DESTINATION 2050

Industry alliance committed to climate neutral European aviation

EUROPEAN AVIATION INDUSTRY POSITION

EU ETS REVIEW

Brussels 19 November 2026: DESTINATION 2050[1], representing Europe's airlines, airports, air navigation service providers, and aircraft and original equipment manufacturers, reaffirms its commitment to net-zero CO_2 emissions by 2050. As highlighted in the Draghi report, aviation is vital to Europe's economic sovereignty. Following the European Commission's proposal to review the EU ETS for aviation, we ask that the mechanism becomes a key tool for decarbonisation of the sector in Europe, while at the same time keeping competitiveness of the sector at its centre.

Climate ambition must align with competitive reality to achieve meaningful emission reductions without compromising connectivity. Key elements of the current proposal put European competitiveness and meaningful decarbonisation at risk. DESTINATION 2050 calls on EU legislators to ensure investment certainty, foster innovation, ensure that new measures rest on validated science and demonstrated operational feasibility, and prevent carbon leakage by addressing the following priorities in the revised EU ETS.

In this paper we raise key points of strong common interest notwithstanding other position papers or amendment proposals submitted by the five partner associations.

REFORM AND INCREASE SAF ALLOWANCES

Whilst welcoming the recognition that significantly greater support is needed to accelerate SAF uptake, we are concerned about the reduction in support levels for each SAF category, including the phase-out of support for waste-based bio-SAF after 2029, and do not support the "Made in Europe" criterion for SAF. The framework must reflect actual market realities and operate coherently with ReFuelEU Aviation and RED III. Additional allowances should be available from the outset, independently of any extension of the geographical scope, without distinction based on the nature or business model of the aviation activity. Sufficient and predictable support must be ensured as ReFuelEU Aviation targets increase.

"We call for stronger and longer-term SAF allowance support for all SAF pathways and all aircraft operators better reflecting market reality and urge policymakers to secure the European Aviation's pathway to decarbonise through dedicated predictable regulatory support."

Key policy concerns

- **The proposed phase-out of SAF allowances for waste-based bio-SAF by 2029 would withdraw support from the predominant SAF production pathway** (HEFA) which currently relies primarily on waste-based feedstocks. Phasing out support for these feedstocks at such an early stage would risk undermining the availability of sufficient SAF to meet future demand. Therefore, all SAF pathways recognised by ReFuelEU Aviation should remain eligible beyond 2029.
- **Introducing a Made in Europe criterion for SAF is compromising the EU aviation industry's trajectory to fulfil its decarbonisation targets**[2]. Incentives for European production must not make European origin a

[1] www.destination2050.eu

[2] *EASA ReFuelEU Aviation Annual Technical Report 2026*

condition for base support. Furthermore, introduction of such a criterion is not in line with RED III and ReFuelEU Aviation.

- **The proposed allocation of 110 million SAF allowances is insufficient** to address the aviation sector's structural under-support compared with other ETS sectors[3]. Furthermore, **linking additional SAF allowances to an extension of the geographical scope of the EU ETS introduces uncertainty** into the support framework. It would make the provision of additional allowances dependent on a separate policy decision, rather than on the actual and evolving funding needs of the aviation sector. We therefore **propose a reserve of 500 million allowances under Article 3c(6) for all SAF types and not dependent on a geographical scope extension**, with a binding mechanism to increase the pool when it is close to running out. The proposed 2032 ETS review must assess the remaining reserve against updated projections and issue a legislative proposal for additional allowances where a projected shortfall is identified, in time to prevent an interruption in support.
- **Maintaining the aviation cap structurally limits the sector's access to additional dedicated support for the uptake of SAF.** The aviation cap effectively imposes a ceiling on the allowances available to finance SAF support, irrespective of the sector's evolving needs and, more importantly, the sector's financial contributions to the EU ETS. We therefore call for the removal of aviation's separate cap and to incorporate its allowance budget into the Union-wide quantity under Article 9. Airlines already obtain allowances from the shared ETS market, while SAF support remains tied to a much smaller aviation budget. Bringing the budgets together would allow us to seek a larger SAF reserve under Article 3c(6) within the overall declining ETS supply.
- **The newly proposed incentive levels for the different SAF pathways do not provide sufficient support to** reflect market realities and address the growing decarbonisation costs. Therefore, we call for a higher coverage of the remaining price gap across all eligible SAF pathways.
- **The proposed distinction between aircraft operators based on the aircraft raises concerns regarding equal treatment and constitutes unjustified discriminatory treatment of business aviation.** There is no distinct category of "business aircraft". Business aviation generally refers to a commercial non-scheduled aircraft operation rather than a specific aircraft type. The same aircraft may be used for a variety of purposes, including state, medical, and search-and-rescue operations. Conversely, aircraft of substantially different sizes and characteristics, including larger aircraft, may be operated for business aviation purposes. Therefore, the proposed introduction of a specific list of business aircraft could set a problematic precedent and have unintended consequences for future legislation. Accordingly, all references to business flights and business aircraft should be deleted throughout the Directive.

FULLY REINVEST AVIATION ETS REVENUES

Climate policy should not only incentivise emissions reductions; it must also help finance solutions. Although insufficient, we welcome the proposal to secure a share of revenues from the EU ETS for the sectors covered, recognising the importance of ensuring that they contribute to the transition of hard-to-abate sectors.

"We urge the co-legislators to ensure that 100% of the revenues, from the auctioning of allowances associated with emissions from aviation, are reinvested in the sector to support its decarbonisation, technological modernisation and competitiveness."

[3] According to the EASA 2026 report on SAF 2025, 5.2 million SAF allowances were granted in 2025, worth around €430 million. Aviation paid about €3.6 billion into the EU ETS in 2025. SAF allowances therefore returned only about 11% of what airlines paid in. The Commission propose 110 million allowances for 2029-2040 for the extended scope which is equivalent to only 13% of what aviation will pay into the ETS between 2029-2040. If the EU wants to show the same level of ambition for aviation as it is showing for industrialised sectors (e.g. cement, steel), it would allocate at least 500M SAF allowances just for today's current ETS scope (intra-EEA only).

Key policy concerns

- At present and with the Commission proposal aviation is structurally under-supported relative to other hard-to-abate sectors, despite being one of the ETS' largest sources of auction revenue. The Commission proposal raises two concerns: i) only 50% of the auction revenues would be reinvested, limiting the funding available for decarbonisation, and ii) there is no guarantee that these funds will be allocated to aviation decarbonisation. We therefore call for 100% of auction revenues from aviation activities to be reinvested in the aviation sector to support decarbonisation.

BROADEN THE SCOPE OF THE INNOVATION FUND AND INDUSTRIAL DECARBONISATION BANK

EU funding instruments must reflect technological development needs and operational realities of the aviation sector. Eligibility must extend beyond breakthrough technologies to all solutions capable of delivering significant emissions reductions, including more efficient propulsion systems, aerodynamic improvements and advanced materials.

"We urge policymakers to strengthen the Innovation Fund by increasing the number of allowances allocated to it for the 2031-2040 period and ensuring that it supports the development and maturation of the full range of technologies needed to decarbonise aviation. This must include dedicated separate calls for aeronautics projects and SAF projects, reflecting the sector's specific technological development needs and investment cycles. In parallel, aviation projects should be explicitly included in the Industrial Decarbonisation Bank to support the deployment and scale-up of aviation technologies. Both instruments must enable solutions which can deliver large cumulative emissions reductions across the fleet and at global scale."

Key policy concerns

- The focus for aviation projects on "breakthrough innovative technologies", with electrification as the only example, **risks overlooking technologies capable of delivering significant cumulative emissions reductions across the global fleet and in all aviation segments (including long haul)**, including improvements in propulsion efficiency, aerodynamics and advanced materials. The **lack of dedicated aeronautics calls, and sector-specific funding criteria** also fails to recognize that significant GHG reductions are achieved at the fleet level over long timescales or to account for aviation's long technology development cycles. For SAF and hydrogen support, there would need to be another dedicated SAF funding window with preferential scoring for projects that can produce SAF at or near the price of conventional kerosene, as well as for those focused on scaling-up advanced SAF and e-SAF.
- The proposed allocation of 200 million allowances for 2031–2040 is **less than half the 530 million allowances allocated for 2021–2030**, potentially limiting the Fund's capacity to support the technological development and maturation, despite the growing scale and urgency of the decarbonisation challenge. **The allocation should therefore be increased to 500 million allowances for the next period.**
- **Excluding aviation from the support of the Industrial Decarbonisation Bank** would leave a significant gap in funding for the deployment and scale-up of aviation decarbonisation technologies, despite their potential to deliver substantial cumulative emissions reductions across the global fleet.

MAINTAIN CURRENT GEOGRAPHICAL SCOPE AND STRENGTHEN GLOBAL SOLUTIONS

CORSIA is the most appropriate framework to address international aviation emissions. Unilaterally extending the EU ETS to extra-EEA routes distorts competition, and compromises international efforts, increasing regulatory fragmentation and market asymmetries for operators. Furthermore, risking global implementation efforts of CORSIA and weakening EU's international credibility in the efforts to strengthen CORSIA, as well as the EU influence at ICAO level.

"We strongly oppose expanding the geographical scope of the EU ETS and urge to prioritise global mechanisms by strengthening CORSIA, assisting Member States with ICAO's Long-Term Aspirational Goal."

Key policy concerns

- Upholding international law and agreements. The EU must uphold its CORSIA commitment to globally harmonised regulation of international aviation emissions and ensure equal treatment and competitive neutrality. The proposed scope expansion undermines the non-discriminatory, globally harmonised approach embodied in CORSIA and the Chicago Convention (Article 44g) to which the Member States have agreed.
- The 5,000 km threshold is arbitrary and has not been justified by an objective impact assessment questioning the principle of proportionality.

ESTABLISH A BOOK-AND-CLAIM MECHANISM

The framework must also address the uneven availability of SAF across the EEA by enabling verified purchases to benefit from support regardless of where the fuel is physically supplied.

"We call for the introduction of an effective European book-and-claim system and the purchase-based attribution of environmental benefits to fuel users through that system under the EU ETS."

Key policy concerns

- **Physical SAF availability remains uneven across the EEA** and should not determine whether an aircraft operator can benefit from EU ETS support. Allowing an operator to claim allowances for eligible fuel that it has purchased and that has been supplied for aviation use within the EEA would establish a clear payment-to-claim link, enable access irrespective of the airport at which the fuel is delivered or uplifted, and lay the foundation for a robust EU-wide book-and- claim framework.
- While the Commission's proposal offers greater operational flexibility, it stops short of establishing a **dedicated Book and Claim system on EU ETS routes**. Sustainable Aviation Fuel supply chains currently remain fragmented and geographically concentrated. Requiring physical uplift at every single EU airport force inefficient, costly, and carbon-intensive transport of small fuel batches to regional and peripheral nodes. A Book and Claim mechanism transforms compliance from physical fuel delivery into a verifiable, information-based accounting system. By decoupling economic credit from physical delivery, operators can purchase SAF and claim its lifecycle emissions reductions while allowing the physical fuel to be supplied where logistically optimal within the EEA.
- Commission proposal refers to **SAF uplifted in the EEA**. We propose to refer to SAF purchased by the aircraft operators and supplied for aviation use within the EEA irrespective of the aerodrome at which the fuel is physically delivered or uplifted.

INCENTIVISE CARBON CAPTURE & UTILISATION

Whilst appreciating the inclusion of carbon removals in the proposal, to further unlock the potential of emerging carbon management solutions, the EU must establish a clear regulatory and financial framework that accelerates breakthrough technologies. We welcome the inclusion of carbon removals and see this as an important element of the decarbonisation framework. It is crucial that EU ETS supports next-generation CCU research and technology through dedicated funding streams, including the EU ETS Innovation Fund, Horizon Europe, and the Connecting Europe Facility.

"We call on policymakers to incentivise CCU and carbon removals through R&D, Technology Investment and EU ETS Integration to create a clear market framework and drive widespread adoption across the sector, and by de-risking capital investment in carbon removals with Contracts for Difference (CfD) mechanism."

Sector support

- The Commission proposal (Article 10cb(3)) includes Carbon Capture and Utilisation (CCU), Carbon Capture and Storage (CCS) and Direct Air Carbon Capture and Storage (DACCS) as projects eligible for support from the Innovation Fund. This is an important inclusion supported by the Aviation sector.

CONTRAIL ALLOWANCES

Forecasting contrail formation at the flight-planning horizon is subject to significant scientific uncertainty. A contrail forecast does not make a given trajectory available: the proposal requires operators to embed the forecasting tool in flight-planning systems "if possible", but weather conditions are highly volatile, and the actual flight path depends on real-time operational constraints. According to the proposal, allowances would be allocated based on the adoption of a tool, not for a verified outcome.

"We urge policymakers to ensure effectiveness and operational feasibility prior to regulating contrails. The understanding of aviation non-CO_2 effects is still very much evolving and contrail avoidance strategies should be regulated and incentivised when there is mature scientific understanding and demonstrated operational feasibility across the whole aviation system"

Key policy concerns

- Introducing an allowance incentive before completion of the assessment required under Article 14(5) would pre-empt that process. While there is potential to apply contrail mitigation measures to mitigate non-CO_2 emissions, it needs to be assessed whether they are operationally feasible at large scale, effective and efficient, for aircraft operators and navigation services providers alike, considering also that safety must remain the top-priority and certification standards are adhered to. Also, the economical attractiveness, the compatibility of mitigation strategies with existing regulations and policies, the stakeholder perspectives and the infrastructure requirements need to be investigated. The application of contrails forecasting models in flight planning tools by aircraft operators is only one measure of contrail mitigation and uptake should not be regulated until the European Commission has verified that all the other elements to ensure the success of contrail mitigation strategies are in place with the relevant stakeholders.