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Airlines continue to push against climate policies as EU Commission proposes new rules

Airlines have been hit hard by the pandemic induced economic slowdown and travel restrictions, but are also using the situation as an excuse to lobby even harder against climate regulations. As the EU works on its aviation climate package, it must ensure that - like other transport modes - the sector pays for its pollution and contributes to the efforts to stop the climate crisis.

Last month, Qantas, an Australian airline, offered a seven-hour flight to nowhere, flying a Boeing 787 roundtrip, for the pleasure of nostalgic flyers after a few months of covid-19 induced lockdown.The tickets sold out in 10 minutes, probably the fastest selling flight in the company's history.

And Qantas is not alone in offering this. Since the start of the covid-19 pandemic, at least the Taiwanese company Eva Air, the Royal Brunei Airlines and the Japanese company ANA, all operated similar trips to nowhere.

At the beginning of the covid-19 pandemic, many airlines expressed their deep concerns about the aviation industry’s future and survival. The impacts have already been felt, as a large number of jobs and salary cuts have been announced and a large share of the global fleet remains grounded on deserted strips. The aviation sector is facing a deep crisis: And the second wave of covid-19 cases in Europe is undermining the slow and fragile recovery the sector was starting to experience during the Summer. Indeed, at the end of August 2020, the international air traffic was down by 75.3% compared to the same month in 2019.

The pandemic as an excuse to weaken climate policies

But airlines have also managed to take advantage of the crisis, as we reported before, securing over €30 bln in aid from EU Member States and pressuring countries into weakening existing policies. In fact, when it was not busy scheduling flights to nowhere, Qantas was lobbying the Australian government to water down the rules of the future global aviation carbon market “CORSIA”.

Meanwhile, the aviation industry is still benefiting from several measures such as free allocation of allowances under the EU emissions trading system (EU ETS), exemption from fuel taxes, exemption from VAT on international flights, state aid, and no pricing of emissions for flights departing from or arriving in the EU.

What role for aviation in EU climate action?

Against this backdrop, the EU is currently working on a new climate action package, to implement the EU Green Deal and "transform the EU into a resource-efficient and competitive economy where there are no net emissions of greenhouse gases in 2050". The Green Deal agenda requires an effort from all sectors of the economy, including aviation, in order to reach the EU's economy-wide emission reduction commitments.

Carbon pricing has an important role to play in meeting the EU's climate targets, and the implemented policies should ensure that the aviation sector is treated proportionately to its climate impacts. The Commission recently shared its views on two specific policy processes for the aviation sector: it proposed several options to implement CORSIA and combine it with the EU ETS, as well as options on how to phase out free allocation under the EU carbon market.

53 organisations replied to the consultation, with many airlines and industry groups supporting CORSIA and lobbying for the EU to scale down the EU ETS.

The global aviation scheme has lost all credibility

However, CORSIA cannot currently be considered a credible climate policy, firstly because it covers only the growth in CO2 emissions from international flights, i.e. not those emissions below 2019 levels. Secondly, because it does not address "non-CO2" impacts, such as contrail formation or NOx emissions. Thirdly because it relies on offsetting rather than in-sector reductions or robust carbon pricing, and some of the credits deemed eligible under the scheme are of questionable quality.

Therefore, and given that CORSIA is much weaker than the EU's existing system, under no circumstance should it replace any part of the current scope of the EU ETS.

Furthermore, Carbon Market Watch supports a full and immediate end to the free allocation of allowances to airlines under the EU ETS. The risk of carbon leakage in the aviation sector is currently inexistent. The two main risks often presented - that of making connecting flights outside the EU or boarding flights from neighbouring countries, both to avoid having to pay the carbon price - are highly unlikely to materialise, unless carbon prices reach very high levels.

Indeed, the Commission itself assessed these options in past impact assessments in 2006 and 2017, and found there was currently no evidence to support the hypothesis of leakage.

It is time for the aviation sector to start paying a fair price for its massive pollution and to do its share of climate action. Europe cannot let a weak international scheme undermine its domestic climate action but needs to show global climate leadership. This includes ending all exemptions which airlines have been benefiting from and safeguarding and strengthening the aviation provisions of its carbon market.