with the applicable Union sustainability and greenhouse gas emissions reduction criteria should therefore remain eligible for support, irrespective of where it is produced. Measures to incentivise and strengthen European production capacity should complement this approach, rather than exclude compliant imports while domestic supply chains are still developing.

- **Continue support for HEFA SAF beyond 2030.** The mechanism should maintain predictable support across all eligible SAF production pathways, including Hydroprocessed Esters and Fatty Acids (HEFA), beyond 2030. While synthetic aviation fuels (e-SAF) will play an increasingly important role in the long-term decarbonisation of aviation, their production capacity remains at an early stage of development. HEFA SAF, by contrast, is already a proven and commercially available solution that can contribute to emissions reductions in the short and medium term. Support for emerging e-SAF pathways should be developed alongside, rather than at the expense of, established SAF solutions.

The level and duration of support under the EU ETS SAF allowance mechanism (FEETS) must reflect the scale of the market transformation required to decarbonise aviation. Above all, the mechanism must provide **a sufficiently large, stable and predictable funding framework to reduce the SAF price premium, strengthen demand certainty and unlock investment in additional production capacity.**

3. Preserving the global framework for aviation

We recognise the Commission's objective of addressing the risk of hub leakage while safeguarding the competitiveness of European aviation. However, extending the geographical scope of the EU ETS to a wider range of routes would increase the regulatory and compliance burden on European carriers, potentially undermining the very competitiveness objective the proposal seeks to achieve.

The Commission itself identifies simplification and the reduction of administrative compliance costs as key objectives of the revision. Aircraft operators are already subject to a range of EU regulatory requirements, including the EU ETS, ReFuelEU Aviation and non-CO_2 monitoring, reporting and verification (MRV) requirements. Any further regulatory expansion should therefore be carefully assessed against its potential impact on operator's competitiveness and the coherence of the international regulatory framework.

Expanding the geographical scope of the EU ETS would add another layer of regulatory complexity and risk overlapping with the global framework established under ICAO, including CORSIA. A fragmented regulatory landscape could lead to overlapping requirements, increased compliance costs and competitive distortions between European and non-European carriers. The EU should therefore prioritise regulatory consistency and international coordination, supporting the effective implementation of the global framework rather than introducing further regional requirements that could undermine its coherence.

Recommendations:

- **Maintain the current intra-EU geographical scope of the EU ETS,** with a **"stop-the-clock" decision from 2027,** postponing any decision on further geographical expansion until at least 2032. Any subsequent review should take into account the outcome of the Commission's assessment of the implementation and effectiveness of the ICAO global framework (CORSIA), as well as its implications for the competitiveness of European aviation.

4. Contrails mitigation need additional pre-assessment

AIRE recognises the importance of addressing aviation's non-CO_2 climate effects. However, allocating up to 3 million allowances from the SAF reserve to contrail mitigation is premature, given that its scientific basis and operational feasibility have yet to be sufficiently established. It also risks placing responsibility on aircraft operators for an issue that requires a coordinated, industry-wide approach.

Contrail avoidance depends on collaboration across the aviation system, including airlines and air navigation service providers, and must account for safety, airspace capacity and network efficiency. Potential climate benefits must also be weighed against additional fuel burn and CO_2 emissions. The Commission should therefore first complete the assessment foreseen under the EU ETS Directive, including the report due by the end of 2027, before introducing any incentives. This would ensure that future measures are evidence-based, operationally feasible and do not divert support away from SAF deployment**.**

Recommendations:

- **Ensure that allowances from the SAF reserve remain dedicated to their original purpose** of supporting the uptake and deployment of sustainable aviation fuels (SAF).

- **Defer the introduction of financial incentives for contrail mitigation** until robust scientific evidence, demonstrable net climate benefits and network-level operational feasibility have been established**.**

AIRE Amendments to the EU ETS Revision Proposal (COM(2026)616)

Article concerned	Proposal text	AIRE amendment	Justification
Article 3c(6)	For the period from 1 January 2024 until 31 December 2030, a maximum of 20 million of the total quantity of allowances referred to in paragraph 5 shall be reserved […]	For the period from 1 January 2024 until 31 December ~~2030~~ 2040, ~~a maximum of 20~~ at least 130 million of the total quantity of allowances referred to in paragraph 5 shall be reserved […]	Increasing the level of SAF support by at least 130 million allowances, would strengthen support for SAF uptake and help cover the eligible price gap. **The additional allocation should be independent of any geographical scope extension.**
Article 28a(e)	All emissions from flights to aerodromes located more than 5,000 km from Frankfurt Airport and in States outside the EEA, in each calendar year from 1 January 2029 to 31 December 2032, except for aircraft operators operating flights between two different States whose total annual emissions are lower than 10,000 tonnes, calculated in accordance with Annex I […]	Deleted.	Maintain the current intra-EU scope of the EU ETS and prolong the "stop-the-clock" arrangement until at least 2032, with no review before then. CORSIA should remain the sole global market-based mechanism for addressing international aviation emissions, without prejudice to the application of the EU ETS to intra-EU flights.
Article 28a(6)	In addition to the amount reserved for the use of eligible aviation fuels and electricity pursuant to Article 3c(6), taking into account the provisional restriction of the geographical scope pursuant to Article 28a(1), point (d), a further maximum 110 million allowances of the allowances referred to in third subparagraph of paragraph 1 shall be reserved for the purposes laid down in Article 3c(6) until 31 December 2040. From 1 January 2029, the amount shall be available for all flights departing from an aerodrome located in the EEA […]	Deleted.	Incorporating the additional allowances into Article 3c(6) would establish a single, coherent reserve and ensure that SAF support addresses the structural constraints of the European SAF market. Furthermore, aviation is already covered by a global climate framework under ICAO, which should be preserved, particularly as 2027 will mark the first year of CORSIA's mandatory compliance phase.

Article 3c(6)	Fuels shall be eligible for support referred to in this paragraph only if they are produced in the EEA, in a third country that has an emissions trading system linked with the EU ETS, or in a third country to which the Union provides support pursuant to Article 25b.	Fuels shall be eligible for support referred to in this paragraph ~~only if they are produced in the EEA, in a third country that has an emissions trading system linked with the EU ETS, or in a third country to which the Union provides support pursuant to Article 25b.~~ irrespective of their place of production, provided that they comply with the applicable sustainability and greenhouse gas emissions-saving criteria under Directive (EU) 2018/2001 and Regulation (EU) 2018/2001 and Regulation (EU) 2023/2405.	Restricting eligibility by geographical origin would limit SAF supply and potentially increase costs. Eligibility should therefore depend on compliance with EU sustainability and GHG emissions reduction criteria, **irrespective of where the fuel is produced**.
Article 3c(6)	Significant reductions in climate impacts from contrails […] may be incentivised through the yearly use of no more than 420 000 allowances. From the amount reserved pursuant to the first subparagraph, a total of up to 3 million allowances, available until 31 December 2033, shall be dedicated to the cost-effective reduction of climate impacts from contrails. […]	Deleted.	Introducing an allowance incentive before completion of the assessment required under Article 14(5) would be premature. Contrail avoidance requires network-wide coordination and proven ATM capacity to accommodate changes to routes and flight levels safely and efficiently. Incentivising implementation before these conditions are established risks ineffective and inconsistent application, while diverting allowances from SAF support.