Brussels, 07 July 2025

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Copy:
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Subject: European aviation and hospitality sector's recommendations on the revision of the Energy Taxation Directive (ETD)

Dear Minister Lose,

As Denmark has just assumed the Presidency of the Council of the European Union and announced in its Programme[1] the aim to advance, and possibly conclude, negotiations on revising the Energy Taxation Directive (ETD), A4E, ACI, ERA, HOTREC and our member companies are writing collectively to present their views on an aviation fuel tax.

We believe the latest ETD compromise text from May 2025 provides a solid basis for discussion. It takes into account the global competitive landscape of aviation and its decarbonisation pathway, maintaining the exemption regime for aviation fuels as set out in Directive 2003/96/EC, Articles 14(1)(b) and 14(2) while introducing a review clause.

European aviation is committed to the ultimate objective of reaching net-zero carbon emissions by 2050, as highlighted in the Destination 2050 roadmap[2], thereby aligning with and strongly contributing to the EU's climate targets.

The current compromise for aviation realistically recognises some of the European aviation industry's challenges regarding the market availability of sustainable aviation fuels (SAFs) and the competitive disadvantage that the limited geographical application of an intra-EU tax would cause our sector.

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[1] The Programme of the Danish Presidency of the Council of the European Union. A strong Europe in a changing world, 2025
[2] NLR-SEO, D2050 – A Route to Net Zero Aviation, 2025

The next two decades will be key in ensuring a competitive decarbonisation of aviation. Investments in the development of SAFs and more sustainable aircraft technologies are best suited to promoting sustainability and encouraging and enabling the future decarbonisation of air transport.

The EU competitiveness strategy[3] by Mario Draghi confirms that decarbonisation is projected to cost €60 billion annually from 2031 to 2050 for aviation and recommends unlocking investments in decarbonising aviation, addressing business leakage and closing the competitiveness gap emerging between the EU and the rest of the world, driven by energy costs. Imposing an additional intra-EU tax would only divert resources away from these crucial investments.

Introducing an intra-EU aviation fuel tax as part of the revision of the ETD would therefore go in the opposite direction to these recommendations, as it would hinder the decarbonisation efforts of the European aviation industry and – because of its limited geographical scope – risk shifting demand to non-EU destinations, damaging Europe's connectivity and jeopardising our global competitiveness.

Airlines and airports already contribute significantly through taxes and funding for infrastructure and security. The aviation sector is also already subject to a price on carbon emissions through the EU Emission Trading System (EU ETS) which is expected to cost approximately €6 billion in 2030[4].

Air connectivity enabled by the aviation sector generates €851 billion in GDP (5% of European GDP). Additionally, every 10% increase in direct connectivity yields an increase of +0.5% in GDP per capita, +8.5% in research and development, as well as +1.6% in job creation[5]. In 2025, the sharpest decrease in air connectivity was reported in countries that imposed national aviation taxes,[6] and similar effects can be expected if an aviation fuel tax is introduced.

An aviation fuel tax would merely shift air traffic to non-EU countries where such costs do not apply, making the EU aviation and tourism sectors less competitive compared to non-EU destinations. The resulting economic losses, including declines in GDP and employment, would far outweigh any short-term gains in tax revenue across the EU. For example, in Spain, Portugal and Italy, such a tax would lead a decrease in tourism visitors of 7.4%, 7% and 5.5% respectively, resulting in losses of approximately €6.1 billion, €1.5 billion, and €5.4 billion in tourism expenditure[7]. Similar impacts are expected in other EU Member States as well, negatively affecting the entire aviation and tourism value chain across Europe.

The Danish Presidency and the next six months will play a crucial role in ensuring that the structure and concept of maintaining the exemption for aviation with a review clause will be locked-in, limiting the possibility to revert back to previous versions of the ETD compromise proposal (including e.g. zero rates or time-limited exemptions) which damage Europe's competitiveness and represent a setback for our sector's decarbonization efforts.

Therefore, A4E, ACI, ERA, and HOTREC urge the Danish Presidency to endorse the delicate balance reached between the specific situations of Member States, EU climate objectives and EU competitiveness as a good basis for future discussions and maintain the taxation regime for aviation fuels.

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[3] Mario Draghi, The future of European competitiveness. A competitiveness strategy for Europe, 2024
[4] Steer, Assessment of the cost of regulatory compliance of European Airlines, 2025
[5] SEO Amsterdam Economics, ACI Europe – Benefits of Airports & Air Connectivity, 2024
[6] ACI EUROPE Airport Industry Connectivity Report, 2025
[7] Steer, Economic Impact Assessment of Energy Taxation Directive on Travel and Tourism in Europe, 2023

For the benefit of the European aviation sector and the EU economy, we sincerely hope that you will take our recommendations into consideration.

Sincerely,

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