



EUROPEAN
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FIT FOR AVIATION WORKERS?

ETF Civil Aviation position on the European Commission's Fit for 55 package.

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INTRODUCTION

This winter of 2022 marks the end of the first half of the current European institutions' legislature. Since the beginning of the mandate the European Commission has made it clear that the two action pillars of the coming years would be for Europe to achieve the dual transition (green and digital). When these plans were under design and negotiation, nobody could have foreseen that a global pandemic would disrupt the lives of many who suffered human losses, illnesses and the livelihoods of workers across the globe. **As we address in this paper the issue of environmental sustainability of the aviation world against the European Commission's proposal called 'Fit for 55' package**, we should keep in mind that sustainability is composed of three elements: environmental, economic and social; and that the economic and social crisis generated by the COVID-19 pandemic is unprecedented for the aviation sector and its workers.

The aviation sector suffered disproportionately as travel was restricted in order to contain the virus' spread. While aviation workers at all levels suffered from job losses, loss of income, physical and mental health distress, discrimination for defending their rights at work, many actors in the aviation industry took this as an opportunity to lay off staff, cut labour rights and working conditions. Furthermore, States failed to protect jobs in the sector by offering unconditional state aid to employers without guaranteeing job retention.

Workers and their unions across the globe are aware that we only have one planet and to care for it means to care for present and future generations of working families. They know that there is no work on a dead planet and that new viruses and extreme climate events are on the horizon as long as exploitation of natural resources, depletion of biodiversity and pollution keep being the overlooked negative externalities of our capitalist system.

The aviation sector accounts for 2% of global CO2 emissions¹. Even though this figure is low compared to other industries, **the aviation sector has a big role to play in mitigating the effect of climate change** by reducing CO2 emissions and doing its part to achieve environmental sustainability. Aviation workers must be key actors of change in the sector and they call for complete sustainability where social sustainability goes hand in hand with

¹ <https://ourworldindata.org/emissions-by-sector>

environmental sustainability.

Aviation workers, who have suffered years of liberalisation in the sector, the deterioration of working conditions and collective bargaining, care about their jobs, livelihoods and the impact their industry has on the environment. Nevertheless, they **cannot be the ones to pay the price**.

The European Transport Workers' Federation (ETF) and its civil aviation section promote a model of sustainability where workers and their unions fight for a prosperous future in an industry that becomes ever more sustainable thanks to technological advancements mainly, and gradual and long-term take up of alternative modes of transport, where possible.

In the framework of the European Green Deal, which is meant to support the green and digital transition of Europe, the European Commission published in July 2021 the 'Fit for 55' package. This initiative contains several legislative proposals or revisions to achieve the goal of reducing CO2 emissions in Europe by 55% compared to the 1990 levels until 2030.

While we commend the environmental appetite, we observe that several provisions did not take into account the workers' views and their representatives.

These proposals aim at regulating prices, fixing targets and determining rules, and include:

- Amended EU Emission Trading System (ETS) for Aviation
- Energy taxation directive
- Protecting against carbon leakage – A Carbon Border Adjustment Mechanism
- ReFuelEU Aviation
- Alternative Fuel Infrastructure

1. Amended EU Emission Trading System (ETS) for Aviation

This proposal introduces amendments to the EU Emissions Trading System (EU ETS) legislation in relation to its application to aviation to ensure that: aviation contributes to the 2030 emissions reduction target in accordance with the European Green Deal; the EU ETS is amended as appropriate while also promoting a more ambitious form of ICAO's Carbon Offset and Reduction Scheme for International Aviation (CORSIA); and allocation of emission allowances in respect of aviation is revised to increase auctioning².

This initiative amending Directive 2003/87/EC as regards aviation's contribution to the Union's economy-wide emission reduction target is a welcome step in reducing the climate

² <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021PC0552>

impact of the aviation sector. The ETF supports the proposed amendments, but emphasises the need to maintain a level playing-field and protect social and working rights. While not the largest emitter of emissions in society or indeed in transport, aviation and all its stakeholders must play their part in helping us achieve a sustainable aviation industry. This can only be done through social dialogue and engagement with trade unions in the sector, who are a critical part of the climate transition.

While there is pressing need to assess the CO₂ intensity of their very production, the uptake of sustainable aviation fuels (SAFs) needs to improve and the level of free allowances should decrease, without distorting competition within the market.

It is imperative that the proposal acts to protect the level playing-field in order to support companies that provide decent work and social standards at a global level. It is also important to avoid long-term negative effects on working conditions due to unfair competition from companies not operating under the ETS. As such, we recommend launching a "social impact assessment" that considers the link between the application of the ETS, fair competition, and the potential social damage of carbon leakage. Furthermore, we propose two mid-term assessments, which would analyse the social, environmental and economic impact of the amended ETS. This should take place two years and four years after the amended ETS enters into force and should provide all stakeholders with an opportunity to review the application of the ETS and the aims of the programme. These assessments will also provide an opportunity to check the recovery of the industry against the aims of the ETS.

The EU must promote a more ambitious, uniform global regulation on carbon pricing, and must have a mandate to negotiate for this at global level. In addition to its global mandate, we propose the application of one or both of these mechanisms in order to ensure fair and sustainable implementation of the ETS and support a broader application base in the short term: a) introducing a carbon border adjustment mechanism; b) replacing the free allocation system with targeted protection against unfair competition.

The ETS should support a move towards more sustainable modes of transport, including within the aviation sector, and should therefore promote a reduction in the use of business aviation. The ETS should encourage the use of sustainable mass transport and therefore force business jet users to pay higher charges.

Crucially, ETS revenues should be reinvested in development projects that will further reduce the environmental impact of aviation, by supporting a reduction in cost and greater uptake of SAFs. This can primarily be done by supporting greater SAF production. It should also support the transition of airports, fuelers and ground handlers to new regulations being imposed on SAF usage in European airports through the ReFuelEU proposal.

Through the ETS, the proposal should encourage operators to develop inter-modal transport networks in their major hubs in order to expand to a greater network of destinations, while

also reducing unnecessary ultra-short-haul flights. This could be done by increasing or protecting the level of free allowances where an airline has moved parts of its operators from air to rail or other lower emitting forms of transport.

SUMMARY:

- ETF supports the amendments to the Directive 2003/87/EC regarding aviation
- ETF supports proposals to ensure targeted protection against unfair competition with third-country operators
- ETF calls for level-playing field and protection of worker and social rights
- ETF proposes a social impact assessment to evaluate the potential social damage associated to carbon leakage and regular monitoring
- ETF calls for a clear European mandate to negotiate this kind of initiatives at a global level

2. Energy taxation directive

An additional legislative proposal of the 'Fit for 55' package is the Energy Taxation Directive³ which can help reach the EU's climate goals, in the Commission's own words, "by encouraging a switch to cleaner energy, more sustainable industry and more environmentally friendly choices, as part of a socially fair green transition".

The rationale behind this proposal is to tackle the harmful effects of energy tax competition, promote revenues for Member States other than taxes on labour and address issues such as tax exemptions for certain sectors, i.e. maritime and aviation fuels.

As the directive aims to transition away from fossil fuels towards clean fuels and support the EU's delivery of its ambitious targets on the reduction of greenhouse gas emissions and energy savings, the ETF welcomes the environmental objectives and agrees that it is now an outdated measure that aviation fuels benefit from tax exemptions when our planet suffers.

In the Commission's proposal kerosene used as fuel in aviation will no longer be fully exempt from energy taxation for intra-EU flights. Over a period of ten years, the minimum tax rates for these fuels will gradually increase while sustainable fuels for these sectors will benefit from a minimum rate of zero to foster their uptake.

In practice, the new rules on aviation fuel taxation lay down a minimum excise duty rate on the relevant fuels used for intra-EU passenger flights and this minimum tax rate applied to aviation

³ https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_3662

and maritime is based upon the extent to which they are at risk of carbon leakage.

The Commission states: “The tax for aviation fuel will be introduced gradually before reaching the final minimum rate after a transitional period of ten years. This means that ten years after the entry into force of the new rules, kerosene used in the aviation industry to power planes for intra-EU flights would be taxed at least €10.75/GJ EU-wide, as for petrol used in road transport. To encourage the use of cleaner energy in both the aviation and maritime sectors, sustainable and alternative fuels will enjoy a zero rate minimum tax rate for a transitional period of 10 years when used for air and waterborne navigation”.

The ETF firmly believes that the aviation sector needs to do its part in reducing greenhouse gas emissions and mitigating the effects of climate change. Therefore, a tax on kerosene in aviation represent a matter of tax and climate justice with regards to the planet and workers. It should be noted, however, that fuel is the number one cost for airlines, higher than labour costs, and until now it is a difficult cost to compress. Every tax measure in this sphere should take into account the potential direct or indirect negative effects this new cost can have on labour, as it would not be the first time that working conditions, contracts and rights at work deteriorate and shrink to unfairly compensate a cost rise in other areas. The ETF reminds that more than half of CO₂ emissions produced by the aviation industry (total 2%) comes from long-haul flights and there is a risk, as it was foreseen for the maritime sector, that non-EU players fuel their aircrafts in countries where kerosene is not taxed, therefore posing an unfair competition issue over EU players, particularly where a passenger could transit from third country to third country via the EU. The ReFuelEU Aviation proposal will go some way in ensuring that a level playing field is maintained.

As the new proposal extends this taxation to business flights in order to capture more uses by individuals, the ETF expresses satisfaction that a considerable polluter within the aviation sector, i.e. business jets, will incur fuel taxes. In general, all matters related to sustainable aviation fuels (SAFs), their uptake and promotion, or fuel taxation in connection with the ETS system should be tackled by the EU as much as possible at the international level. Climate friendly measures at the EU level, even when commendable, often end up posing a competitive disadvantage compared to non-EU operators who do not have to follow climate regulations in their countries and regions; therefore, deteriorating working life of the European aviation workforce, which generally enjoys better rights and social protection than their international colleagues, and continuing the exploitation of non-EU workers across the globe, all the while allowing carbon leakage. The race to the bottom mentality in a sector that is liberalised since years and also global by its nature needs to stop.

The Just Transition Fund, the European Social Fund+ (ESF+) and the Social Climate Fund, which were presented by the European Commission in July⁴ need to live up to their promises and ensure that the cost of climate policy is not paid by the workers and their families.

⁴ https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_3661

SUMMARY:

- ETF welcomes the proposal for the Energy Taxation Directive
- ETF does not support tax exemptions on fossil fuels (as it is the case now with kerosene)
- ETF warns that every tax measure in this sphere should take into account the potential direct or indirect negative effects this new cost can have on labour
- ETF warns of the potential threats non-EU players pose to the level-playing field by fuelling aircraft in countries where kerosene is not taxed. This will particularly affect connecting inter-continental traffic.
- ETF welcomes the extension of this taxation proposal to business jets

3. Protecting against carbon leakage – A Carbon Border Adjustment Mechanism

'Carbon leakage' describes the phenomenon in which companies based in the EU move carbon-intensive production abroad to take advantage of lax standards, or EU products could be replaced by more carbon-intensive imports. Such carbon leakage can shift emissions outside of Europe and therefore seriously undermine EU and global climate efforts.

A Carbon Border Adjustment Mechanism (CBAM) is a climate measure that was also presented in July 2021 in the 'Fit for 55' package for industries other than aviation (cement, iron and steel, aluminium, fertilisers, electricity) and should prevent the risk of carbon leakage and support the EU's increased ambition on climate mitigation, while ensuring WTO compatibility. In the Commission's own words, "the CBAM will equalise the price of carbon between domestic products and imports and ensure that the EU's climate objectives are not undermined by production relocating to countries with less ambitious policies".

One consideration to ensure an end to carbon leakage in the aviation sector is to apply a CBAM to aviation.

SUMMARY:

- ETF proposes to consider a Carbon Border Adjustment Mechanism for the aviation sector in order to prevent carbon leakage

4. ReFuelEU Aviation

Fuel is one of the proposed focuses on the 'Fit for 55' package and is outlined in two specific proposals: ReFuelEU and the Directive on Deployment of New Infrastructure for Alternative Fuels. Fuels provide the only real solution to fix aviation's emissions issue; however, it is also the highest costs for airlines. While fuel must be addressed in the Fit for 55 package, all measures must ensure that the uptake of SAFs and the transition to sustainable fuel does not create a situation of unfair competition.

The purpose of the ReFuelEU Aviation regulation proposal⁵ is to ensure a level playing field for sustainable air transport, when it comes to the uptake of aviation fuel in the EU.

Among the measures to ensure the European Union's climate objectives by 2030 and 2050 there is the development and promotion of alternative fuels that reduce carbon emissions from aircraft flying from EU airports.

As stated earlier, fuel is the first cost area of any airline and fuel prices can significantly affect aircraft operators' economic performance and negatively impact competition on the market. Practices such as 'fuel tankering', i.e. loading more fuel than necessary in order to avoid refuelling at the destination where prices are higher, leads to unnecessary fuel burn (increase of emissions) and undermines fair competition.

The proposed framework with regards to fuel should prevent incoherent criteria across the EU that would exacerbate refuelling practices distorting competition between aircraft operators or putting some airports at competitive disadvantage with others.

As the Commission states: "The proposal aims to support a swift transition from fossil fuels towards sustainable fuels in air transport making air travel greener. More specifically, it:

- lays down harmonised rules aiming to maintain a competitive level playing field on the Union aviation internal market while increasing the uptake of sustainable aviation fuels by aircraft operators and the distribution of sustainable aviation fuels at EU airports;
- establishes the obligation for aviation fuel suppliers to ensure that all aviation fuel made available to aircraft operators at Union airports contains a minimum share of sustainable aviation fuel, including a minimum share of synthetic fuel. Synthetic aviation fuels have the potential to achieve emission savings as high as 85% or more compared to fossil aviation fuel. When produced from renewable electricity and carbon captured directly from the air, the potential emission savings compared to fossil aviation fuel can reach 100%;
- establishes the obligation for aircraft operators to ensure that the yearly quantity of aviation fuel uplifted in the EU is of at least 90% of the yearly aviation fuel required;
- defines the obligations for EU airports to provide the infrastructure necessary to

⁵ <https://oeil.secure.europarl.europa.eu/oeil/popups/summary.do?id=1670408&t=d&l=en>

facilitate the access of aircraft operators to aviation fuels containing shares of sustainable aviation fuels;

- creates a transition period of 5 years in which aviation fuel suppliers may supply the minimum share of sustainable aviation fuel as an average over all the aviation fuel they supplied across Union airports for that reporting period;
- defines, in an Annex, the minimum shares of sustainable aviation fuel, including the minimum shares of synthetic fuel, of the aviation fuel to be supplied”.

This proposal for regulation also foresees regular monitoring by EASA on the compliance with regards to SAFs and a report by the Commission to the European Parliament at least every five years.

The ETF supports the development, incentivising and promotion of SAFs. Being an example of technological advancement that promises to make the industry substantially greener, the ETF considers the mandated progressively higher uptake of SAFs (up to 63% by 2050) by airlines a welcome progress.

However, as the price of SAFs are considerably higher than fossil fuels for now, a particular focus on airlines' practices vis-à-vis the workers is needed to ensure that the cost of these higher prices is not paid by aviation workers by airlines making unjust savings on social and labour costs. Moreover, in terms of practical use of SAFs, workers should receive the necessary training and PPE to handle any new fuels on the market. We must be sure of their impact on workers' health, and workers must be trained specifically on their use on the tarmac. Additionally, SAF CO2 intensity in their very production should be thoroughly assessed.

SUMMARY:

- ETF supports the development, incentivization and promotion of SAFs
- ETF welcomes the mandated progressively higher uptake of SAFs by airlines
- ETF warns that airlines facing higher prices of SAFs are not to make unjust cuts on social and labour costs
- ETF warns of the threat of fuel tankering, which is highly detrimental for the environment and represents unfair competition with negative effect on the workforce
- ETF believes that all measures must ensure that the uptake of SAFs and the transition to sustainable fuel does not create a situation of unfair competition
- ETF calls for proper training of ground staff workers in handling the new fuels and an assessment of their potential damage to workers' health
- ETF calls for a thorough assessment of SAF production CO2 intensity.

5. Alternative Fuel Infrastructure

The Fit for 55 package also includes a proposal to revise the 2014 Directive on alternative fuels infrastructure⁶. The Commission proposes to repeal the directive and replace it with a regulation, as regulations, unlike directives, directly apply in all 27 Member States as they were written and approved at the Union level.

The proposed regulation sets a number of mandatory national targets for the deployment of alternative fuels infrastructure in the EU, for road vehicles, vessels and stationary aircraft.

With regards to aviation, the proposal foresees targets for electricity supply to stationary aircraft at [TEN-T core and comprehensive network airports](#)⁷ by 2025: these are airports included in the Trans-European Network priorities.

Provided that workers' view is taken into account and that appropriate upskilling and reskilling of the workforce is foreseen ahead of these technological changes, ETF agrees with the proposal.

SUMMARY

- ETF supports the directive revision in general and the proposal to foresee targets to electricity supply to stationary aircrafts
- ETF warns that a proper upskilling and reskilling of workers is necessary ahead of these technological changes.

For more information, please contact Mila Shamku, ETF Policy Officer for Aviation at m.shamku@etf-europe.org

⁶ <https://www.europarl.europa.eu/legislative-train/theme-a-european-green-deal/file-revision-of-the-directive-on-deployment-of-alternative-fuels-infrastructure>

⁷ https://ec.europa.eu/transport/infrastructure/tentec/tentec-portal/site/maps_upload/tent_modes/EU_A0Landscape2019_passengers.png