

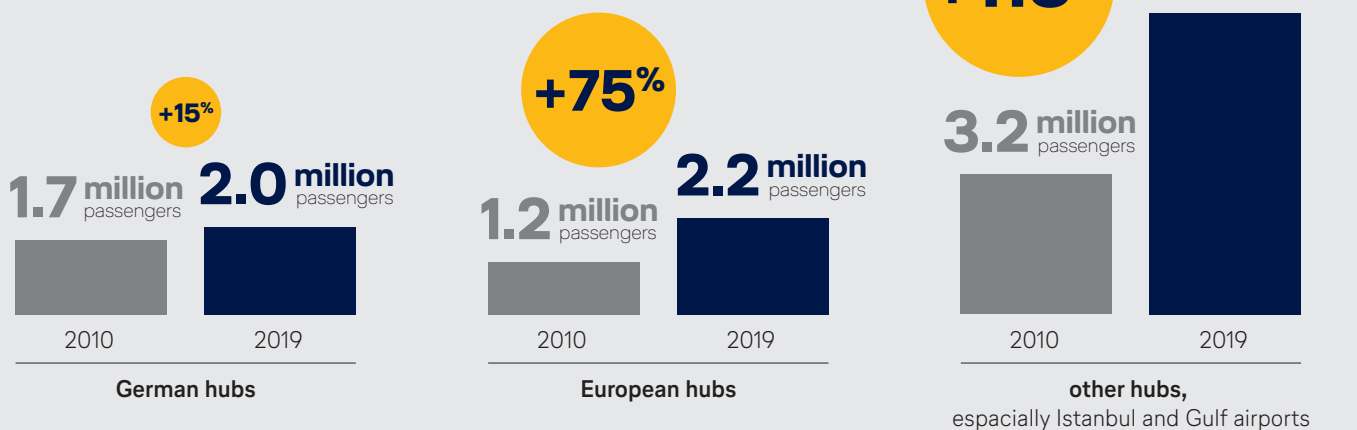
Aviation Alliance Fit for 55

ENSURE FAIR COMPETITION AND AVOID CARBON LEAKAGE

It's no secret that airlines and airports do not always see eye to eye. But when it comes to "Fit for 55," European network carriers and hub airports are united: the EU climate protection package could significantly weaken their position in global competition. They call for an international level playing field with competitors from the Middle East, China, the USA and Turkey.

Traffic flows are shifting

More and more passengers are changing planes in Istanbul, Dubai or Doha on their way to Asia or Africa. Germany is losing its former role as a transfer country. Passenger flows from Germany to Africa and Asia 2010 vs. 2019 via:



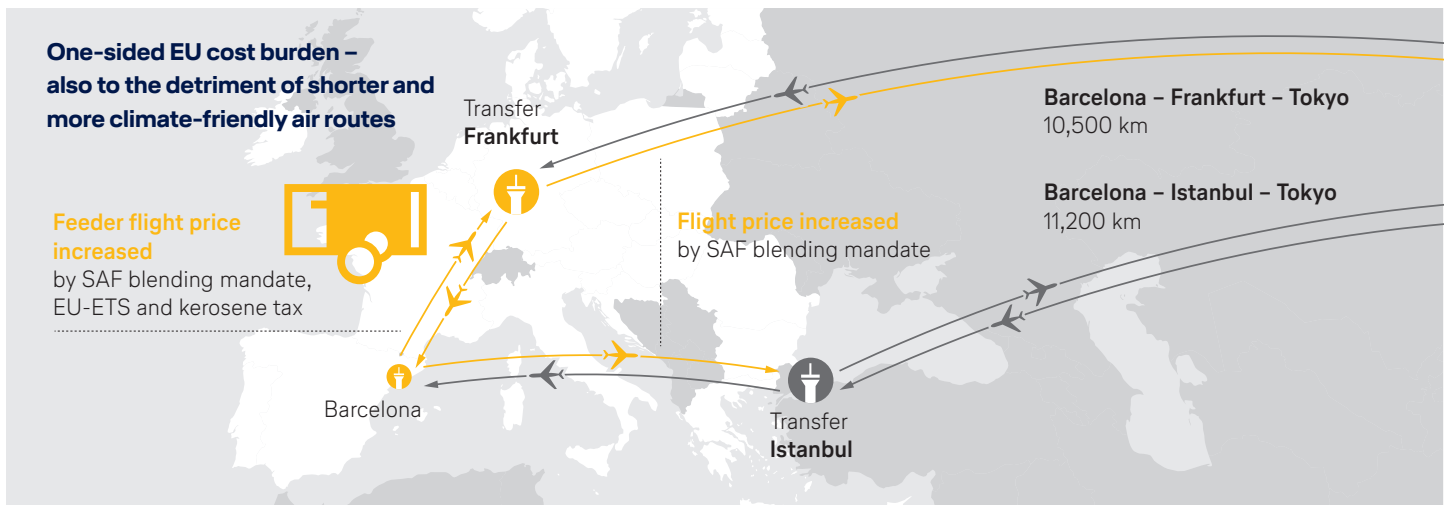
Source: DLR

European network airlines and hubs connect Europe to the world, secure international economic relations, and supply chains. To be successful as a global player, Europe needs a strong aviation industry. The indispensable value of flying is countered by its impact on the environment. Therefore, it is right that with "Fit for 55" the EU is also pursuing ambitious climate targets for aviation.

Hubs in competition

Achieving these objectives will require a climate policy that effectively reduces emissions, avoids carbon leakage and ensures fair competition. This is precisely where the Aviation Alliance Fit for 55 sees urgent need for improvement. Around 20 hub airports and network carriers, including the airlines belonging to the Lufthansa Group, have joined forces

in the new alliance. They fear significant competitive disadvantages if the current plans are implemented. This is because, unlike low-cost airlines that only fly in Europe, they compete with airlines and hubs from the Bosphorus or the Persian Gulf, which do not have to meet the same climate protection requirements. The criticism: Both the tightening of the European Emissions Trading System (ETS), the planned blending mandate for sustainable – but also substantially more expensive – aviation fuel unilaterally increase the costs of long-haul flights with transfers at EU hubs. Hubs close to the EU, such as Istanbul or Dubai, as well as tourist regions outside the EU, stand to benefit. This is because transferring at non-EU hubs would become comparatively cheaper, with the resulting effect that CO₂ emissions merely shift abroad, rather than actually being saved.



One-sided cost burden

Even if low-cost airlines and recently even Transport & Environment try to downplay the carbon leakage risk, analyses clearly show how much the Fit for 55 measures will widen the price gap and disadvantage Europe. Two examples: While tickets at Frankfurt Airport would become more than 25 per cent more expensive by 2035, the cost increase in Istanbul would be only four per cent. As a result, demand in Frankfurt would decline by around 15 per cent, while Istanbul could expect growth in passenger numbers. In 2040, the additional costs incurred by Fit for 55 for a trip from Stockholm to Bangkok via Munich would be three times higher than for the same flight with a change in Istanbul. For certain routes, such as Hamburg-Bangkok, transferring via non-European hubs causes more CO2 emissions, compared to flying via an EU hub.



Europe’s hubs have been under pressure for a whole decade

Such a loss of value creation and connectivity without a positive effect on the climate cannot be the intent nor a side effect of European policy, especially considering that hubs in Germany and Europe have already been under pressure in the years preceding the pandemic. Research from the German Aerospace Center (DLR) shows that more and more passengers are choosing transfers in Istanbul, Dubai or Doha on their way to Asia or Africa. While traffic from Germany to Asia and Africa increased by 73 per cent between 2010 and 2019, Germany hardly plays a role as a transfer country (+15 per cent). Growth in this market is seen mainly on routes via Istanbul and hubs outside Europe (+115 per cent).

This trend must not be allowed to continue. On the contrary. The success of European regulation will largely depend on whether we succeed not only in ensuring fair competition within Europe, but also in creating a level playing field with non-European airlines and hubs.

Aviation Alliance Fit for 55

Currently, 19 hub airports and network carriers, including the airlines of the Lufthansa Group, have joined forces in the new alliance. They fear considerable competitive disadvantages if the current plans are implemented.



More at: www.aviationalliance.eu