



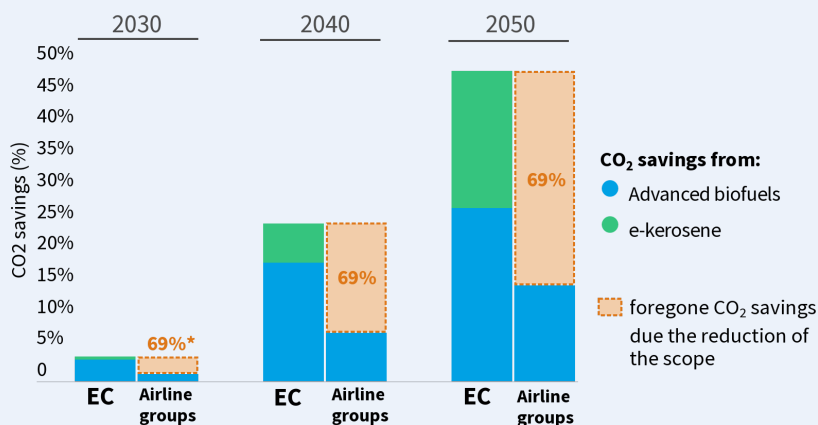
Legacy airlines take aim at EU climate policies

Airlines caught lobbying against Fit for 55, threatening EU climate targets

April 2022

Summary

Despite publicly committing to net zero targets by 2050, T&E can reveal that numerous legacy airlines have been asking decision makers to weaken the environmental ambition of the EU's proposed climate plans for aviation, including its sustainable fuels proposal (ReFuelEU) and the revision of carbon market rules (EU ETS) for aviation. These papers show major discrepancies between some EU airlines' public "net zero" commitments and behind the scene lobbying.



(*) On top of reducing the scope of application of the SAF mandate, the IAG proposes to increase the 2030 SAF target from 5% to 10%. This would lead to 38% foregone CO₂ savings in 2030.

Source: T&E's in-house calculations

The papers were made available to T&E in recent weeks, and originate from either the airlines or their industry representation groups. They come at a crucial time, as the EU's co-legislative bodies are considering amendments to EU ETS and ReFuelEU over the coming weeks.

T&E finds that some of the proposals made by these airline organisations could lead to **reducing the actual emissions savings expected by the EU's proposals by up to 69% already as of 2030**. Even if some propose to artificially increase ambition, they would still reduce emissions savings by 38% in 2030. All these proposals would push airlines even further from their, and the EU's, stated goal of climate neutrality by 2050.

T&E finds that some of the proposals made by these

1. Introduction

The aviation sector remains a growing and major driver of climate change, accounting for 3.7% of European emissions pre-pandemic, up from 1.4% in 1990. Its non-CO₂ climate effects make its impact on warming even greater¹. This growth in climate impact has partly been the result of regulatory inaction by European governments, who have acted more effectively to reduce emissions in other sectors. Instead, they relied on ineffective offsetting schemes and industry self-regulation.

That inaction is beginning to change, with the European Commission publishing draft legislation last July 2021 to address these climate impacts. That legislation (ReFuelEU to drive an uptake of alternative fuels at EU airports, ending the kerosene tax exemption in the Energy Taxation Directive and reforms to EU Emission Trading System (ETS) to boost carbon pricing) is an important first step, but in its current form falls short of the level of ambition needed to put the sector on a path to sustainability.

As a result of this shortfall, it is particularly worrying to see that airlines are in fact working to undermine the proposed level of ambition, when in fact they should be following through on their net zero pledges and working to improve the legislative proposals.

Within this briefing T&E analyses the impact of various position papers sent to decision makers by airlines or their trade associations (available [here](#)), including:

- **International Air Transport Association (IATA)**, the global airline trade association representing companies like Lufthansa, KLM and Air France (but not generally the low cost carriers)
- **International Airlines Group (IAG)**, including airlines like British Airways, Iberia and Aer Lingus
- **Bundesverband der Deutschen Luftverkehrswirtschaft (BDL)**, the German aviation association of which Lufthansa is a member
- **Air France-KLM**, the Air France and KLM holding company

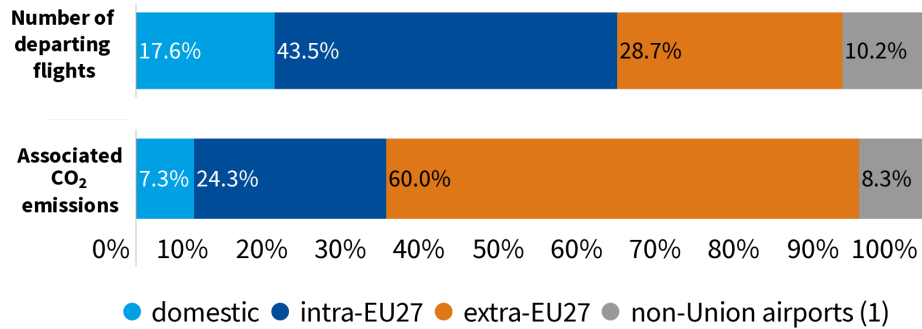
Airlines' lobbying efforts are organised directly by those airlines or through trade associations that represent their interests. As demonstrated below, these lobbying efforts are having a direct impact on the amendments being considered by members of the European Parliament, who are co-legislators on these files. The lobbying efforts are also likely impacting member state deliberations, though unlike the European Parliament process, no amendments are made publicly available. The sections below detail airline lobbying efforts on the two key files being debated at present: **ReFuelEU** and **EU ETS**.

1.1. Reducing the scope and ambition of ReFuelEU

IATA and the BDL have both been asking decision makers to limit the scope of the EU's proposed clean fuel legislation for aviation (ReFuelEU) to **only flights within (intra) the EU aviation**. Together with the

¹ Transport & Environment (2020) Airline contrails warm the planet twice as much as CO₂, EU study finds. Available: <https://www.transportenvironment.org/discover/airline-contrails-warm-planet-twice-much-co2-eu-study-finds/>

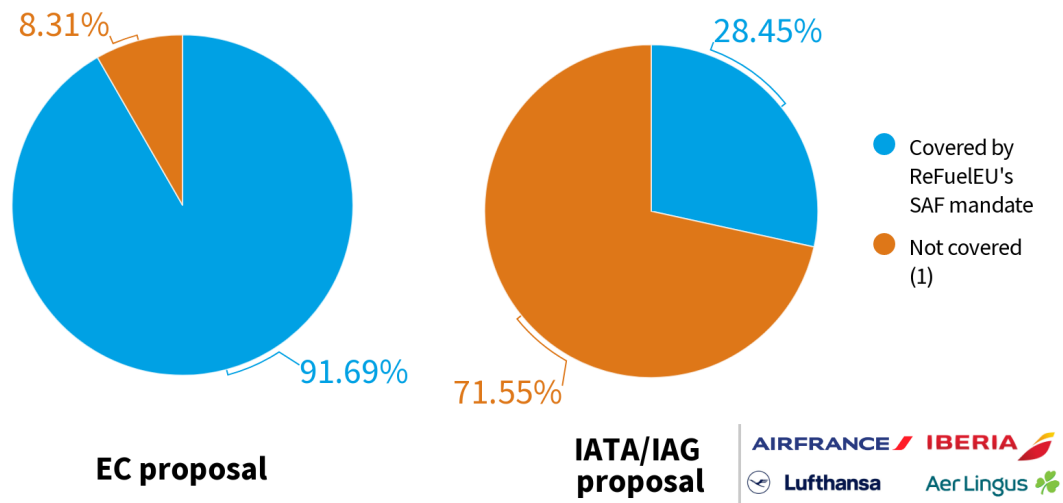
limitation of the mandate to large airports, **only 28% of total EU departing aviation emissions** (as seen in Figure 1 below²) would be affected by such a SAF mandate. T&E has estimated that this amendment on limiting the scope of ReFuelEU would reduce the CO₂ savings of the European Commission’s proposal by 69%.



(1) Only Union airports are mandated to supply an increasing share of SAF blended fuel to airlines. ReFuelEU defines **Union airports** as **airports with more than 1 million departing passengers per year**. Union airports exclude airports in outermost regions.

Figure 1 - CO₂ emissions of European flights

Emissions from flights departing from EU27



(1) Only airports with more than 1 million departing passengers are mandated to blend SAF. Airports in outermost regions are exempted from the SAF mandate.

Source: T&E's in house calculations

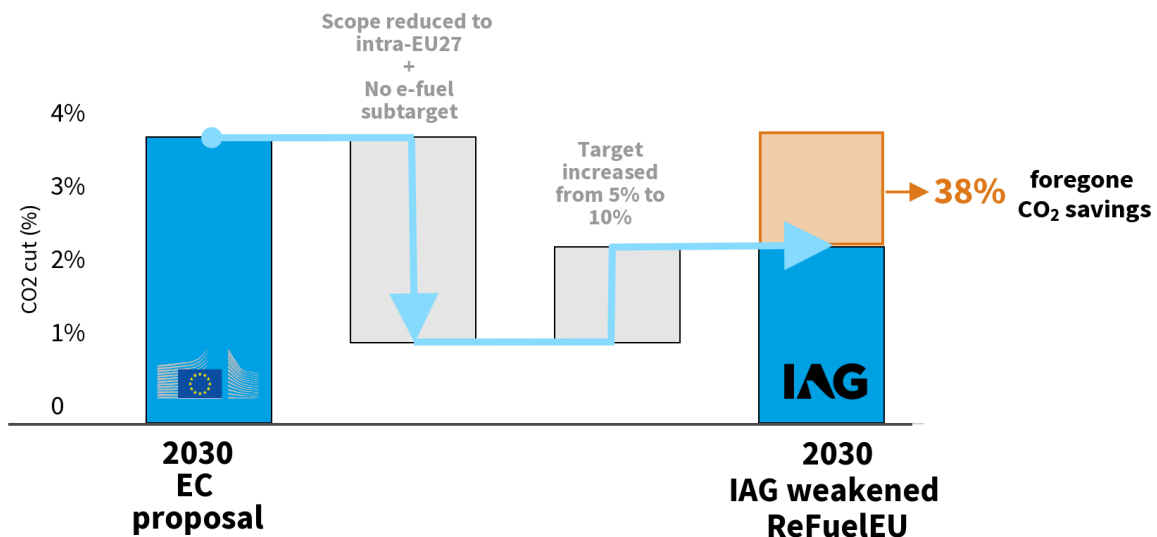
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Figure 2 - Impact of IATA and IAG proposals to amend ReFuelEU on departing emissions covered

² It is assumed that the restriction of the ReFuelEU coverage from all flights departing from Union airports to only intra-EU27 flights also excludes flights from Union airports to outermost regions. For example, flights from Madrid to Las Palmas Gran Canaria (labelled domestic in Fig.1) or flights from Charleroi to Las Palmas Gran Canaria (labelled intra-EU27 in Fig.1), covered by the EC proposal, are considered to be excluded from the restricted scope as proposed by some airlines. This explains why the 28% is not equal to the simple sum of emissions from domestic and intra-EU27 flights.

The International Airlines' Group (IAG), including airlines such as Aer Lingus and Iberia have also made similar proposals asking for the scope of the EU's fuel mandate to only apply to intra-EU flights, but in return calling for an increased mandate for the early period (10% instead of 5% for 2030). While superficially appearing to balance out, according to T&E's analysis, this amendment would actually severely impact the environmental ambition of the proposal, leading to reducing the actual emissions savings **expected EU wide by 38%** in 2030 (as shown on Figure 3). As they proposed no increase in the blending rate for later periods, the figure of **69% foregone CO₂ savings in 2050** (Figure 4) is the same as the IATA proposal above.

IAG and IATA further lobbied to remove the sub-mandate for e-kerosene. Unlike bio-based alternative fuels, e-kerosene is the only fuel capable of being scaled up to meet the sector's fuel demands³. Scrapping the mandate would leave the sector reliant on unsustainable animal fats and dubious used cooking oil imports. It goes against the airlines' own public position in favour of innovative technologies reliant on e-fuels and hydrogen powered aircraft, such as Destination 2050⁴.



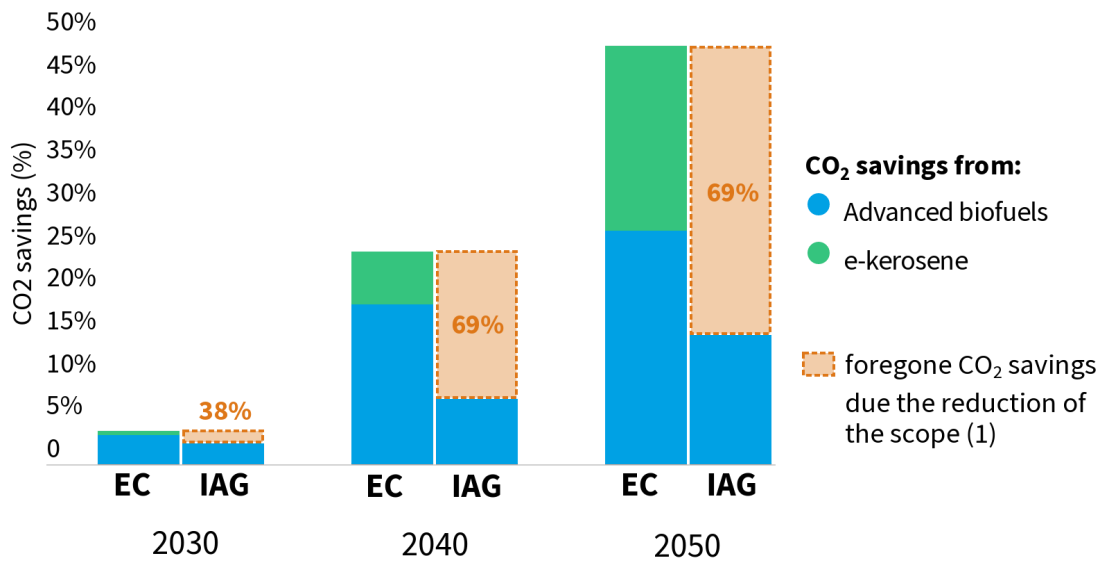
Source: T&E's in house calculations

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Figure 3 - Impact of IAG's amendments on EU27 departing emissions savings from the ReFuelEU proposal for 2030

³ Transport & Environment (2021) FAQ: the what and how of e-kerosene. Available: <https://www.transportenvironment.org/discover/faq-what-and-how-e-kerosene/>

⁴ Destination 2050 (2021) A route to net zero European aviation. Available: https://www.destination2050.eu/wp-content/uploads/2021/03/Destination2050_Report.pdf



(1) On top of reducing the scope of application of the SAF mandate, the IAG proposes to increase the 2030 SAF target from 5% to 10%. It does not offset the damage of the reduction of scope.

Figure 4 - Impact of IAG's amendments on EU27 departing emissions savings from the ReFuelEU proposal up to 2050

1.2. Continued subsidies for legacy airlines under the EU ETS

Air France-KLM and IAG have been calling for continued subsidies and exemptions to polluter pays principle for long haul carriers under the EU's Emissions Trading Scheme (EU ETS). The measure requires airlines to surrender emission allowances covering emissions from their flights. However, Air France-KLM is asking to **delay the phasing out of free allowances it receives under the scheme by 3 years**, to continue receiving such rebates on their pollution bills until 2030. This despite only paying for 8%⁵ of its emissions already under the scheme, as the majority of its flights are excluded due to the measure applying only to flights within, and not departing from Europe⁶.

On top of this, both the BDL and Air France-KLM have asked decision makers **to exempt feeder flights** (flights used to connect secondary airports to hubs like Paris or Schiphol) from paying the EU ETS, yet another exemption that would be given to legacy carriers. These flights were already exempted from France's ban on short haul flights, making this an exemption on top of an exemption.

⁵ Air France receives around half of its allowances for free. Source: European Union Transaction Log. Available: <https://ec.europa.eu/clima/ets/ohaDetails.do?accountID=90092&action=all&languageCode=en>

⁶ 83% of Air France emissions are not covered by the current EU ETS scope, which is limited to flights within the EEA. Source: Transport & Environment (2021) Lufthansa, BA, Air France were Europe's most polluting airlines pre-Covid. Available: <https://www.transportenvironment.org/discover/lufthansa-ba-air-france-were-europes-most-polluting-airlines-pre-covid/>

Air France-KLM also mentions the need for ICAO's global UN-system Corsia to be strengthened but proposes only amendments to reduce its environmental credibility even further, including by removing any guarantee that offsets used are of highest quality and not requiring the baseline of the scheme to come back to the originally planned 2019-2020 after the pilot phase. Corsia has already been proven to be ineffective in mitigating aviation emissions⁷ and this proposal only further weakens it.

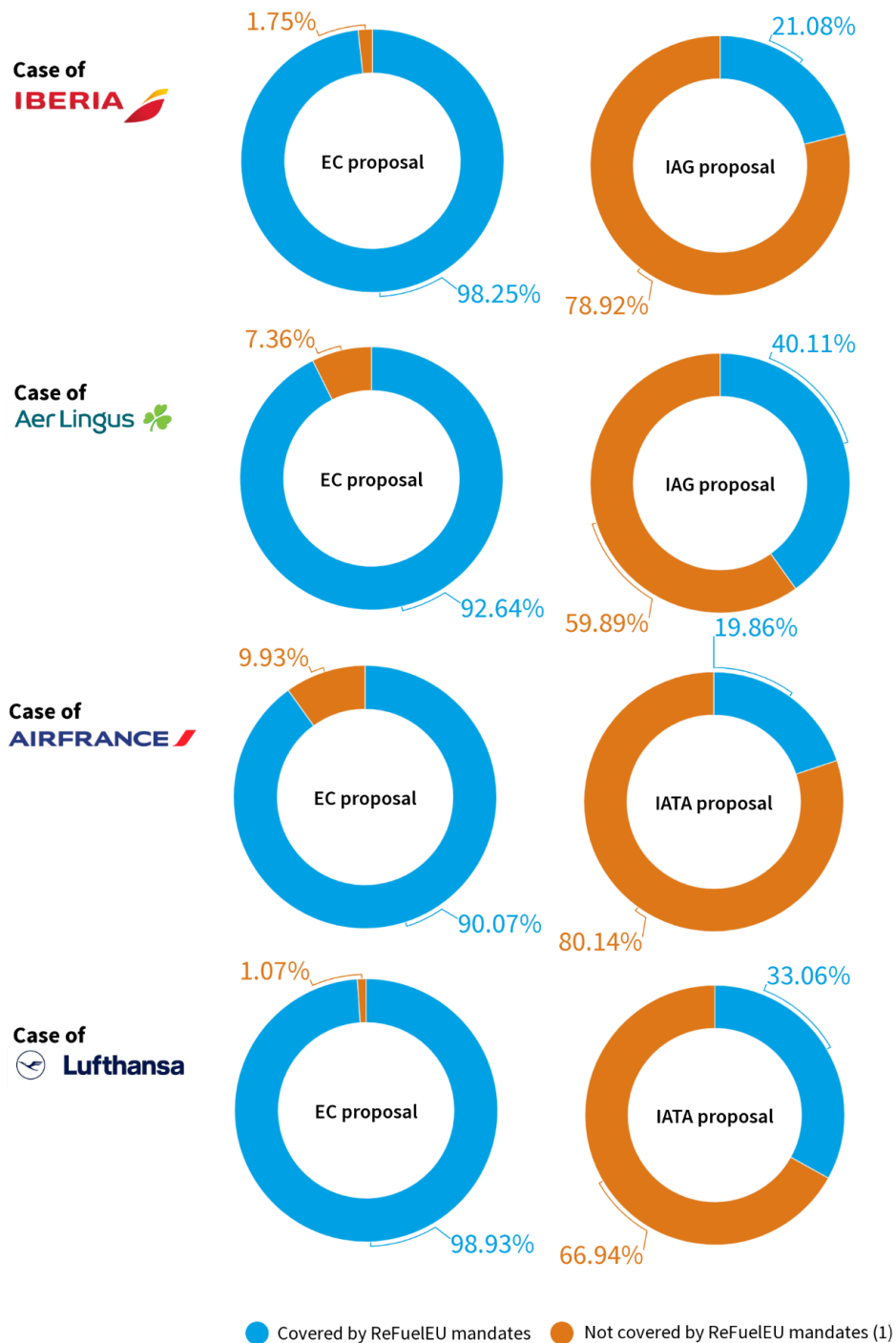
IAG's position is perhaps even worse. They are asking for Corsia, this weak offsetting scheme, to be implemented on intra-EU flights and for governments to give them free allowances to cover the cost. They are asking for more time to give Corsia the room to become an effective scheme. IAG is using the example of the EU ETS, which took 10 years to set up. However, we cannot wait for another 10 years to tackle aviation's climate problem, and less so with an offsetting scheme that has already been proven ineffective and would only allow aviation emissions to continue growing.

The BDL likewise pleads for the German government to take action at UN-level, despite such a process having failed for decades.

⁷ Transport & Environment (2021) The EU's assessment of the Corsia airline CO₂ deal. Available: <https://www.transportenvironment.org/discover/eus-assessment-corsia-airline-co2-deal/>

1.3. Impact of amendments by airline

We've analysed what the industry proposals for RefuelEU would imply in terms of emissions covered for some of the airlines they represent.



(1) Only airports with more than 1 million departing passengers are mandated to blend SAF. Airports in outermost regions are exempted from the SAF mandate.

Source: T&E's in house calculations

Figure 5 - Impact of IATA and IAG proposals to amend ReFuelEU on departing emissions covered

- **Iberia:** Under the current ReFuelEU proposal from the European Commission, over 98% of Iberia’s emissions would be covered by a SAF mandate. With IAG’s amendments, this would lead to only 21% of its emissions being covered under a fuel mandate, exempting three quarters of its emissions from the rules.
- **Aer Lingus:** Under the current ReFuelEU proposal from the European Commission, over 92% of Aer Lingus’ emissions would be covered by a SAF mandate. With IAG’s amendments, this would lead to only 40% of its emissions being covered under a fuel mandate, exempting nearly two thirds of its emissions from the rules.
- **Air France:** Under the current ReFuelEU proposal from the European Commission, over 90% of Air France’s emissions would be covered by a SAF mandate. With IATA’s amendments, this would lead to only 20% of its emissions being covered under a fuel mandate, letting over 80% of its emissions off the hook.
- **Lufthansa:** Under the current ReFuelEU proposal from the European Commission, over 90% of Lufthansa’s emissions would be covered by a SAF mandate. With IATA’s amendments, this would lead to only 33% of its emissions being covered under a fuel mandate, letting over two thirds of its emissions off the hook.

2. Airline lobbying influencing the European Parliament

Table 1 and 2 give an overview of how these positions have unfortunately filtered through a number of amendments submitted by decision makers.

2.1 ReFuelEU

Subject	MEPs position	Amendments ⁸
Reduced scope	A German centre-right MEP, Jens Gieseke, has followed the IATA//IAG/Lufthansa proposal to reduce scope of ReFuelEU to flights within Europe, drastically reducing the ambition of the measure.	99
Abolished sub-targets	A number of MEPs (Swedish and Danish Social Democrats) have put forward amendments to remove the e-kerosene subtarget, which would be a severe blow to the development of this fuel.	270
Free allowances	MEPs Cláudia Monteiro de Aguiar (Portugal), Marian-Jean Marinescu (Romania), Elissavet Vozemberg-Vrionidi (Greece), Massimiliano Salini	190

⁸ European Parliament (2022). Ensuring a level playing field for sustainable air transport. Amendments 39-470 . Available: https://www.europarl.europa.eu/doceo/document/TRAN-AM-729873_EN.pdf

for SAFs	(Italy) from the EPP have put forward the Air France-KLM & IAG proposal of 3.16 free allowances per tonne of SAF and 6.32 per tonne of RFNB and recycled carbon fuels with no specified limits thereby continuing free allocation indefinitely.	
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Table 1: Proposed amendments to ReFuelEU

2.2 EU ETS

Subject	MEPs position	Amendments ⁹
Free allocations	MEPs Henna Virkkunen (Finland) and Marian-Jean Marinescu (Romania) from the EPP have followed the Air France-KLM suggestion to delay the phasing out of free allocation for aviation from 2027 to 2030, further delaying the implementation of the polluter pays principle.	192, 203, 214, 217
CORSIA credits	MEPs Henna Virkkunen (Finland) and Marian-Jean Marinescu (Romania) from the EPP have followed the proposal from Air France-KLM and IAG to delete EU requirements for credits to be used for CORSIA, thereby even further weakening the implementation of the ICAO scheme.	259-263
CORSIA baseline	MEPs Henna Virkkunen (Finland) and Marian-Jean Marinescu (Romania) from the EPP have followed Air France and IAG in proposing that the post-2023 baseline should be decided by the ICAO Council, thereby risking to make CORSIA useless for even longer.	309
CORSIA scope	MEPs Marian-Jean Marinescu (Romania), Barbara Thaler (Austria), Markus Ferber (Germany) from the EPP have followed IAG's proposal to apply CORSIA to intra-EEA flights and give out allowances for CORSIA obligations for intra-EEA flights, thereby expanding application of ICAO's weak scheme.	178 ¹⁰ , 275, 285
Feeder flights	MEPs Henna Virkkunen (Finland) and Marian-Jean Marinescu (Romania) from the EPP have put forward the Air France-KLM proposed amendment for a carbon adjustment measure which would remove surrendering obligations for feeder flights, thereby further undermining the polluter pays principle.	331

Table 2: Proposed amendments to the EU ETS for aviation

⁹ European Parliament (2022). Draft report on proposal for a revision of EU ETS for aviation. Amendments 186 - 344. Available: https://www.europarl.europa.eu/doceo/document/ENVI-AM-719690_EN.pdf

¹⁰ European Parliament (2022). Draft report on proposal for a revision of EU ETS for aviation. Amendments 26- 185. Available: https://www.europarl.europa.eu/doceo/document/ENVI-AM-719687_EN.pdf

3. Conclusions

Despite receiving billions in tax payers' money during the COVID-19 crisis and promising governments they will commit to a sustainable recovery, legacy airlines are calling for reduced ambition on ReFuelEU and continuing to be exempted from paying for the bulk of their emissions through the EU ETS. There needs to be a complete turnaround in their lobbying efforts, especially through their trade associations. If these airlines are unable to change these associations, they should publicly reject their policy positions. Until then, legislators should remain strong against such lobbying efforts. T&E have made a number of recommendations for how these files can be strengthened rather than weakened:

ReFuelEU

- Increase the target for e-kerosene and have it introduced earlier
- Introduce measures to address the non-CO₂ effects of flying, through reduced aromatics

Read our briefing paper [here](#).

EU ETS

- Extend the scope of the scheme to cover all departing flights
- Introduce measures to address the non-CO₂ effects of flying, through an increased allowance surrendering requirement.

Read our briefing paper [here](#).

Further information

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Methodological note

Coverages are calculated using AIS data from PlaneFinder and the Eurocontrol calculator¹¹. 2019 was used as the latest year prior to the Covid crisis. No projection has been done. The shares of emission of different segments (domestic, intra-EU27 and extra-EU27) are considered as constant over time. Emission reductions from SAF are calculated assuming a greenhouse gases reduction factor of 85% compared to fossil kerosene. EU27 airports with more than 1 million departing passengers in 2019¹² are considered as Union airports. Airports in outermost regions are excluded from the Union airport list.

¹¹ EEA (2019) Master emissions calculator. Available:

<https://www.eea.europa.eu/publications/emep-eea-guidebook-2019/part-b-sectoral-guidance-chapters/1-energy/1-a-combustion/1-a-3-a-aviation-1/view>

¹² Eurostat (2019) avia_pao. Available:

https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=avia_paoa&lang=en