



Consultation response

T&E's response to the European Commission's review of the EU ETS and MSR

Report published: 30 October 2026

Summary

The Commission's ETS proposal is pragmatic and shows a willingness to improve the ETS for transport. The proposal's strengths should be protected, including **extensions of scope** and **support for new technologies** in both aviation and shipping that represent an industrial opportunity for the EU. Key improvements remain, including support for **eSAF** and **SMAP, Contrails incentives** and **transshipment derogations**.

Key data points

Only 59%

of the EU's aviation emissions are priced under the ETS, even with the 5000km scope extension.

90M +

allowances should go towards the IDB to fund eSAF DSAs

Only 10M

ETS Allowances are needed to cut aviation induced contrail warming by 50%.

1/3

Of small ships emissions are still left uncovered due to a partial scope extension

€6bn

Is what small ships exclusion will cost the EU between 2029 and 2035

76 million

SMAP allowances should be earmarked for e-fuels, alongside a book-in-advance system

Key recommendations box

T&E has developed three recommendations for aviation, shipping and climate respectively.

Aviation

- **A 5,000 km scope is a pragmatic first step, protecting European interests.** It should be protected, with the extension to full departing scope staying on the table as CORSIA remains ineffective. The scope extension for private jets should be maintained.
- **The proposal should ensure ETS revenues deliver sustainable eSAF investment in Europe.** This can be achieved by allocating allowances to the IDB to fund eSAF DSAs, increasing allowances eligible for long term contracts up to 70M and the keeping in the HEFA phase-out and made-in- Europe clauses.
- **Contrail avoidance is the most cost effective measure to reduce aviation's climate warming impact.** 10M allowances should be allocated to incentivize both planning and execution of contrail mitigation, enabling a 50% reduction in contrail warming impact.

Shipping

- **We recommend including all small ship categories and bringing forward their inclusion** - so they are included from 2028 in the MRV and 2029 in the ETS - earlier than the Commission's proposed timeline. Omitting ro-pax and passenger ferries in particular would be forgoing a strategic opportunity to electrify these vessels.
- **The SMAP mechanism should primarily focus on supporting e-fuels.** To that end, the review should earmark a significant share of SMAP allowances for e-fuels use and introduce a book-in-advance system similar to the one proposed for SAF allowances. The Article 3gaa(9) derogation on fuel origin should be considered only under stricter conditions, e.g. for RFNBOs produced entirely in the country linked to the green corridor.
- **Introducing a derogation for transshipment operations would risk undermining the integrity of the EU ETS**, and we recommend deleting it. Instead, the Commission should assess European ports' competitiveness and infrastructure needs each year and report to the European Parliament and to the Council. If relevant, it should recommend the allocation of national ETS revenues to support the upgrade of port infrastructure.

Climate

- **Stay aligned to the 2040 EU climate target.** Lowering the Linear Reduction Factor (LRF) to 3.7% for 2031-2035 and 1.7% for 2036-2040 would delay EU climate targets, create an oversupply of allowances that would undermine the long-term price signal, and jeopardise the business case for clean-tech frontrunners that have already invested in decarbonisation.
- **Prioritise internal emissions reductions over international carbon credits.** The EU could consider including within its 2040 target the acquisition of a limited amount of high-quality, high-integrity international carbon credits. However, these must be characterised by stringent eligibility criteria. If these stringent criteria cannot be guaranteed, international carbon credits should not form part of the EU's target.
- **Carbon Dioxide Removal (CDR) integration must not become a net increase in emission space.** The proposal guarantees the 250 million extra allowances but not the removals meant to match them. Unauctioned allowances should be cancelled, not returned to the cap, and any delivery shortfall recovered from future auction volumes. Eligibility and biomass sustainability criteria belong in the Directive, not delegated acts; the 2034 review must not admit non-permanent removals; and the revision should deliver the residual emissions definition the Climate Law still lacks.
- **EU-level ETS Funds: Extend scope to maritime and aviation e-fuels and deliver tailor-made support.** Include aviation and maritime sectors in the scope of the ETS Investment Booster, Industrial Decarbonisation Bank (IDB) and Modernisation Fund to enable e-fuels support and ensure equity across hard-to-abate sectors. These funds should co-finance an intermediary for the European e-fuels market to deliver tailor-made support instruments such as double-sided auctions.
- **Use national ETS revenues in line with the 'polluters-pay' principle:** earmark 50% of national ETS revenues for decarbonisation support in priority sectors, with an increasing share ringfenced for direct industrial transition and electrification. The obligation to spend the remaining 50 % on other eligible climate and energy-transition purposes must be enforced more thoroughly. Reporting rules must be strengthened to increase transparency and ensure ETS spending delivers genuine, additional emission reductions.

Introduction

The European Commission's proposal to review the EU Emissions Trading System (EU ETS) comes at a pivotal moment for Europe's climate, industrial and economic policy. Since its launch in 2005, the EU ETS has become the EU's flagship climate instrument, helping to reduce emissions from the power sector, industry, aviation and maritime transport while **generating more than €230 billion in auction revenues**.

Emissions from sectors covered by the EU ETS have fallen by around 50% compared with 2005 levels, demonstrating the effectiveness of a robust, declining emissions cap combined with carbon pricing.

Europe faces heightened geopolitical uncertainty, growing international competition in industry and clean technologies, persistently high energy prices in parts of the economy, and significant investment needs in electricity grids, electrification and industrial decarbonisation.

The recent devastating wildfires across Europe reiterate loud and clear the need for a strong EU ETS capable of assisting in preventing climate-related natural disasters. At the same time, **the EU continues to pay nearly €400 billion annually on imported fossil fuels**, leaving the European economy exposed to international supply chokepoints and price shocks. A strong ETS acts as an energy independence instrument; keeping a robust price signal accelerates the shift to domestic clean energy.

A predictable and credible carbon market remains one of [Europe's greatest competitive advantages](#). Weakening the integrity of the EU ETS would not address the structural challenges facing European industry. On the contrary, greater regulatory uncertainty undermines long-term investment decisions, increases financing costs for capital-intensive low-carbon projects and slows the deployment of clean technologies essential for Europe's competitiveness and energy security.

The post-2030 EU ETS should preserve the core principles that have made the system successful while adapting it to support Europe's next phase of industrial and energy transformation. **This means maintaining a strong and predictable emissions cap aligned with 2040 climate objectives while providing stability and flexibility for investment**. It also demands ensuring that EU ETS revenues are used more strategically to accelerate investment in decarbonisation, electrification and clean technologies.

Within the post-2030 framework, **ETS2 and the SCF are essential to strengthen energy security, economic resilience, enable European industry to scale decarbonised solutions on their home**

market, ensure a fair energy transition for consumers and reinforce the global competitiveness of European industries.

For this reason, **we call upon EU lawmakers to launch ETS2 in 2028, without further delays or reopening, and use the time to actively prepare implementation**. Private consumers, SMEs, and large businesses across the clean heat and road transport sectors have invested significantly based on the stability and predictability of ETS2. Undermining this certainty now would erode confidence, disrupt investment decisions, and jeopardise Europe's competitiveness and energy security at a critical moment. The EU and its Member States must use the one-year delay to accelerate infrastructure deployment and streamline administration. Taking advantage of the pre-launch window for ETS2, Member States must urgently transpose the Directive into national law, finalise and start implementing their Social Climate Plans. Moreover, Member States must make use of the EIB's Frontloading Facility to begin investment-related spending as soon as possible before ETS2 commences in 2028.

1.1 Stay aligned to the 2040 EU climate target and invest in electrification

The European Commission's proposal sets out structural adjustments to the EU ETS trajectory that align with the EU's 2040 climate objectives. **While making no changes to the Linear Reduction Factor (LRF) until 2031 is a welcome decision, lowering it to 3.7% for 2031-2035 and 1.7% for 2036-2040 would delay EU climate targets, create an oversupply of allowances that would undermine the long-term price signal, and jeopardise the business case for clean-tech frontrunners that have already invested in decarbonisation.**

Cutting the MSR intake rate from 24% to 12% of the Total Number of Allowances in Circulation (TNAC) would sharply reduce its capacity to absorb surplus allowances and weaken support for the carbon price. Diluting the MSR now would break investor expectations of steadily increasing scarcity, erode the long-term price signal, and heighten regulatory risk – pushing up financing costs for precisely the industries that need to invest most in the green transition.

Looking at the EU ETS financial architecture, **targeted funding tools** must be deployed to accelerate the industrial transformation, reduce fossil fuel reliance, and drive large-scale electrification across the continent.

Early action is driven by the **ETS Investment Booster**, which would deploy 400 million allowances before 2030 to provide fast-track, fixed carbon premia for pre-selected projects, with a strong focus on frontloading capital and reserving up to 160 million allowances specifically for lower-income Member States.

From 2031 onward, the newly established **Industrial Decarbonisation Bank (IDB)** should become the principal vehicle for scaling mature technologies via 10-year Carbon Contracts for Difference (CCfDs) and carbon premia.

Complementing this, an updated **Modernisation Fund** aims to expand its mandate to fund industrial electrification, and grid modernization in lower-income Member States, while the extended **Innovation Fund** intends to broaden its focus beyond first-of-a-kind projects to commercial deployment, clean-tech manufacturing, and low-carbon fuels.

By combining these structural grant and debt instruments with rigorous, investment-linked conditionality, the EU ETS framework should effectively **ring-fence capital to establish a predictable, long-term business case for made-in-Europe clean technologies and rapid industrial electrification**. For instance, reinvesting a share of aviation and maritime revenues back into these sectors would provide long-term investment certainty needed to scale up made-in-Europe e-fuels and decarbonise our heaviest emitters. In its Sustainable Transport Investment Plan (STIP), the Commission committed to “work toward” the creation of an intermediary running EU-wide double-sided auctions for the European e-fuels market. **The proposed Industrial Decarbonisation Bank (IDB) and the initial ETS Investment Booster should be used to support such financing mechanisms.**

However, aviation and shipping are not explicitly included in the Investment Booster and IDB. The Innovation Fund (IF) remains the only EU-level ETS fund available to these hard-to-abate sectors. This is problematic because the balance of ETS funding is shifting towards the new instruments. The Investment Booster and IDB together are backed by 800 million allowances, while the IF will shrink from currently around 530 million allowances between 2020 and 2030 to just 200 million allowances after 2030. In addition, the IF’s scope remains much broader, while Investment Booster and IDB only cover decarbonisation of stationary installations in ETS-sectors.

T&E therefore calls for aviation and maritime e-fuels to be included under the scope of the Investment Booster and IDB. Excluding them from the EU’s largest new ETS funding instruments risks creating an imbalance between hard-to-abate ETS sectors at precisely the time when Europe needs to rapidly scale up strategic e-fuel production. The Modernisation Fund should also be available for e-fuels support, ensuring that lower-income Member States can also decarbonise these sectors.

Moreover, national EU ETS revenues must be actively recycled to support the structural technological shift needed to lower industrial carbon costs over time. Currently, too little of the revenue generated by industrial emissions flows back to the sectors paying into the carbon market. A fairer contribution rate in line with the “polluter pays” principle is key. For example, co-financing a market intermediary for e-fuels is the best use of ETS revenues for aviation and shipping.

Out of the 50% of their national ETS revenues allocated to decarbonise priority sectors, Member States should ring-fence an increasing portion for direct industrial transition and electrification. In addition, the obligation to spend the remaining 50 % on other eligible climate and energy-transition purposes must be enforced more thoroughly than in the past. **Stricter reporting requirements are needed to guarantee transparency and verify that funds deliver genuine, additional emission reductions.** Many EU Member States [channel ETS revenues into](#)

[their general budgets](#) without earmarking them for specific purposes. This makes it difficult to trace how ETS revenues are spent and undermines transparency and accountability. The transparency clause regarding the use of these revenues (Article 10(3)(l)) and Article 19(2) of Regulation (EU) 2018/1999) should be strengthened to ensure Member-States comply with the climate requirements.

Frontloading capital to close the EU investment gap: tackling Europe's climate investment gap requires immediate liquidity alongside gradual disbursements. To overcome national budget constraints, the EU must leverage future ETS revenues upfront - turbocharging investments before 2030. Therefore, the European Investment Bank (EIB) should establish a dedicated facility allowing Member States to frontload at least €100 billion by borrowing against guaranteed future EU ETS revenues - a structure that does not count as national debt. Additionally, selected incumbent industries should be permitted to leverage a portion of their 2026–2030 transitional free allowances as financial collateral to secure low-interest loans via National Promotional Banks (NPBs).

Frontloaded funds would unlock upfront capital for **strategic, zero-emission industrial assets, such as battery gigafactories and direct electrification infrastructure, that would otherwise be delayed by tight annual national budgets**. Frontloaded carbon revenues should complement existing initiatives, such as the ETS Investment Booster, to maximise economic impact. Furthermore, part of these frontloaded funds could capitalise the IDB, while remaining resources would be distributed to Member States via established allocation keys to scale up European clean-tech manufacturing, including battery supply chains.

Crucially, all funding channels must enforce strict fossil-free governance by completely phasing out any lingering support for fossil fuel-linked infrastructure or unmitigated gas projects, ensuring every euro of carbon revenue is channeled toward genuine additionality, clean industry, and European energy independence.

1.2 Prioritise internal emissions reductions over international carbon credits

The Commission proposes establishing a dedicated facility to purchase **up to 260 Mt of high-quality Article 6 international carbon credits between 2036 and 2040**, funded by auctioning EUAs from within the EU ETS cap. The European Climate Law allows the EU to use international carbon credits equivalent to up to 5% of 1990 net emissions.

To increase the fairness and equity of its contribution to global mitigation, the EU could consider including [within its 2040 target](#) the **acquisition of a limited amount of high-quality, high-integrity international carbon credits characterised by stringent eligibility criteria**. These should be considered only after a detailed impact assessment carried out by the Commission outlining the risks and benefits of a possible limited contribution of credits towards the 2040 target. They should support partner third countries in pursuing transformative greenhouse gas reduction trajectories compatible with the Paris Agreement's objective of holding the increase in

the global average temperature to well below 2°C and pursuing efforts to limit it to 1.5°C above pre-industrial levels, for example renewables-based industrial development, including e-fuel production, provided mitigation outcomes are robustly attributed and claimed only once, and not also counted toward EU compliance obligations. Where credits derive from removal activities, only permanent removals should qualify; credits based on non-permanent or land-based storage should be excluded in all cases.

The Commission should adopt a legislative proposal outlining stringent **eligibility criteria** for international carbon credits, as well as guidelines for their purchase by Member States. Key eligibility criteria should include a guarantee that the EU and third countries purchase and use credits that contribute to GHG emission reduction targets compatible with the Paris Agreement's objective to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. Moreover, the projects underpinning those credits should put in place transformative activities, while the net removal benefits generated by these credits should be measurable, verifiable, transparent, and [respect human rights](#). **If these stringent criteria cannot be guaranteed, international carbon credits should not form part of the EU's target.**

Having said that, while Article 6 of the Paris Agreement introduces new rules intended to create credible systems for both offsetting and international carbon markets, experience to date highlights [serious challenges](#). A key concern is double counting, where the same carbon credits are claimed by more than one actor. Additionally, empirical evidence has shown that carbon credits [have not brought the expected results in the past](#). Between 2008 and 2020, companies covered by the EU Emissions Trading System (ETS1) were permitted to purchase international credits, and more than 1.6 billion were used and problems arose. Many of the underlying projects failed to deliver genuine emissions reductions, and some were linked to [fraud](#), too. The abundance of cheap credits also lowered the EU carbon price, making it easier for companies to continue polluting and slowing down domestic emissions cuts. In light of these shortcomings, the EU decided to stop accepting international credits after 2020.

1.3 CDR integration must not lead to a net increase in emission space

The Commission proposes (new Article 9c) to raise the EU ETS cap by **250 million allowances between 2031 and 2040, auctioning them to fund its own purchase of an equivalent amount of biogenic emissions capture with carbon storage (BioCCS), and direct air capture with carbon storage (DACCS) removal units certified under the Carbon Removal Certification Framework (CRCF)**, with a further 10 million allowances (from within the existing cap) available to bridge the gap between removal costs and the allowance price. The Commission would be the sole purchaser, cancelling units on purchase; operators never hold or surrender removals. The design intends a one-for-one match, but only the allowances are guaranteed: the removals delivered depend on what auction revenue can buy, and the Commission's own impact assessment prices DACCS above the allowance price for the whole period and BioCCS until 2036–38.

T&E's central recommendation is that **this must not become a net increase in emission space** - a risk the Commission's own proposal concedes, admitting the measures "introduce uncertainty about reaching the net climate contribution of the EU ETS (carbon removals integration with a pre-increase of the cap)". Two safeguards follow. First, **allowances not auctioned by 2041 should be cancelled** - the proposal currently provides the opposite: Article 9c(3) returns them to the general cap as ordinary supply, preserving the emission space even if the removals programme fails entirely. Second, **where allowances are auctioned but the revenue buys fewer removal tonnes than allowances sold, the shortfall should be recovered by cancelling equivalent volumes from future auctions, so the cap increase can never exceed removals actually delivered**. Without those safeguards the mechanism prices in removals that current deployment gives no basis to expect: EU BioCCS and DACCS remain negligible at commercial scale, and the CRCF has yet to recognise a single certification scheme, let alone certify a unit.

Integration also needs a boundary: a legal definition of the residual emissions that removals are meant to compensate for. The proposal contains none, while granting what its own explanatory memorandum calls "guaranteed additional emission space for the hardest-to-abate sectors", its impact assessment declares the definition of hard-to-abate "highly disputed" and any operator-level link to it "politically unfeasible at this stage". T&E recommends that the EU ETS review deliver the legal definition of residual emissions that the European Climate Law still lacks - the only durable boundary on how far removals can extend. This matters directly for transport: alongside central purchasing, the proposal would allow shipping companies and aircraft their own biogenic emissions. The design is cap-neutral (compensation is capped at zero, with matching allowances cancelled from the 250 million), but the provision should be tightly bound and closely monitored, as it is the one route by which removals become a compliance option for the sectors T&E covers, and it normalises exactly the operator-level use of removals that the proposal's 2034 review is mandated to consider extending "beyond own use".

Finally, **integration must not be built on the carbon that Europe's e-fuel projects depend on**. Biogenic point-source CO₂ - from bioethanol, pulp and paper, waste-to-energy - is simultaneously the feedstock for e-SAF and e-marine fuels and the input to BioCCS. A publicly funded purchaser bidding for that CO₂ at allowance-linked prices raises the cost of sustainable carbon for e-fuel plants already struggling to reach financial close.. Procurement must not displace biogenic CO₂ from e-fuels for aviation and shipping. Separately, the 2034 review must not become the widening mechanism: its mandate to examine nature-based removals and carbon farming should be constrained by the proposal's own principle (recital 32) that only permanent removals can be integrated.

How an extended aviation ETS can boost the sector's decarbonisation

The Commission's proposal to extend the aviation ETS to all flights within a 5,000km radius represents an important first step to price aviation emissions. However, the proposal still leaves over 40% of European aviation CO₂ emissions exempt from carbon pricing - meaning aviation is the only major polluting sector untaxed for its carbon in Europe.

On the other hand, the proposal introduces welcome changes to the use of aviation ETS revenues for the decarbonisation of the sector, via SAF allowances, contrail allowances and allowances for electric aircraft. These allowances can be further improved to ensure the most sustainable technologies receive the necessary investments.

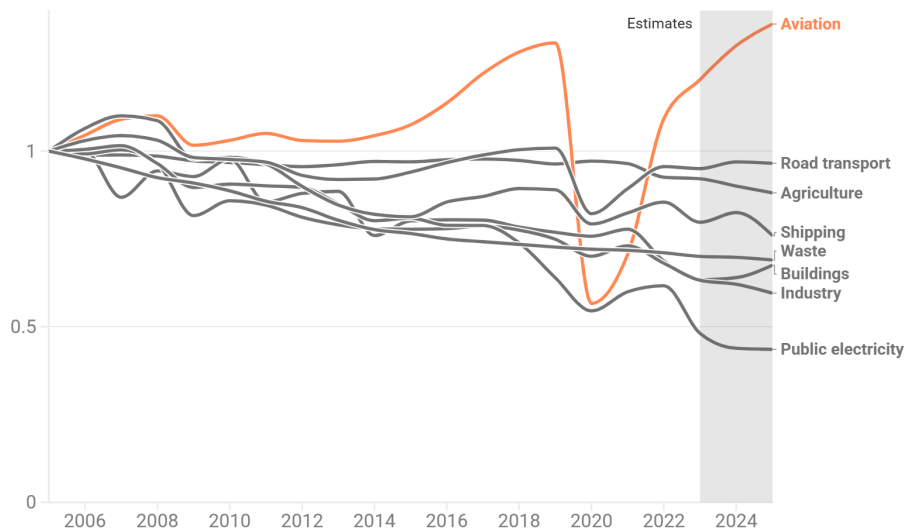
2.1 Carbon pricing for aviation: unjustified historical exemptions

Aviation is the EU's fastest-growing source of greenhouse gas emissions. Its emissions have increased by more than 30% since 2005 - the year the EU Emissions Trading System (EU ETS) was introduced - while emissions from most other sectors have fallen.

Aviation is the EU's fastest growing source of emissions

Aviation emissions have risen by more than 30% since 2005 - the start of the ETS - while emissions from other sectors have declined

Change in EU greenhouse gas emissions by sector in Mt CO₂e (2005 = 100)



Source: T&E (2026), based on UNFCCC, EEA, Eurostat, IPCC, Ember



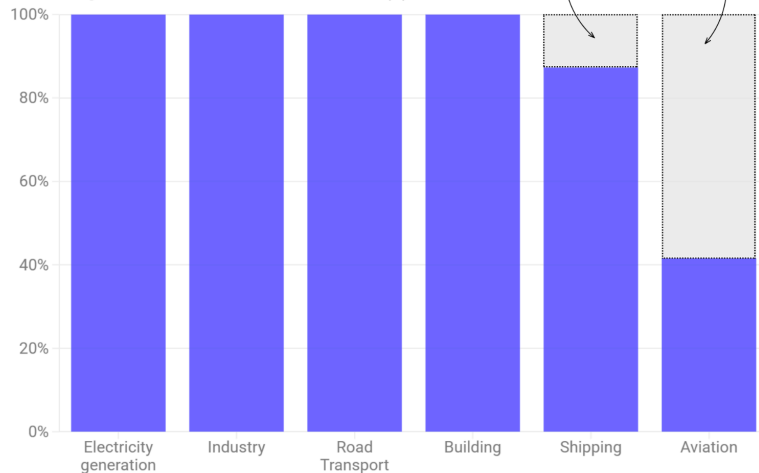
Aviation has formally been included in the EU ETS since 2012, under a separate aviation cap. To date, however, its inclusion has remained incomplete. Airlines are required to monitor and report emissions from both departing and incoming flights, but the surrender obligation has largely been restricted to flights within the European Economic Area (EEA) and Switzerland and the United Kingdom. This temporary limitation, introduced through the “stop-the-clock” decision and subsequently extended until 2027, means that most extra-European flights have continued to escape EU carbon pricing. As a result, in [2025 only around 44% of emissions](#) from flights departing the EU were covered by the ETS.

Over half of EU aviation emissions escape pricing

ETS2 puts a carbon price on driving and heating - yet long-distance flights remain largely unpriced.

■ Covered by ETS1 or 2 ■ Not covered

ETS coverage of CO₂ emissions from fuel combustion (%)



Source: UNFCCC, OAG, T&E SEA model • Chart scope (100% base): Aviation: departing EU flights; Maritime: intra-EU + 50% extra-EU voyages.
'Covered' means regulated under the ETS - some allowances are allocated free of charge.



This makes aviation an outlier among major emitting sectors. Electricity generation, industry, road transport and buildings are now fully covered by either the EU ETS or ETS2. Shipping has also been progressively incorporated into the carbon market.

Successive EU ETS revisions have failed to establish an effective carbon price for long-haul aviation. Following the EU's initial attempt to cover international flights, the UN body ICAO (International Civil Aviation Organization) developed the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). Under CORSIA, airlines must offset emissions above 85% of 2019 levels on covered routes between participating states by purchasing eligible carbon credits. CORSIA therefore does not place a price on all international aviation emissions: it addresses only emissions above its baseline and relies on offsets rather than requiring emissions reductions within the aviation sector itself.

2.1.1 CORSIA assessment: a mechanism not fit for purpose

During the [2023 revision of the EU ETS](#), co-legislators agreed that continued reliance on CORSIA should depend on whether the scheme provided an effective global response to international aviation emissions. The European Commission was therefore required, by 1 July 2026, to assess CORSIA against two metrics: whether it had been strengthened in line with the Paris Agreement, including the environmental integrity of its offset credits; and whether participating states represented more than 70% of international aviation emissions.

The Commission's own [assessment](#) from this July found that neither condition had been met:

1. **Insufficient participation:** based on the latest available emissions data, the countries participating in CORSIA in 2024 represented only 51% of international aviation emissions - well below the 70% threshold set by the Commission. The Commission found that the result remained unchanged when taking account of the states expected to participate in 2026.
2. **Weak environmental integrity:** the Commission identified significant shortcomings in the quality of CORSIA-eligible credits. These include insufficiently conservative baselines and methodologies that risk overestimating emissions reductions, particularly for forest-protection and cookstove projects. The assessment concluded that these weaknesses undermine the credibility of the credits used under CORSIA.

The assessment therefore provides the legal and environmental context for the Commission's proposal of 17 July 2026. Yet the proposed response does not match its own findings. Instead of applying the EU ETS to all departing flights, the Commission proposes covering only extra-EEA flights within 5,000 km from 2029. Flights beyond this radius would continue to benefit from the "stop-the-clock" exemption until at least the end of 2032. This continues to exempt a large share of aviation emissions from effective carbon pricing in the name of encouraging a mechanism that the European Commission itself has found to be inadequate.

By 1 July 2032, the Commission will carry out another assessment of CORSIA, examining its ambition, participation, enforceability, transparency, offset quality and monitoring. If CORSIA has been strengthened towards alignment with the Paris Agreement and participating states represent more than 70% of international aviation emissions, the Commission would be expected to propose restricting the EU ETS once again to intra-EEA flights and routes to Switzerland, the United Kingdom and Gibraltar. If not, the Commission must propose to extend the ETS to all departing flights. The proposal therefore creates another opportunity to roll back European carbon pricing based largely on participation in CORSIA, even though participation alone says little about whether the scheme delivers genuine emissions reductions.

2.2 The 5,000 km scope prices competing hubs but leaves the long-haul flights exempt

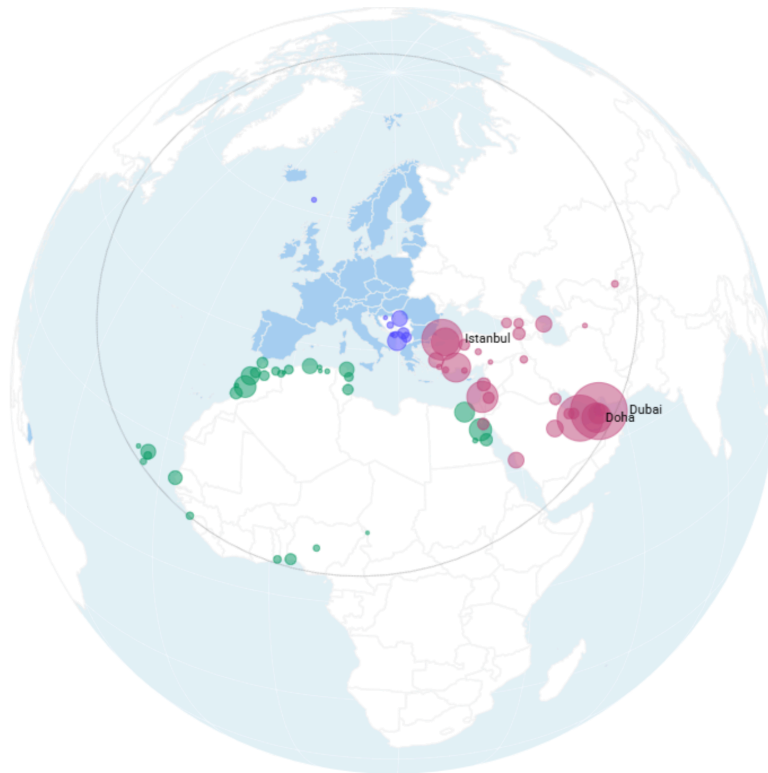
The proposal would extend the EU ETS to flights departing from an aerodrome in the EEA and landing at a third-country airport located no more than 5,000 km from Frankfurt Airport. The distance is therefore determined by the location of the destination airport relative to Frankfurt, rather than by the length of each individual flight. In practice, a Paris-Dubai flight would be covered, while a Paris-New York flight would remain outside the scope. By excluding destinations in the United States and China, the proposal limits the risk of geopolitical retaliation while bringing several of Europe's main competing hubs, such as Dubai, Doha and Istanbul, within the system.

The proposal contains several exemptions. Flights to and from UN-defined least-developed countries and small island developing states, and that participate in CORSIA, would remain exempt, unless the country's GDP per capita equals or exceeds the EU average. Smaller airports within the 5,000 km radius receiving less than 15,000 tonnes of annual emissions from EEA-departing flights would also be excluded. Further exemptions would apply to certain small operators and to flights from the EU's outermost regions, dependencies and territories.

A 5,000 km radius ETS covers departing flights to European, Middle Eastern and North African destinations

Circle size shows the CO₂ emissions from EEA departing flights

● Africa ● Asia ● Europe



Source: T&E modeling based on OAG data (Eurocontrol method) • Non-EEA airports within 5,000 km of Frankfurt (>15,000 tCO₂/yr). UN-defined CORSIA participating LDC/SIDS exempt



The inclusion of competing hubs substantially addresses the aviation industry's concerns about an uneven playing field. European airlines and airports would no longer face different carbon-pricing rules from carriers connecting passengers through Dubai, Doha or Istanbul on routes within the new scope. Moreover, the available evidence shows that the risk of passengers rerouting to avoid the EU ETS is negligible. An ICCT study estimates carbon leakage under the proposed scope at only 0.015% of in-scope emissions, a lower rate than under the existing EU ETS aviation scope¹.

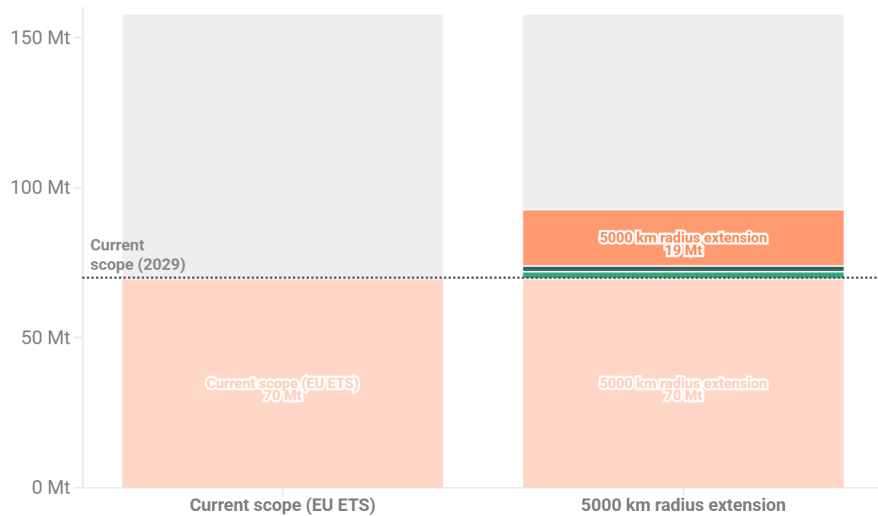
The 5,000 km extension would increase the share of emissions from flights departing Europe covered by the EU ETS from approximately 44% today to 59% from 2029. This is a meaningful improvement, but it would still leave more than 40% of departing aviation emissions outside the carbon market, including emissions from many of the longest and most polluting flights.

¹ Upcoming ICCT study, unpublished.

EU ETS extension will cover ~59% of Europe's departing emissions

■ Current EU ETS scope
 ■ SAF support
 ■ ETS zero-rating
 ■ Additional coverage
 ■ Out-of-scope emissions

Annual CO₂ emissions (Mt)

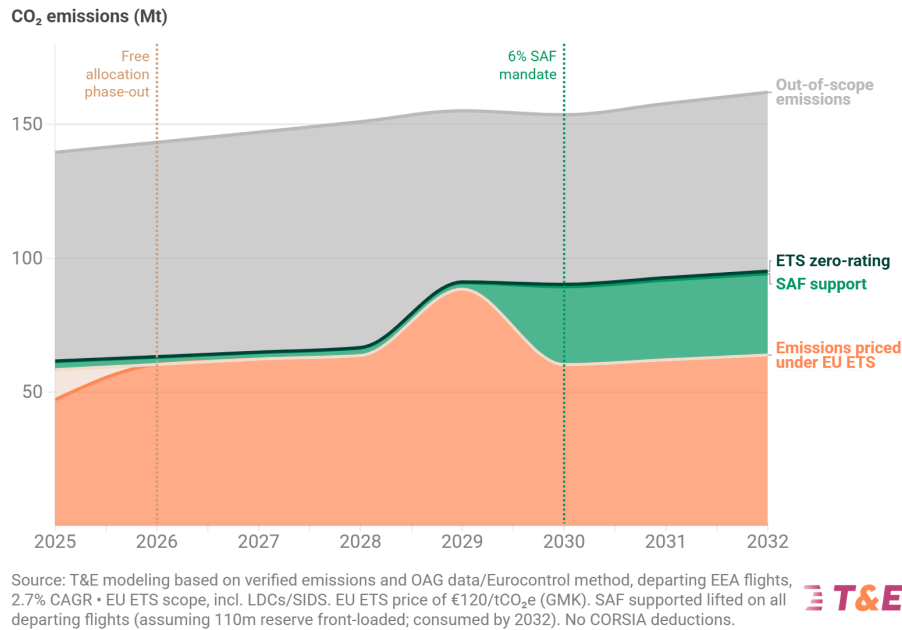


Source: T&E modeling based on verified emissions and OAG data/Eurocontrol method, departing EEA flights, 2.7% CAGR • EU ETS scope, incl. LDCs/SIDS. EU ETS price projections (GMK). SAF supported lifted on all departing flights. SAF-jet fuel prices (European Commission). ETS zero-rating. No CORSIA deductions



However, the effect of the scope extension cannot be assessed by looking only at the additional emissions brought into the ETS. The proposal would also return up to 110 million allowances to airlines that use SAFs, electric aircraft or perform contrail avoidance. Because airlines can use these allowances to meet their ETS obligations, the support reduces the carbon cost they have to pay. In other words, the new scope increases the emissions for which airlines must surrender allowances, while the support mechanism gives a significant number of allowances back to the sector. Assuming the available SAF allowances are taken up as ReFuelEU obligations increase, T&E estimates that they would reduce airlines' average ETS compliance costs by around 39% between 2030 and 2032. The legal scope of the ETS would therefore expand, but much of the resulting increase in the price actually paid by airlines could be cancelled out by the additional support in the form of SAF allowances.

Airlines will receive substantial SAF support, cushioning the impact of scope extension

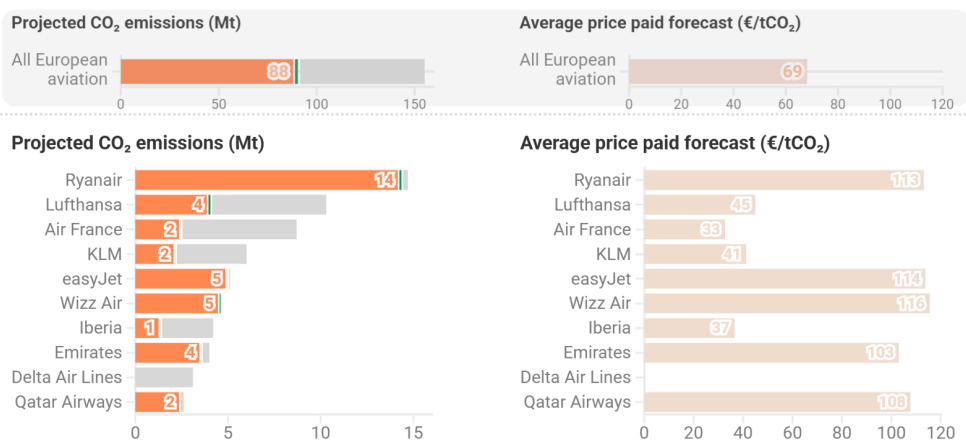


Aviation will continue to face a much weaker average carbon-price signal than other ETS sectors. Based on the expected allowance price and averaged across all departing emissions, including those outside the proposed scope, airlines would face an effective carbon price of approximately €69 per tonne of CO₂ in 2029. By comparison, power generation and industry would pay the full allowance price, expected to be around €120 per tonne, across all their covered emissions. Aviation's lower effective price is principally the result of incomplete coverage: long-haul flights beyond the 5,000 km radius remain exempt, pulling the sector's average carbon cost down to little more than half that paid by sectors already fully included in the EU ETS.

A 5000 km radius lifts airlines' effective carbon price to nearly €69 per tonne of CO₂ in 2029

Paid emissions and unpaid emissions

■ Emissions priced under EU ETS ■ SAF allowances ■ ETS zero-rating ■ Average carbon price



T&E recommendation on scope extension:

T&E recognises that the proposed 5,000 km scope is a pragmatic first step that strengthens climate action while protecting European interests and addressing concerns about competition from neighbouring hubs. However, the Commission's own assessment has established that CORSIA is not an effective alternative to the EU ETS. The European Parliament and Member States should therefore **strengthen the proposal by extending the EU ETS to all flights departing the EEA from 2028**, rather than introducing only a partial extension from 2029. Aviation should face an effective carbon price across all its departing emissions, as other major polluting sectors already do.

2.2.1 Revenues generated by the proposed 5,000 km scope

In 2029, the proposed scope would generate approximately €10.6 billion in revenues, of which around €300 million would be returned to airlines through SAF allowances. As outlined above, the amount of SAF allowances redirected to airlines is expected to increase considerably from 2030 onwards as the ReFuelEU targets rise.

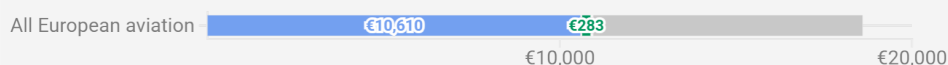
The additional cost would not be distributed evenly across airline business models. European legacy carriers would face only a limited increase because most of their long-haul emissions would remain beyond the 5,000 km boundary. Middle Eastern and Turkish carriers, including Emirates, Qatar Airways and Turkish Airlines, would also face carbon pricing on departing flights from Europe, correcting a long-standing competitive imbalance on routes through hubs such as Dubai, Doha and Istanbul. Low-cost carriers, by contrast, would pay for nearly all their emissions because their operations are concentrated overwhelmingly on short- and medium-haul routes falling within the proposed scope.

A 5000 km radius raises close to €11 billion in carbon market revenue by 2029

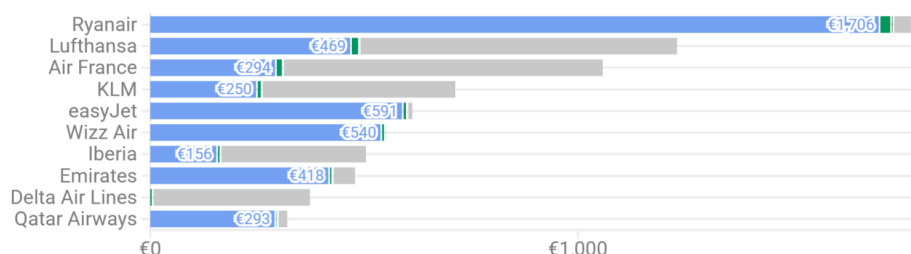
Projected ETS revenues in 2029 net of SAF support and ETS zero-rating

■ EU ETS revenues ■ SAF support ■ ETS zero-rating ■ Lost revenues from unpriced emissions

Sectoral emissions (€ million)



Airlines emissions (€ million)



Source: T&E modeling based on verified emissions and OAG data/Eurocontrol method, departing EEA flights, 2.7% CAGR • EU ETS scope, incl. LDCs/SIDS. EU ETS price of €120/tCO₂e (GMK). SAF supported lifted on all departing flights. SAF-jet fuel price gap (European Commission). ETS zero-rating. No CORSIA deductions



Most auction revenues generated by aviation under the EU ETS go to Member States. Under the

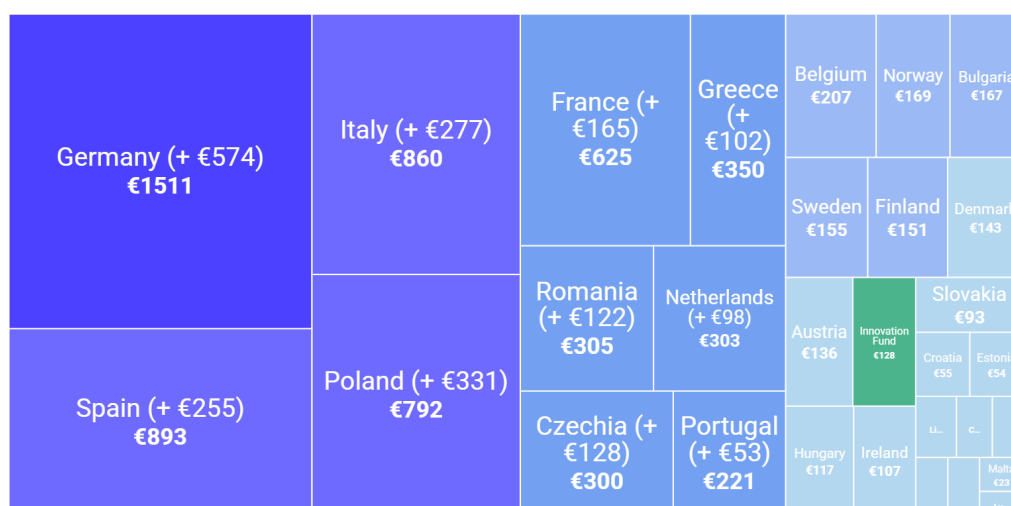
proposed extension, Member State revenues from aviation would rise to approximately €8 billion in 2029. Germany would be the largest beneficiary, receiving around €1.5 billion in total - €574 million more than under the current scope. Spain would receive approximately €893 million, an increase of €255 million, while Italy and Poland would also be among the principal beneficiaries.

Nevertheless, the limited geographical scope leaves substantial public revenue untapped. T&E estimates that Member States would forgo approximately €7.7 billion in 2029 compared with an extension covering all departing flights.

Moreover, Member State revenues would further decrease from 2030 as more allowances are reserved and distributed to airlines via SAF allowances instead of being auctioned. The combination of the 5,000 km limit and the expanded SAF support mechanism therefore significantly reduces the public revenues that a departing-scope application of the EU ETS to aviation could generate.

By 2029, EEA Member States collect nearly €8 billion under a 5,000 km radius

Revenues generated under the EU ETS extension, broken down by country (€ million)



Source: T&E modeling based on verified emissions and OAG data/Eurocontrol method, departing EEA flights, 2.7% CAGR • EU ETS scope, incl. LDCs/SIDS. EU ETS price of €120/tCO₂e (GMK). SAF supported lifted on all departing flights. SAF-jet fuel price gap (European Commission). ETS zero-rating. No CORSIA deductions



2.2.2 Ticket price impact of the scope extension

The proposed scope extension would have only a limited impact on ticket prices. Flights already covered by the EU ETS would face no additional cost as a result of the geographical expansion. For example, the estimated ETS cost of a Paris-Madrid flight would remain approximately €11 per passenger in 2029. Since airlines are unlikely to pass the entire carbon cost on to passengers, the corresponding ticket-price impact would be around €8, assuming a 70% cost pass-through rate.

The extension would introduce carbon pricing on flights from Europe to destinations in the 5,000 km radius, such as Turkey and the Middle East. For a Paris-Istanbul flight, the full ETS cost is estimated at approximately €24 per passenger. Assuming a 50% cost pass-through rate, this

would translate into a ticket-price increase of only around €12. These pass-through assumptions are based on a [study prepared for the European Commission](#), which finds that airlines generally absorb part of the cost rather than passing it on to passengers in full.

Long-haul flights beyond the 5,000 km radius would remain exempt. A Paris-New York flight, for example, would continue to face no EU ETS cost for its CO₂ emissions. The proposal would therefore have a modest effect on passengers while preserving an unjustified price advantage for some of the longest and most carbon-intensive flights.

ETS costs remain below 10% of ticket prices across routes within the 5,000 km scope

Average ETS cost per passenger from radius-based ETS extension (2029)



T&E modeling based on verified emissions and OAG data/Eurocontrol method, 2025 ticket prices.
EU ETS scope, incl. LDCs/SIDS. EU ETS price projections (GMK). SAF supported lifted on all departing flights.
SAF-jet fuel price gap (European Commission). No CORSIA deductions



2.3 Additional coverage of private jets

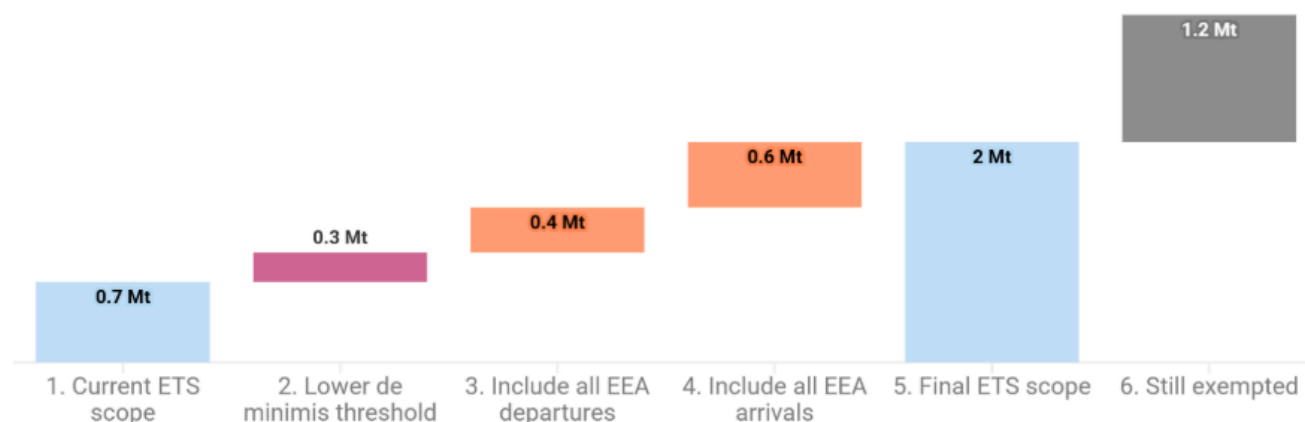
The proposal would significantly expand the EU ETS coverage of private aviation. Unlike commercial aviation, private-jet flights would not be limited by the proposed 5,000 km radius: all private-jet departures from and arrivals in the EEA would be covered, regardless of flight distance. The proposal would also lower the *de minimis* threshold for commercial private-jet operators from 10,000 to 1,000 tonnes of CO₂ per year, bringing many smaller operators into the system. As a result, the ETS would cover 150% more private jet emissions than under the current ETS.

Despite these improvements, around 33% of private-jet emissions would remain exempt from carbon pricing, notably because operators emitting less than 1,000 tonnes of CO₂ annually would remain outside the system.

Private-jet operators would be eligible for allowances supporting electric aircraft under the proposed e-FEETS mechanism. However, they would not be eligible for SAF allowances. This is the right approach: public support should encourage the deployment of genuinely zero-emission aircraft where technically feasible (e.g. on smaller aircraft segments).

Scope: the ETS will cover 150% more private jets emissions

Estimate of 2025 private jet emissions from EEA flights in Mt CO₂ (tailpipe), identified by aircraft type



Source: T&E (2026), based on own analysis of Spire aviation data for 2025 using EUROCONTROL SET

T&E recommendation on scope extension of private jets:

T&E supports the proposal's additional coverage of private jets, including the application of the ETS to incoming and departing flights at all distances and the lower *de minimis* threshold. These changes should take effect from **2027**, rather than 2028.

2.4 Use of revenues in aviation decarbonisation

The 2026 EU ETS proposal marks a broader shift in the role of the carbon market: alongside pricing pollution, it increasingly seeks to reinvest the revenues raised into the decarbonisation of the sectors covered by the system. This approach can help finance costly emerging technologies, but it must remain consistent with the polluter-pays principle and should not result in most carbon costs simply being returned to the companies responsible for the emissions.

When applied to aviation, a limited share of aviation ETS revenues should be reinvested in the sector to accelerate the deployment of technologies capable of reducing its climate impact. T&E considers that up to 25% of the revenues generated by aviation could be used for this purpose, particularly to support e-SAF, zero-emission aircraft and contrail mitigation. However, such reinvestment must remain compatible with the polluter-pays principle and airlines should continue to bear the large part of the cost of their emissions.

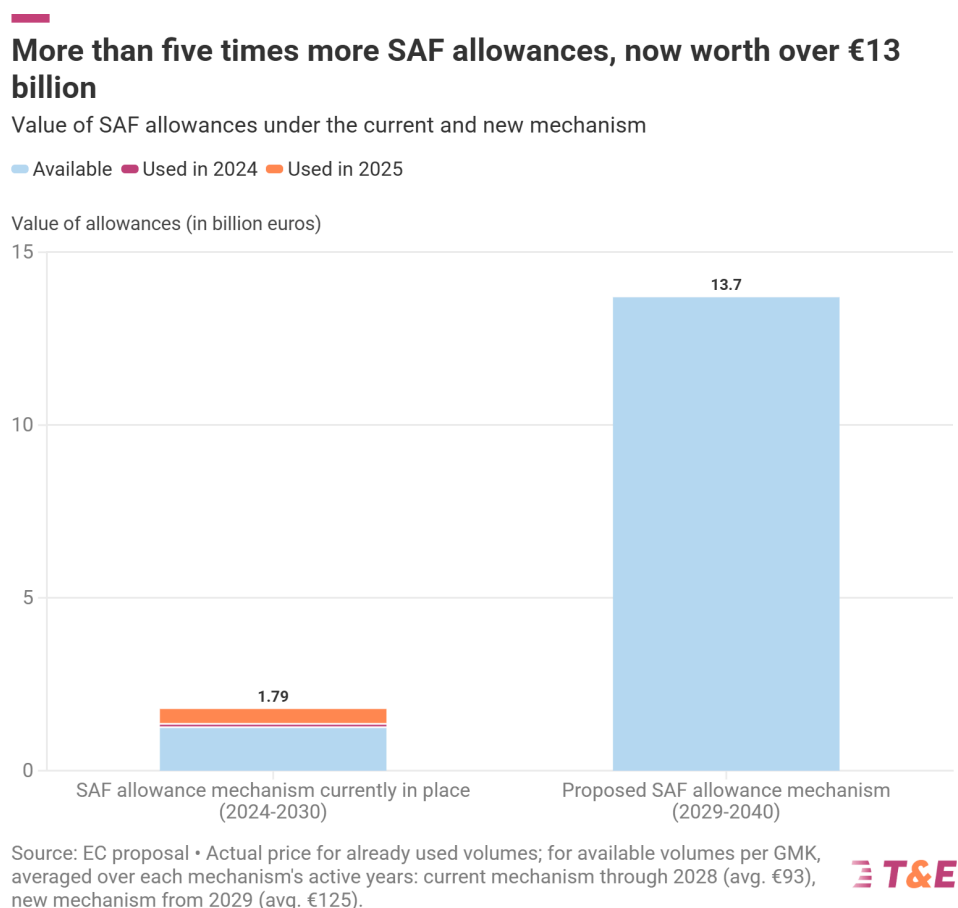
The proposal provides new guidance on how ETS resources should support decarbonisation. It reserves up to 110 million aviation allowances between 2029 and 2040 for sustainable aviation fuels, electric aircraft, and measures to reduce contrail warming. A significant share of this support is intended to strengthen European industry: fuel support would be restricted to production in Europe, with an additional 10% bonus for fuels produced using European

feedstocks. Support for electric aircraft could similarly benefit European manufacturers and technology providers. These provisions will be reviewed in 2032.

In parallel, 200 million allowances funded by all ETS sectors would be allocated to the Innovation Fund between 2029 and 2032. Member States would also be required to direct at least 50% of their ETS auction revenues towards investments supporting the decarbonisation of priority ETS sectors, with aviation identified as one of these priorities.

2.4.1 New provisions for SAF allowances

The proposal would substantially expand the existing Sustainable Aviation Fuels (SAF) allowance mechanism, increasing the amount available from 20 million allowances, under the current system, to as many as 110 million between 2029 and 2040. At an allowance price of around €120, this support would be worth more than €13 billion. Up to 10 million allowances can be reserved in advance by airlines that have signed long-term SAF offtake agreements lasting up to five years, creating a direct incentive for airlines to sign the long-term agreements that SAF producers need to secure investments for new production capacity.



The mechanism also proposes to cover a smaller part of the price difference between eligible SAF and fossil kerosene. Support for renewable fuels of non-biological origin would fall from 95% to 60% of the price differential. The rate for advanced biofuels would decrease from 70% to 50%. Only until 2029, support for other eligible fuels - including SAF made from used cooking oil or

animal fats and low-carbon aviation fuels - would fall from 50% to 30%. In other words, support for these types of fuels will be phased out after 2030. SAF uplifted at airports in small islands and the EU's outermost regions would remain eligible for 100% support.

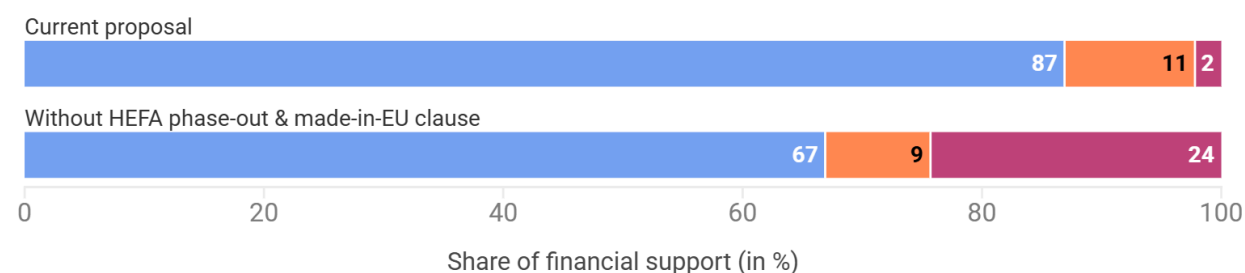
The revised mechanism would also introduce a strong European production requirement. Only fuels produced in Europe would qualify, meaning that imported SAF would receive no allowances. Eligible fuels would receive an additional 10% bonus in their coverage rate where the feedstock is also sourced in Europe. These provisions could help ensure that ETS resources support European production and industrial capacity rather than subsidising imports.

T&E analysis shows that phasing out support for used cooking oil-based fuels and limiting eligibility to SAF produced in the EU could direct more than 80% of the available SAF allowances towards e-SAF. **Explicitly earmarking this share for e-SAF would secure that outcome and prevent support from being diverted towards less sustainable fuels.**

Over 80% of SAF allowances could go to e-SAF and earmarking would secure it

Share of the allowance value going to each of the SAF types under the current proposal compared to a scenario without HEFA phase-out in 2030 and no made-in-EU clause

RFNBOs Advanced biofuels Biofuels



Source: T&E modeling based on EC proposal. • Assumes SAF targets met annually via the modelled fuel mix. Biofuel made-in-EU clause assumptions follow EASA (2025); other fuel types assume EU-only feedstock and fuel. EU ETS prices per GMK.



The mechanism would nevertheless continue to support a larger volume of biofuels than e-fuels, despite the phase-out of support for used cooking oil (UCO)-based SAF. This is because allowances available under the previously created pool of 20 million SAF allowances would continue to subsidise conventional biofuels, while the new proposal would maintain support for used cooking oil- and animal fat-based fuels until the end of 2029. As these fuels are already available at greater scale than e-fuels, they could absorb a substantial share of the allowances during the mechanism's early years, before e-SAF production has had time to expand.

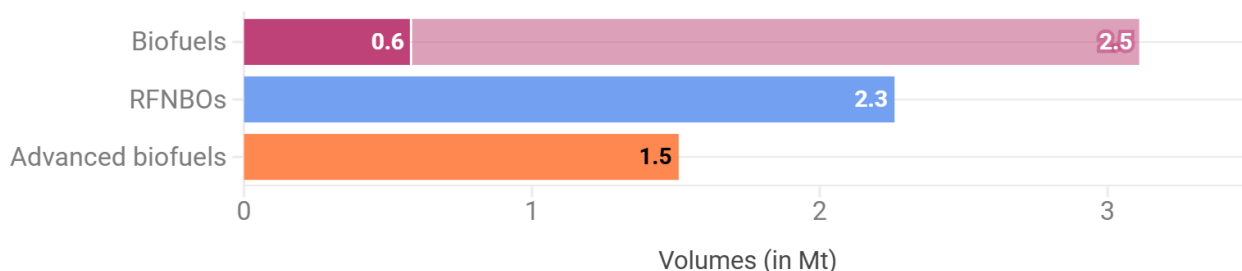
It should also be noted that some feedstocks that can be turned into SAF via the same HEFA production pathway as UCO and animal fats (namely POME and oily intermediate crops), at the same cost, are listed in part A of the Annex IX of the RED, therefore qualifying as advanced biofuels and remaining eligible for a 50% price-difference coverage rate beyond 2029.

This anomaly should be rectified by including POME- and intermediate crop-based SAF in the same basket as Annex IX-B (UCO- and animal fat-) SAF.

The mechanism still supports higher volumes of biofuels than e-fuels, despite the UCO phase-out

Volumes supported under the proposal combined with biofuel volumes supported through the currently active mechanism

RFNBOs Advanced biofuels Biofuels
Biofuel support from the current SAF allowance mechanism (2024-2030)



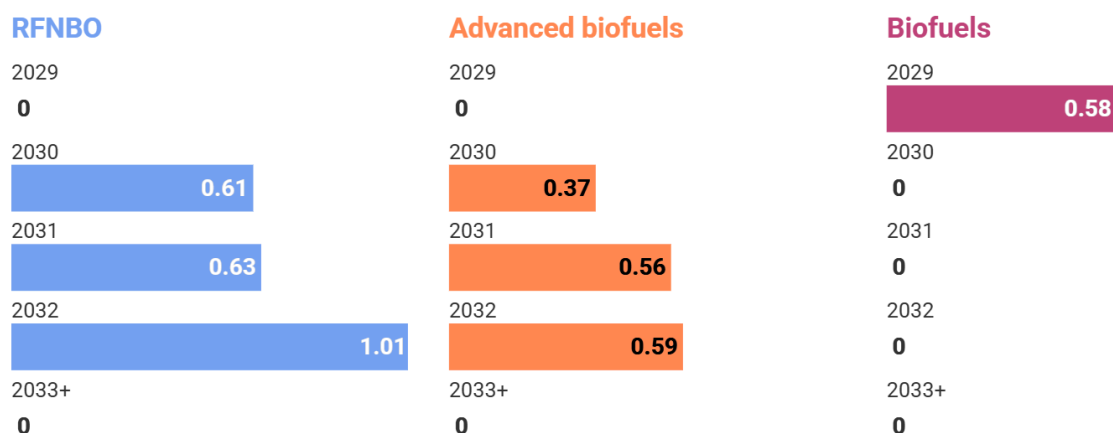
Source: T&E modeling based on EC proposal. • Assumes SAF targets met annually via the modelled fuel mix. Biofuel made-in-EU clause assumptions follow EASA (2025); other fuel types assume EU-only feedstock and fuel. EU ETS prices per GMK.



As ReFuelEU Aviation targets increase, demand for support could draw down the 110 million allowances much faster than intended, leaving little or no support available for fuels supplied later in the 2030s. At the coverage rates proposed by the Commission, the allowances could be exhausted by 2032 if ReFuelEU targets are met, leaving little or no support available later in the 2030s.

SAF allowances could be exhausted by 2032 unless coverage rates are lowered and more multi-year booking is enabled

Theoretical SAF volumes under the current proposal, assuming ReFuelEU targets are met in full and 100% of that volume is covered by allowances, in Mt



Source: T&E modeling based on EC proposal. • Assumes SAF targets met annually via the modelled fuel mix. Biofuel made-in-EU clause assumptions follow EASA (2025); other fuel types assume EU-only feedstock and fuel. EU ETS prices per GMK.



T&E estimates that, at the coverage rates proposed by the Commission, the mechanism could support around 30% of the e-SAF volumes required to meet the mandate up to 2035. **Lower coverage rates** would allow the finite allowance pool to support more fuel over a longer period, while **allowing airlines to book more allowances in advance through multi-year offtake agreements** would give emerging e-SAF projects the predictable support needed to secure these offtake agreements and reach investment decisions.

Explicit earmarking for e-SAF is also necessary. Advanced biofuels are likely to reach the market earlier and at greater volumes, allowing them to absorb a disproportionate share of the allowances before e-SAF production scales up. Without a protected allocation, the share of required e-SAF volumes ultimately supported could therefore be considerably lower than 30%.

Finally, the Commission has proposed to remove the current proportionality principle according to which airlines can only claim benefits for the SAF they uplift in proportion to their emissions covered by the ETS. From 2029, airlines could claim SAF allowances for eligible fuel used on all flights departing the EEA, regardless of their destination or whether the flight itself is covered by the ETS. The mechanism would therefore subsidise SAF use on long-haul flights that remain exempt from paying a carbon price, significantly increasing the amount of support returned to airlines outside the effective ETS scope. The **proportionality principle must be reintroduced** to ensure that airlines outside of the scope of the ETS cannot claim SAF allowances on their flights (e.g. to the US and to China) and to ensure that airlines who pay more for their emissions under the ETS are also eligible for more ETS benefits in return compared to airlines that pay less (or even nothing).

T&E recommendations on SAF allowances:

- **Support the UCO phase-out & made-in-EU clause:** support the phase-out of SAF produced from UCO and animal fats to prioritize scalable fuels like e-SAF, while strictly enforcing the new "Made-in-EU" clause to build a domestic industry and deter fraudulent UCO imports.
- **Earmark allowances for e-SAF:** improve the scheme's predictability and guarantee support for e-SAF by earmarking 80% of total allowances (~90 million allowances) specifically for e-SAF.
- **Expand multi-year advance booking for offtake agreements:** expand advance allowance bookings beyond the current 10 million limit and 5-year horizon, turning the scheme into a predictable long-term cost abatement tool that unlocks long-term offtake agreements. For example, allowing up to 60% of the 110 million allowances (~70 million) to be reserved in advance could support three large e-SAF plants over 10 years (instead of one over five years in the current proposal).
- **Lower coverage rates to maximize fuel volumes:** reduce price differential coverage rates (e.g., capping e-SAF coverage at 50%, including the EU feedstock bonus) to nearly halve e-SAF costs for airlines while maximizing total fuel volumes supported, and eliminate the 100% coverage rate for outermost airports (which caused distortion in previous years).
- **Extend the SAF allowances and reintroduce ETS scope proportionality:** support the extension of 110 million new SAF allowances provided the UCO phase-out is maintained, while bringing back proportionality to ensure SAF is claimable only in proportion to flights covered under the new ETS scope by applying a ratio (matching the proportion of an airline's jet fuel volume that is in the scope of the ETS) to determine eligible SAF volumes.

2.4.2 Contrail allowances

Contrail avoidance is one of the most cost-effective ways to reduce aviation's climate impact. Contrails (short for condensation trails) form when aircraft fly through sufficiently cold and humid areas. While many disappear quickly, some persist for hours and spread into contrail cirrus clouds that trap heat in the atmosphere. Contrails are the largest component of aviation's non-CO₂ effects, and their warming impact is estimated to be [comparable to that of aviation's cumulative CO₂ emissions](#). Because most contrail warming is caused by a small proportion of flights, targeted rerouting of around 3% of flights could avoid up to 80% of their warming impact.

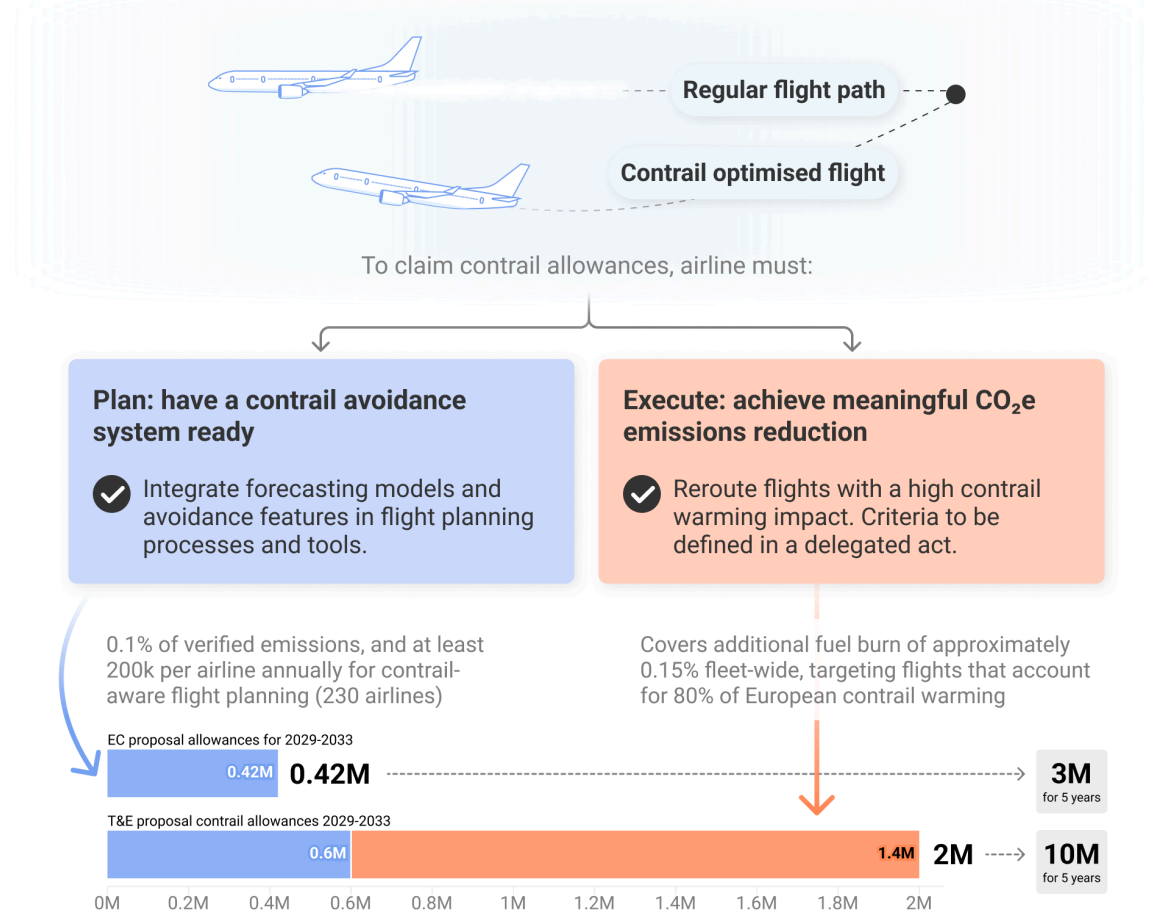
For the first time, the European Commission has proposed an EU policy specifically addressing contrail warming. Airlines would receive free ETS allowances for embedding contrail-forecasting models in their flight-planning systems. An operator would receive allowances equivalent to 0.1% of its verified emissions if contrail forecasts are made available to its operations control centre and incorporated into filed flight plans whenever operationally feasible. A further 0.02% would be available where the operator submits additional flight data through the EU's Non-CO₂ Aviation Effects Tracking System (NEATS). The incentive would apply to verified emissions within the proposed ETS scope, including the new 5,000 km radius.

Up to 420,000 allowances per year would be available for contrail mitigation, subject to an overall ceiling of three million allowances until 31 December 2033. T&E estimates that the current mechanism could provide annual support of up to approximately €2.5 million for an airline such as Ryanair and €300,000 for an airline such as TUI. Based on expected participation, around 120,000 of the available 420,000 allowances could be allocated each year, leaving considerable room to strengthen the incentive and support the costs of operational avoidance.

T&E recommendation on contrail allowances:



T&E recommendations for free ETS allowances for contrail avoidance



Source: T&E (2026) • Assumptions: coverage of all EEA departures and arrivals, 230 eligible airlines, a fuel price of approximately €1,400/t, and annual fuel-consumption growth of 1.1%.



The Commission should support the introduction of contrail allowances and extend the pot to 10M allowances. The mechanism should also be extended to **all flights departing from and arriving** in the EEA, since contrail warming is particularly present on flights over the North Atlantic, not covered by the 5,000 km ETS scope. Support should reward both the installation of systems and procedures to avoid contrails as well as the actual verified operational avoidance of warming contrails. As such we propose a **planning** and **execution** incentive within the mechanism.

Based on an initial T&E assessment of the potential use of the contrail incentives, it would cost around 2 million allowances annually to support both contrail avoidance planning and execution:

1. Planning: 600,000 allowances annually would be sufficient to support the onboarding of contrail avoidance tools and processes on all airlines currently obligated under the EU ETS, based on OAG data (threshold is over 10,000 tons of CO₂ emissions annually). This would allow 230 airlines to install contrail avoidance systems and develop processes.
2. Execution: 1.4 million allowances annually would be sufficient to support actual avoidance of contrail warming flights that together create at least 50% of contrail induced warming. The infobox below describes how the 1.4 million allowances can lead to 50% reduction in contrail warming.

The incentives for contrail avoidance **planning** would cover airline's costs to embed contrails forecasting models and avoidance features in its flight planning processes and tools. To cover this cost, we align with the Commission proposal to allocate allowances equal to 0.1% of the aircraft operator's annual emissions to airlines, but add a flat amount of allowances equal to ~€200,000 for all eligible airlines. As small operators do not have many ETS emissions, they would not benefit from a planning incentive based solely on 0.1% of the emissions. Therefore, the flat amount is aligned with the expected planning cost for smaller aircraft operators.

The incentives for contrail avoidance **execution** would cover the airline's operational costs to avoid contrails, mainly the additional fuel costs. We propose to provide airlines with a fixed percentage per flight for which they achieve meaningful CO₂e emissions reduction through contrail avoidance. The provided fixed percentage and requirements should reflect the operational costs, mainly fuel costs, made by airlines to achieve contrail avoidance. To ensure the latest research and data from contrail trials can be included in the assessment of the cost, we propose developing details on the fixed percentage within a delegated act.

Furthermore, we propose to ensure airline **trials** can be funded with the allowances and that the EU provides clear reporting on the use of all contrail allowances. This should be done in line with other reporting on non-CO₂ aviation emissions as is done within the EU non-CO₂ MRV.

2.4.3 Zero-emission aircraft allowances

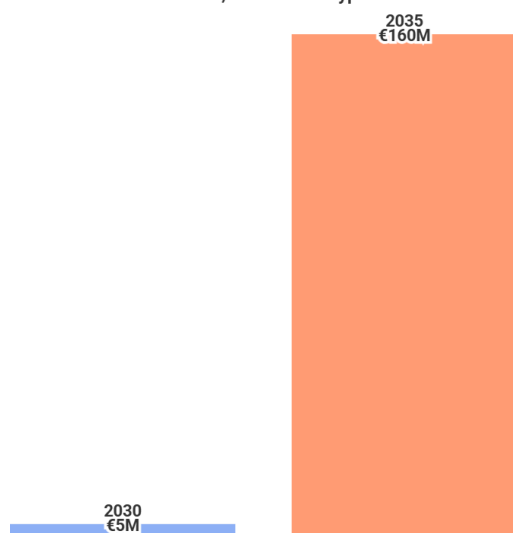
The proposal introduces an innovative support mechanism for electric aviation, known as e-FEETS. Electric aircraft operators would receive EU ETS allowances equivalent, on an energy basis, to the support provided to aircraft using e-SAF. Based on expected fuel costs and allowance prices, T&E estimates that this would provide a subsidy of approximately €0.35 per kWh of electricity used. For comparison, at EU level, average DC charging prices through mobility service providers are about €0.32 to €0.85/kWh, according to [EP research](#).

The mechanism would help narrow the operating-cost gap between conventional aircraft and emerging electric and hybrid-electric alternatives.

Based on expected aircraft entry-into-service dates, e-FEETS could provide the sector with up to €5 million in 2030, equivalent to around 40,000 allowances, rising to approximately €160 million (1.3 million allowances) per year by 2035.

Indicative funding for zero-emission and hybrid aircraft (ZEHA) through E-FEETS

T&E-modelled adoption of ZEHA aircraft – 20 nine-seat and 20 nineteen-seat aircraft in 2030; 600 of each type in 2035



Source: T&E (2026) • 9-seat aircraft is fully electric; 19-seat aircraft is hybrid-electric

T&E recommendation on e-FEETS:

The European Parliament and Member States should support the e-FEETS proposal. The mechanism should be extended until at least 2040, with allowances specifically earmarked for electric aviation so that they cannot be absorbed by other forms of support. Coverage rates should be higher during the early market-development period up to 2035 and decline thereafter as technologies mature and costs fall. This would replicate the logic applied to e-SAF, for which initial support covered 95% of the price differential before being reduced to 60% under the new proposal.

Recommendations for the aviation ETS

01

Scope extension: T&E accepts this proposal as a pragmatic first step that protects European interests. But as CORSIA remains an ineffective mechanism to price international flights, extension to full departing scope must remain on the table, and commence in 2028. The extension to private jets must be maintained, but start in 2027.

02

SAF allowances: Member States and the Parliament should ensure SAF allowances support eSAF scale up in Europe. 90 million allowances should be earmarked for eSAF, and 70 million allowances should be eligible for long term offtake contracts. It is critical to uphold the shift towards more scalable fuels via the UCO and animal fat phase-out, and the made-in-Europe clause. Finally, the allowances should only be claimable in proportion to emissions covered by the ETS.

03

Contrail allowances: Member States and the Parliament should support the innovative contrails allowances proposal and extend them to all flights arriving and departing Europe. The allowances should support both planning and execution of contrail avoidance. Contrail allowances should be increased to 10 million and separated from the SAF allowance pot.

04

Zero-emission aircraft allowances: Member States and the Parliament should back the innovative E-FEETS allowances proposal. E-FEETS should be extended until 2040, and coverage rates should be higher until 2035 (100%) and lowered afterwards (same coverage rate as e-SAF).

How an ambitious shipping ETS can support the sector's decarbonisation

The Commission's proposal to extend the shipping ETS to certain categories of smaller ships (400-5,000 GT) is a positive step, but it remains partial: ferries and several other ship types are left out. These vessels are prime candidates for technologies such as battery-electric and wind propulsion, which European manufacturers are well placed to supply. The new SMAP mechanism could, in theory, allow shipping companies to invest indirectly in European producers of green, scalable e-fuels. However, the proposal needs to go further in de-risking e-fuel projects, which are vital to Europe's future energy security.

At the same time, the draft introduces provisions that risk weakening the ETS. It extends current exemptions to 2035 instead of 2030, and it creates a new carbon-leakage derogation that would undermine the climate integrity of the ETS and would not prove effective in tackling evasion behaviors.

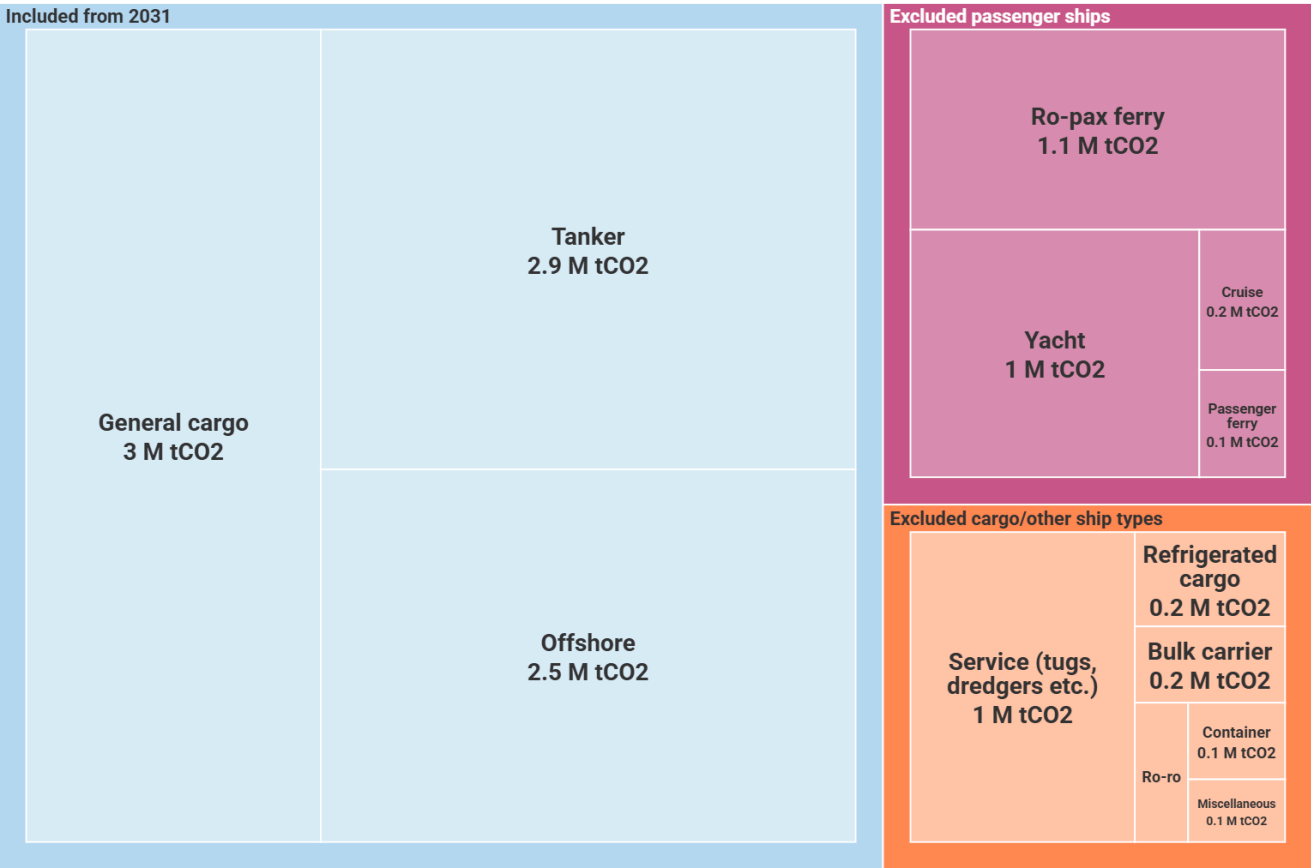
The ETS is currently the only binding EU regulation directly targeting maritime emissions. It is projected to generate up to €11 billion by 2030, part of which could be channelled back to the sector to support its decarbonisation. This review is an opportunity to broaden coverage and secure additional revenues for that purpose.

3.1 Scope extension to all categories of small ships (400-5000GT)

The proposal from the Commission to bring certain categories of small ships (400-5,000 GT) into the ETS is welcome, but there is no reason to leave any category out. These ships should also be included as early as possible, to cover more emissions and generate additional revenues.

A partial scope leaves a third of small-ship emissions unpriced. The Commission proposes to bring the following categories of small ships into the MRV from 2029: oil tankers, chemical tankers, gas carriers, LNG carriers, ro-pax ships and passenger ships. It proposes to include them in the ETS from 2031, except for ro-pax and passenger ships. For these two categories, it only provides for a report assessing the feasibility and the economic, environmental and social impacts of a later inclusion. Other categories, such as cruise ships, bulk carriers, container ships and reefer carriers, are left out altogether.

One third of emissions from small ships will still be excluded from ETS



Source: T&E (2025) based on 2024 MRV and AIS data. Non cargo - carrying emissions for small vessels are from European Commission (2025)

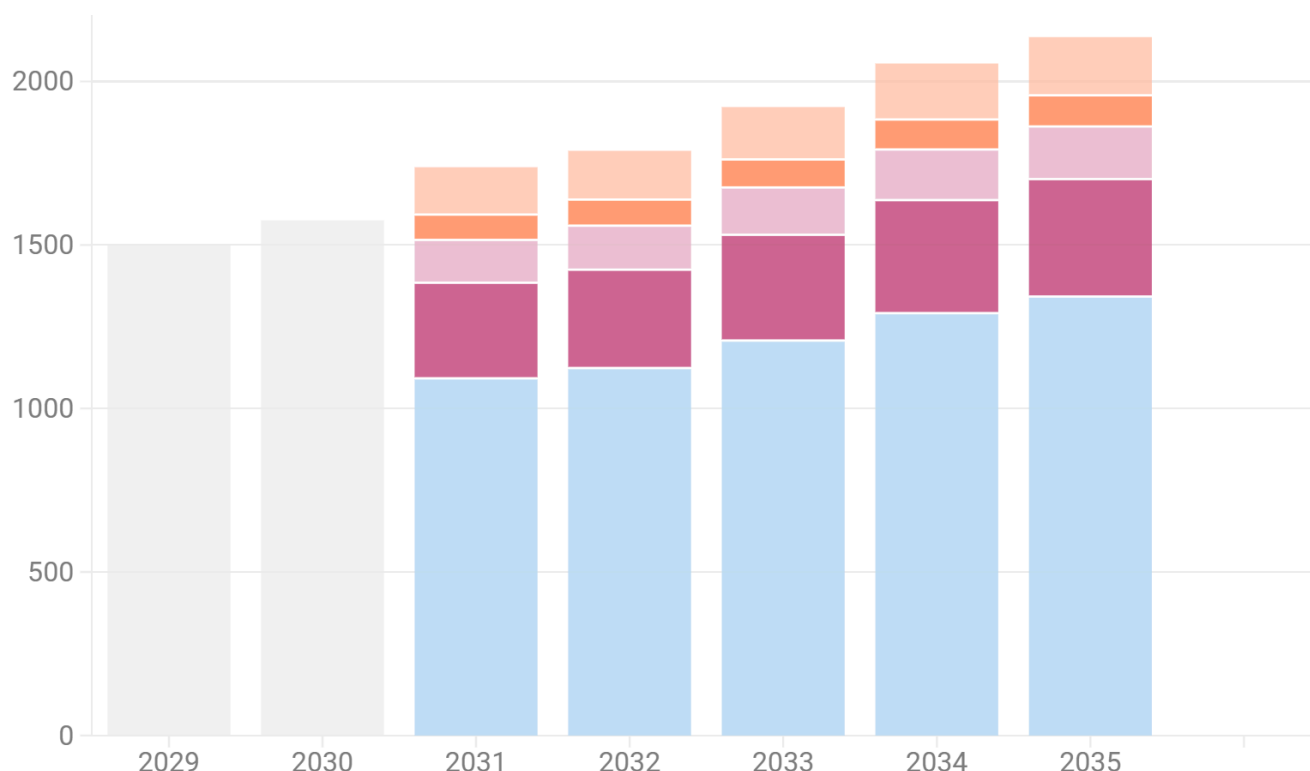


According to our [calculations](#), these exclusions leave around a third of the emissions of small ships uncovered and would cost the EU €2.9 billion in foregone revenues between 2031 and 2035. In addition, the continued lack of incentives for these ships to improve energy efficiency and electrification, will miss in reducing their air pollution impacts for ports, coastal communities and seafarers.

Excluding some small ship types from the ETS will cost the EU €6 billion between 2029 and 2035

■ All small ships - excluded before 2031 ■ Included from 2031 ■ Ferry ■ Yacht ■ Cargo ■ Service

Million €



Source: T&E (2025) based on 2024 MRV and AIS data. Non cargo - carrying emissions for small vessels are from European Commission (2025), ETS price forecast based by the GMK center (2025). • Small ship types included in ETS from 2031 include general cargo, offshore, tankers, gas and LNG carriers.

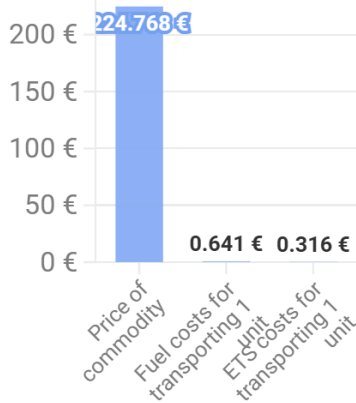


The price impact on consumers and passengers would be marginal. To test the argument that including more small ship categories would considerably raise prices for consumers, we looked at both goods transport and passenger ferry tickets.

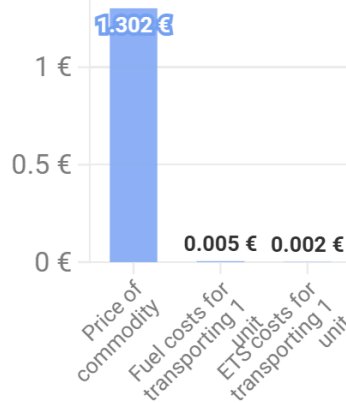
Transport of goods. Across five examples of transported goods, the ETS adds less than one cent to the final price for most ship types, meaning the impact on consumers is barely perceptible. For a pair of sneakers shipped from Rotterdam to Hamburg, the ETS adds no more than €0.002. For a litre of diesel shipped from Rotterdam to Nantes, it adds €0.04.

ETS would add less than 0.002% to the cost of a pair of sport shoes and 0.41% to the cost of a liter of diesel

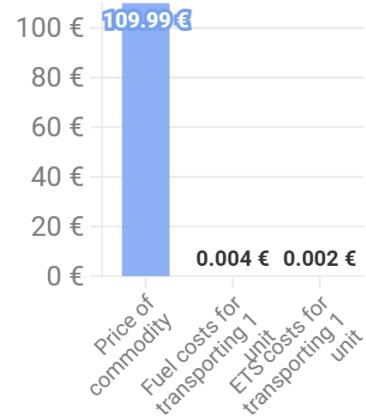
Bulk carrier - 1 ton of cement from spanish mainland to Mallorca



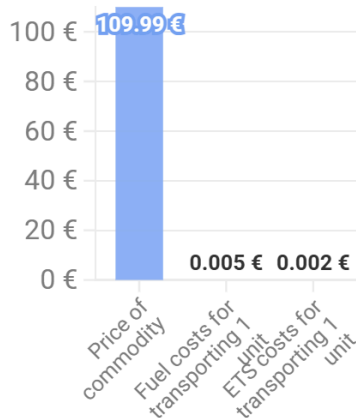
Chemical tanker - 1 liter of sunflower oil from Valencia to Sicily



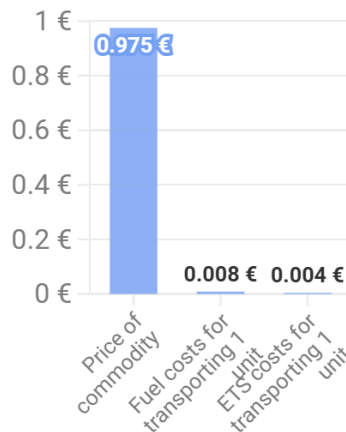
Container ship - 1 pair of sneakers from Trieste to Ancona



General cargo ship - 1 pair of sneakers from Rotterdam to Hamburg



Oil tanker - 1 liter of diesel from Rotterdam to Nantes



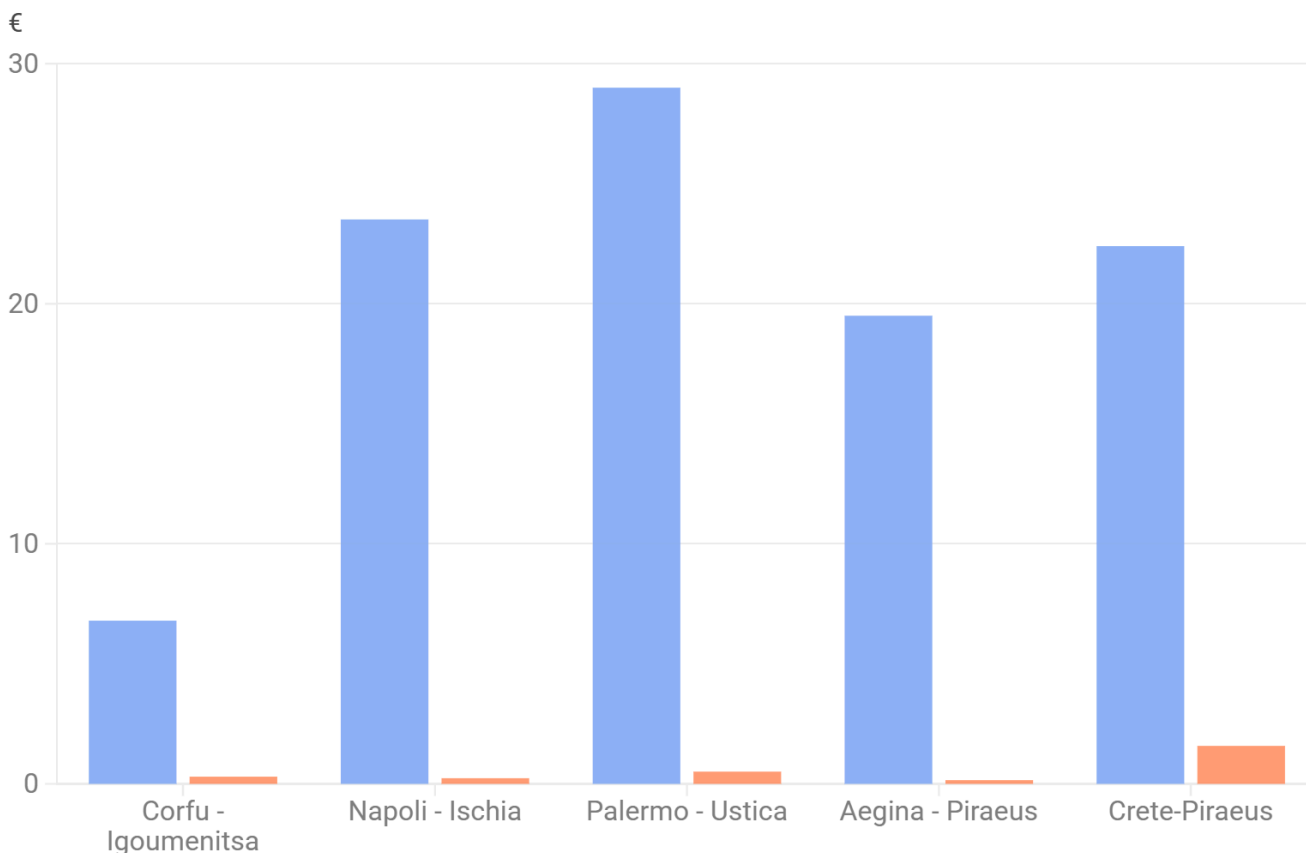
Source: T&E (2026) • ETS and fuel costs are the median costs for ships below 5000 GT on the specific route. Assumes an ETS price of 85 €/CO₂ t. Commodity and fuel prices from June 2026 (European commission, IMARC-Group, Argus).



Passenger ferries. The results are similar. Our analysis shows that on 70% of European routes, ETS costs amount to less than €0.50 per passenger. The ETS puts a price on the fossil fuel used to power vessels, but fuel makes up only a small share of the ticket price. We also examined five small ferry routes with heavy traffic during peak season, including Corfu-Igoumenitsa (Greece) and Napoli-Ischia (Italy). On these routes, the ETS would add between 1% and 7% to current ticket prices, so it is very unlikely to threaten the connectivity of the islands concerned.

ETS adds less than 5% to the ticket price on most routes

■ Ticket price (high season, standard adult) ■ ETS costs per passenger per voyage



Source: T&E (2026) • Corfu-Igoumenitsa: GT of the ship = 832, distance= 16 nm, Napoli - Ischia: GT of the ship: 490, distance: 20 nm, Palermo - Ustica: GT of the ship 1397, distance: 42 nm. Assuming an ETS price of 85 Euro/tCO₂ **T&E**

Excluding categories means missing a strategic industrial opportunity. Many of the technologies in which Europe needs to strengthen its competitiveness are likely to be scaled up first on smaller ships. These include wind propulsion, where Europe already counts many industry leaders, and battery-electric propulsion, where it still needs to build its industrial base. Ro-pax ships and ferries are particularly good candidates for both, and European manufacturers are well placed to supply them. Realising this potential depends on including as many small ship segments as possible in the revision and on bringing forward their inclusion.

According to the CE Delft Handbook on the External Costs of Transport, they emit 502,000 tonnes of CO₂e per year. They also release almost 4000 tonnes of nitrogen oxides, sulphur oxide and fine particles annually, which directly degrades air quality across Europe. The resulting damage is estimated at €168 million per year across the EU. As these ships keep polluting while docked in ports, often close to urban areas, electrifying them is also a matter of public health.

We therefore recommend to include all categories of small ships (except fishing vessels) as of 2028 in MRV, and 2029 in ETS.

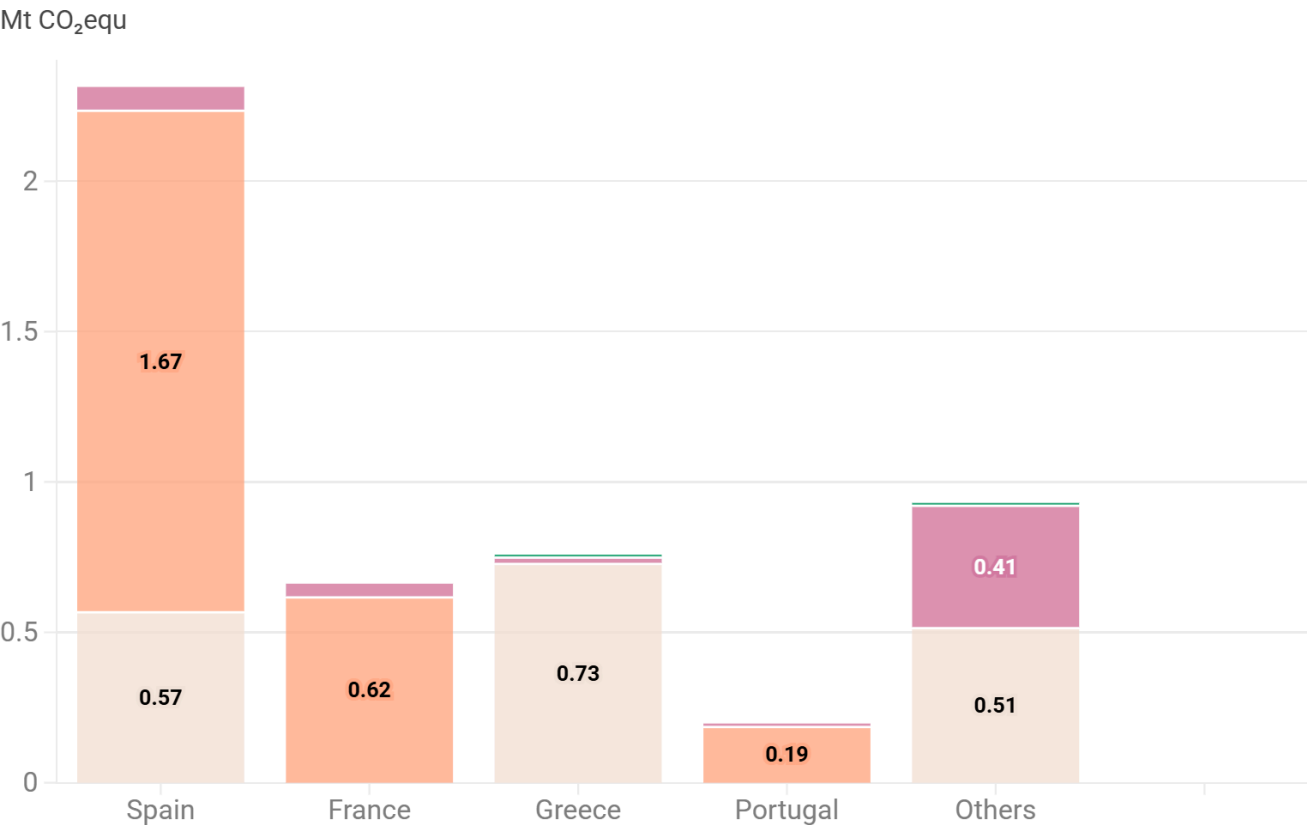
Temporary exemptions should expire in 2030, as the current Directive provides. The Commission proposes to extend the current exemptions and derogations for ice-class ships, outermost regions and small islands until 2035 instead of 2030. The European Parliament rapporteur, Peter Liese, goes further in his draft report, proposing an extension until 2040 with a phase-down approach. Our analysis shows that the Commission's proposed extension would exempt 24 Mt of CO₂e from carbon pricing and result in a revenue loss of €3.5 billion between 2030 and 2035. These exemptions were designed to be temporary and should not be extended.

We therefore recommend keeping to the current ETS Directive and ending them in 2030.

Extending the exemptions until 2035 will exempt 24 Mt CO₂equ from carbon pricing

Exemptions occur mostly in four countries

Small islands Outermost regions Ice class Cyprus link (negligible, not visible in graph)



Source: T&E analysis (2026) based on the EC Impact assessment (SWD(2026), 616 final, part 3) and 2024 AIS data. 

3.2 Addressing risks of evasive behavior

Extending the list of neighbouring non-EU transshipment ports: a targeted fix we support. The Commission proposes to extend the list of non-EU neighbouring transshipment ports. When a ship calls at a listed port immediately before entering the EU or immediately after leaving it, the voyage is still treated as if it had gone directly to or from the EU. The listed port therefore cannot count as the start or end of the journey for ETS purposes, which removes the incentive to reroute via these ports to cut ETS costs.

To extend the list, the Commission proposes to change the criteria used to identify these ports. It lowers the transshipment threshold from 65% to 50% and adds a new criterion: any non-EU port located within 150 nautical miles of an EU port and equipped with relevant transshipment infrastructure is listed, regardless of its transshipment rate. According to our analysis, almost fifteen new ports would be added, including Damietta and Abu Qir in Egypt, which will be formally listed following the Commission's announcement in September 2026.

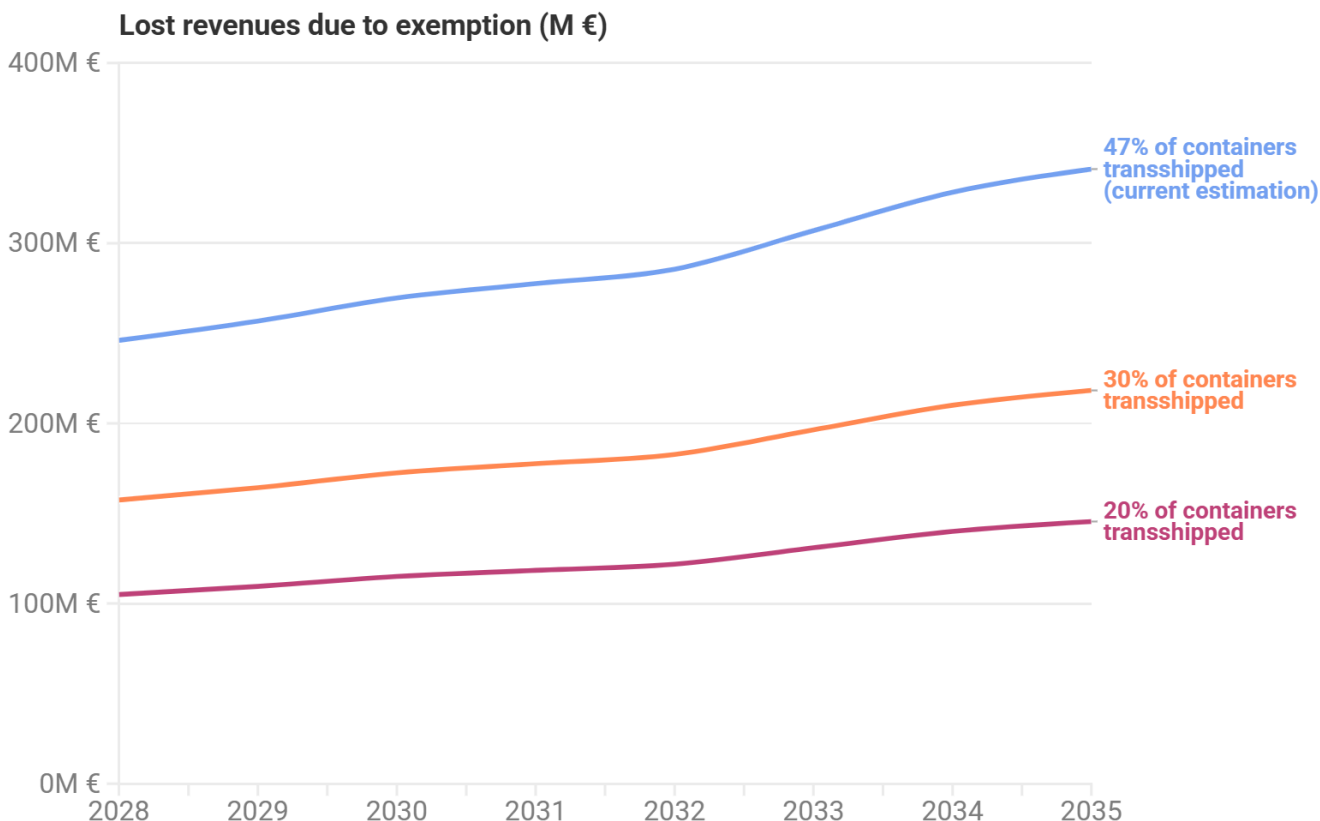
This measure addresses a specific form of carbon leakage: ships adding a port call to shorten the ETS-covered leg of their journey and thereby reduce their costs. We support the extension of the list, as it remains our preferred way of dealing with this risk.

The transshipment derogation: a targeted response that could become a loophole. We have some concerns about the transshipment derogation the Commission proposes. It targets containerships on long-haul voyages (300 nm and more), which are at greater risk of rerouting, and is meant to address a different form of carbon leakage. Instead of calling at an EU port to tranship, large ships would stop at a neighbouring non-EU port and transfer their cargo to another vessel which then continues the voyage to another non-EU port. Neither ship would ever enter the EU, so their emissions would neither be covered nor priced. Beyond leaving a large share of emissions unpriced, this type of evasive behaviour could lead to 'business leakage' and result in a reduced competitiveness for EU ports.

However, the derogation proposed by the Commission would risk undermining the climate integrity of the EU ETS. Our analysis shows that, depending on the number of containers transshipped, the derogations could exempt up to 2.1 Million tons of CO₂e annually (6.4% of container ship emissions) from the ETS, and cost the EU up to €2.3 bn of revenues, assuming 47% of the containers are being transshipped. This would also distort the level playing field.

Excluding emissions from container ships above 10 000 TEU could cost the EU up to 2.3 bn € over 8 years

The exact amount depends on the share of transshipped containers



Source: T&E (2026): Inhouse modelling based on AIS data, Econdb (2026), Thetis-MRV (2024), ETS prices by GMK (2026)



We therefore recommend deleting that derogation, which is not compatible with maintaining the climate integrity of the ETS, and would not help tackling evasive behaviour effectively. Instead, we recommend maintaining and extending the list of non-EU neighbouring ports. This measure targets the risk of rerouting transshipment activities directly, while ensuring that emissions remain covered and accounted for, respecting the polluter-pays principle and generating revenues to support decarbonisation.

In addition, we recommend that the Commission assess annually the competitiveness of European ports and their infrastructure needs and report annually to the Council and the European Parliament. When relevant, it should recommend the allocation of national ETS revenues to support the upgrade of ports infrastructure.

3.3 Coherence with a global framework

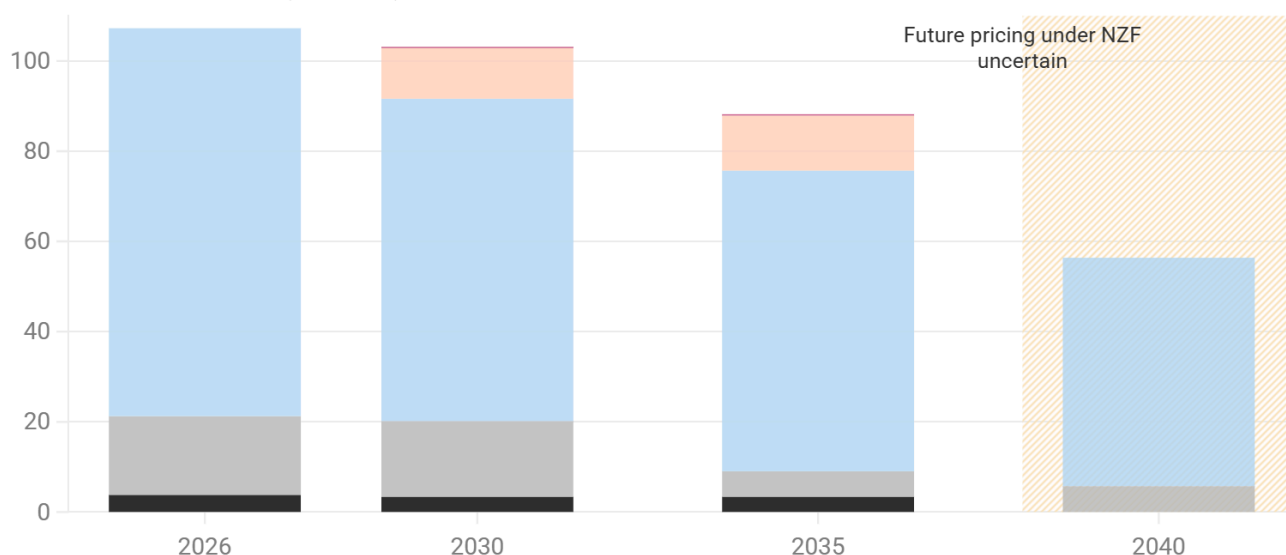
A deduction mechanism guards against trading the ETS away at the IMO.

To ensure coherence with global regulation should the IMO reach an agreement, the Commission's draft refers to a deduction mechanism to avoid "double payments". We welcome this addition. It reduces the risk that the EU, under pressure, agrees to scrap the ETS as soon as a global framework is adopted. Based on the Net-Zero Framework (NZF) draft agreed in 2025, whose adoption failed at the last MEPC session, we calculated that the overlap between the two systems would be small anyway, affecting only 15% of EU shipping emissions.

Overlap between ETS & IMO NZF carbon pricing would cover less than 15% of EU shipping GHG

■ exempted from both ETS and NZF ■ exempted small ships ■ priced only by ETS ■ priced by ETS and NZF ■ priced by NZF only

EU shipping emissions (Mt CO₂e)



Source: T&E (2025) • Input data from IMO CIA and FuelEU Maritime, emission projections from T&E's in-house calculations. IMO analysis assumes that all ships engaged in international voyages meet Base GFI. Exempted from both ETS and NZF are ships <5,000 GT and purely domestic ships that fall under an ETS exemption (until 2035) and emissions from all ETS exempted ships that fall under the direct compliance target of the IMO NZF. Ships under 5000 GT include non-cargo carrying ships, while ships over 5000 GT are only cargo and passenger carrying ships.



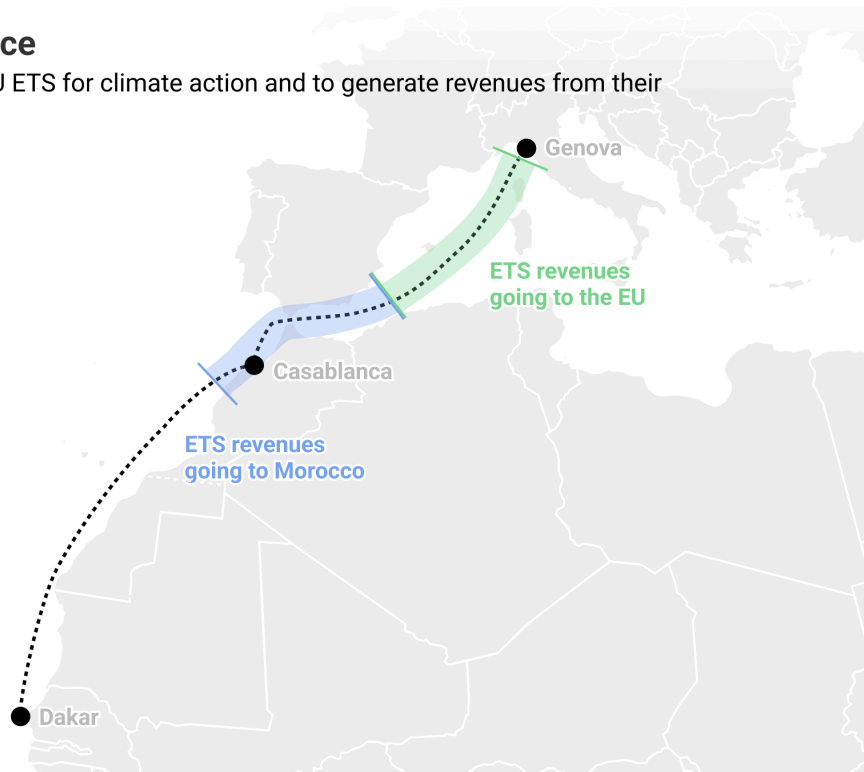
In any case, negotiations at the IMO remain uncertain. The NZF is very unlikely to be adopted in its current form and is likely to be weakened further, as its pricing element remains controversial. The Commission has already signalled its commitment to the ETS, and the focus of the ETS review should therefore be on maintaining that line rather than yielding to international pressure against climate policy..

Regional cooperation can extend carbon pricing beyond the EU's borders.

The Commission proposed two provisions to strengthen cooperation with neighbouring countries - an ETS as-a-service mechanism, and an annual reserve of 0.9 million allowances for LDCs and SIDS until 2035. The ETS as-a-service mechanism was originally proposed by T&E to make the extended list of neighbouring non-EU transshipment ports more effective and politically acceptable.

ETS-as-a-service

Countries can use EU ETS for climate action and to generate revenues from their shipping emissions



We believe these provisions can demonstrate the relevance of an ETS-type system outside the EU for supporting shipping decarbonisation, especially if under ETS as-a-service, the remaining share of the revenues would go back to the third country. In addition, we calculated that the reserve for LDCs and SIDS would represent around €70-100 million per year, assuming implementation in 2028. These mechanisms seem particularly relevant at a time when international negotiations are progressing more slowly, less ambitiously and less predictably than initially hoped.

3.4 SMAP

The SMAP mechanism is meant to encourage the use of clean alternative fuels and zero-emission propulsion technologies. The proposal states that 110 million allowances – equivalent to approximately **€15 billion between 2028 and 2040** – could be claimed by shipping companies to fully or partly bridge the price gap of clean fuels and propulsion technologies with pricier alternatives. The scope would include EU-made and some non-EU-made fuels (some of

the criteria to be defined in delegated acts) as well as EU-made clean propulsion technologies, including *but not limited to* wind and electricity.

While SMAP provides a good basis to encourage shipping companies to decarbonise via alternative fuels, the **absence of earmarking allowances** to different fuels including made-in-Europe ones, represents a missed opportunity, especially when it comes to e-fuels. Earmarking a share of allowances for e-fuels would prevent shipping companies from primarily using SMAP to continue relying on biogas and advanced biofuels which already benefit from established production sites and market availability at major bunkering hubs, and thus continue relying on fossil fuels. The earmarking of allowances for e-fuels could be further reinforced by the **inclusion of a book-in-advance mechanism** dedicated to EU-made – which has been included under the SAF allowance mechanism – which would provide market certainty for shipping companies investing in long-term offtake agreements with e-fuel producers. Currently, more than 80% of e-fuels projects that could deliver e-fuel to the maritime sector remain at pre-FID stage, predominantly because of the absence of guarantees to financially back long-term offtake agreements.

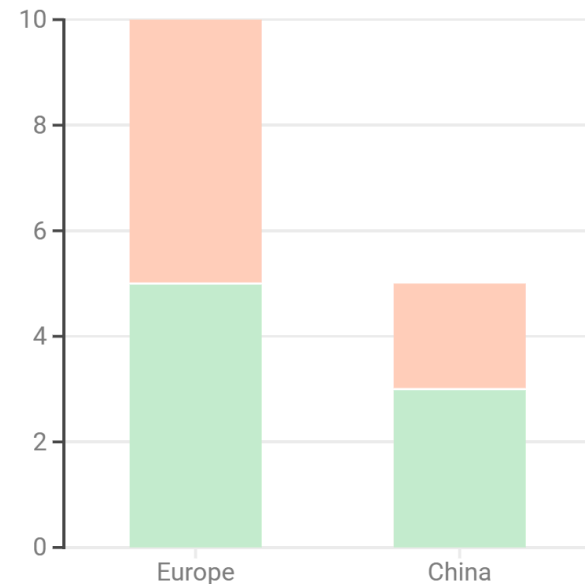
Another issue related to the inclusion of a **derogation on fuel origin requirements** which would no longer matter on voyages between the EU and some third-country "green shipping corridor" ports. This entails that non-European alternative fuel producers based in the country linked to a green corridor – or not – could indirectly benefit from the mechanism. The lack of a defined list of qualifying non-European ports combined with the absence of a legal definition of "green corridors" introduces significant regulatory uncertainty that could negatively impact Europe's nascent e-fuel industry. In addition, given that SMAP is meant to take into account alternative fuels subsidies to prevent overcompensation, it is unclear how the EU could undertake this task as it assumes transparent access to that information across a range of non-EU countries, which could be in some cases unfeasible. There is thus a risk to subsidies affordable non-EU e-fuels that are already supported through other mechanisms.

European e-fuels projects that are operational lack scale and only produce low volumes.

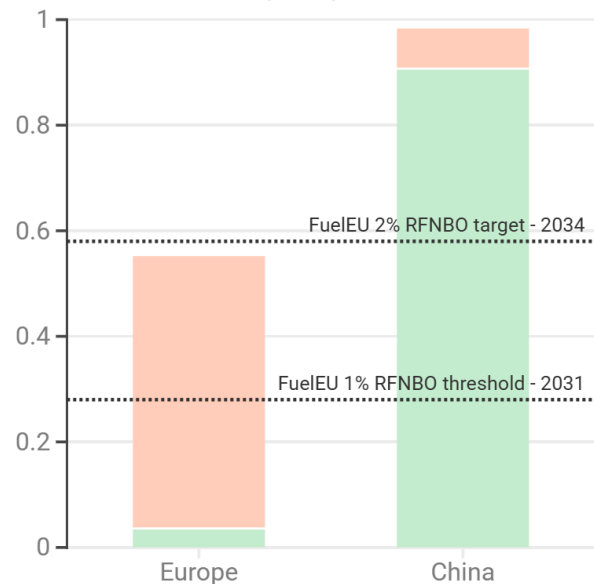
European post-FID projects could target maritime, but will also consider other industries

■ In operation ■ Post-FID

Number of projects



Associated volumes (Mtoe)



Source: T&E Shipping E-fuels Observatory (June 2026) • For China: Volumes of two currently operational e-fuels projects assume total volume production from phase 1 & 2, projected to be available by 2028 and 2029.



T&E recommendations on SMAP

01

Maintain the current 35 percentage points difference between biogas/advanced biofuels and RFNBOs, and consider increasing that gap if the RFNBOs' coverage percentage gap decreases. This will ensure that advanced biofuels and biogas options which represent a short-term solution at best are not favoured more than RFNBOs.

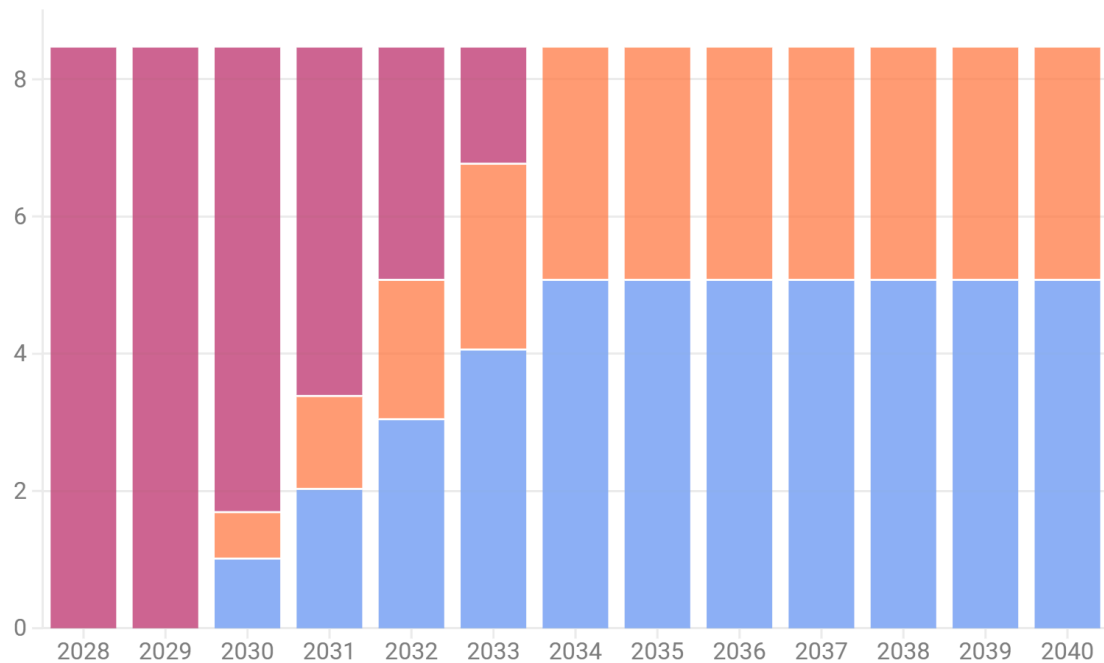
02

Earmark 76 million EUAs for RFNBOs (68% of the allowances) that will become incrementally available from 2030 onwards. Ensure that 30.5 million of those EUAs are earmarked *specifically* for RFNBOs produced in the EU.

Earmarking 76M allowances enables shipping to reach 1.45% e-fuels by 2034 and scale e-fuels use thereafter

Other RFNBOs EU-made RFNBOs Other alternative fuels & zero-emission propulsion technologies

million EUAs



Source: T&E (2026) • ETS prices from GMK center, RFNBO prices from IONECT, biofuel prices from Argus Media and DNV. The trajectory assumes a linear increase in availability of e-fuels.

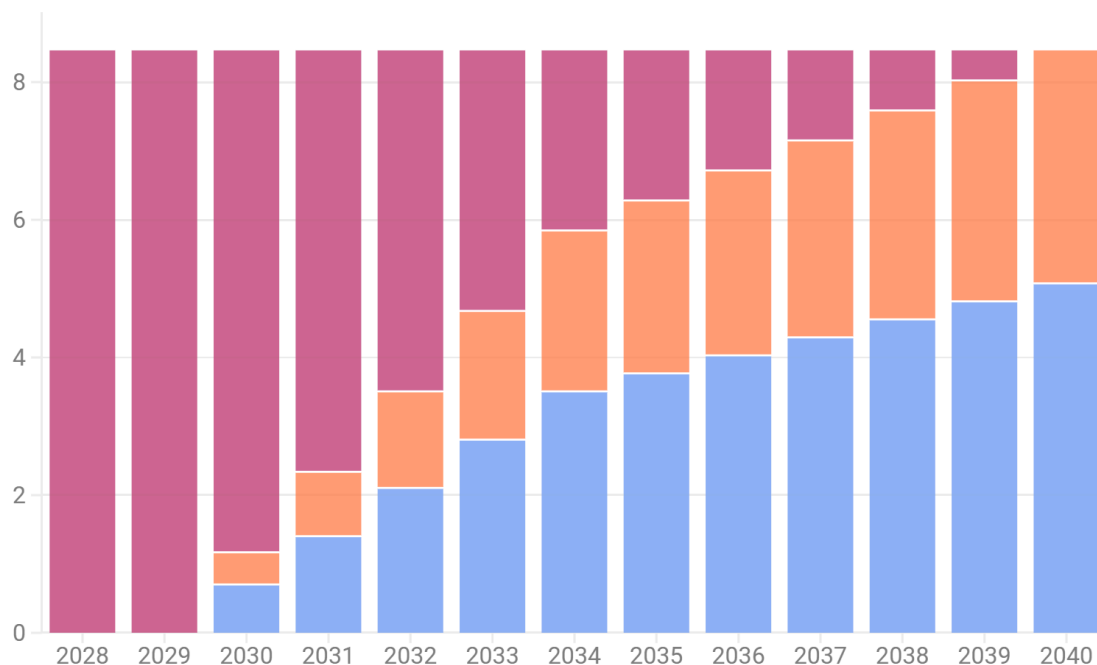


If this is deemed unfeasible politically, consider at least 62 million EUAs for e-fuels, with 25 million specifically for EU-made RFNBOs.

Earmarking 62M EUAs would assist shipping companies in reaching half of FuelEU's 2034 e-fuels target and scale e-fuels production

Other RFNBOs EU-made RFNBOs Other alternative fuels & zero-emission propulsion technologies

million EUAs



Source: T&E (2026) • ETS prices from GMK center, RFNBO prices from IONECT, biofuel prices from Argus Media and DNV. The trajectory assumes a linear increase in availability of e-fuels.



Under all cases, ensure that the fossil fuel price baseline also takes into account compliance costs linked to the ETS and FuelEU.

03

Similarly to the aviation's SAF Allowance mechanism, **propose a book-in-advance mechanism** applicable to EU-made e-fuels only (30.5 million allowances). This will support long-term offtake agreements between European e-fuels producers and shipping companies.

04

Under the definition of sustainable marine fuels (a), maintains point (34) in Article 2, second paragraph of Directive (EU) 2018/2001 so that only advanced biofuels from the RED Annex IX group benefit from the scheme. This ensures that used cooking oil (UCO) feedstocks, which have been associated with [fraud](#), are not rewarded under the mechanism. If it is possible to remove a specific feedstock from point (34), consider removing [POME](#) from complying with the mechanism.

Remove point (28) as it would allow biogas from food and feed-crop feedstocks to comply. This would ensure that only fuels including biogas that are compliant with FuelEU can benefit from the mechanism.

05

The **derogation on the fuel origin** under Article 3gaa(9) should be considered only if the following conditions are met:

- Only for RFNBOs
- A share of EUAs is earmarked for EU-made RFNBOs
- A book-in-advance mechanism for EU-made RFNBOs is set up
- A lower price difference coverage for such fuels is agreed to ensure a level-playing field with EU-made RFNBOs
- The origin of the fuel must be entirely produced in the country linked to the green corridor

Recommendations - Zero-Emission Propulsion Technologies

01

To align with the way alternative fuels are supported, consider to only reward costs that have an impact on real, operating emissions, rather than to reward theoretical savings via CAPEX that may go unrealised .

3.5 Fixing technical inconsistencies in FuelEU Maritime's penalty and RFNBO formulas

The MRV/FuelEU Maritime reporting streamlining file reopens FuelEU Maritime's technical provisions as part of the wider ETS revision. It provides an opportunity to fix two drafting errors in Annex IV of FuelEU Maritime without reopening the Regulation's ambition or targets:

- **Penalty formula:** currently, Annex IV calculates the penalty using the vessel's own actual GHG intensity as the reference point, creating an unintended effect whereby

higher-emitting vessels end up paying a lower penalty per excess tonne of CO₂ than cleaner vessels. **Using the target GHG intensity instead of the actual intensity would keep the penalty proportionate to the level of non-compliance, as intended.**

FuelEU penalty formula (as written in Annex IV of FuelEU Maritime):

$$\text{FuelEU Penalty} = \frac{|\text{Compliance Balance}|}{\text{GHGIE}_{\text{actual}} \times 41\,000} \times 2\,400$$

A suggested change to the FuelEU penalty formula:

$$\text{FuelEU Penalty} = \frac{|\text{Compliance Balance}|}{\text{GHGIE}_{\text{target}} \times 41\,000} \times 2\,400$$

- **RFNBO multiplier:** The RFNBO multiplier is applied in the Annex I GHG intensity calculation but is missing from the energy term of the Annex IV Compliance Balance formula, weakening the added benefit of the multiplier, diminishing returns of higher RFNBO uptake and creating perverse incentives to use more GHG-intensive RFNBOs. **Applying the multiplier consistently across both formulas would align the compliance balance with the multiplier's stated purpose of letting RFNBO energy count twice, maintain the same cost of generating a compliance surplus unit and would incentivise the uptake of the cleanest RFNBOs.**

Compliance Balance formula (as written in Annex IV of FuelEU Maritime):

$$(\text{GHGIE}_{\text{target}} - \text{GHGIE}_{\text{actual}}) \times \left[\sum_i^{n_{\text{fuel}}} M_i * \text{LCV}_i + \sum_k^c E_k \right]$$

Suggested change to the compliance Balance formula (consistent interpretation):

$$(\text{GHGIE}_{\text{target}} - \text{GHGIE}_{\text{actual}}) \times \left[\sum_i^{n_{\text{fuel}}} M_i * \text{LCV}_i * \text{RWD}_i + \sum_k^c E_k \right]$$

Recommendations

—

01

Correct the FuelEU Maritime penalty formula so the denominator uses the target GHG intensity (GHGIE_target) rather than the vessel's actual GHG intensity (GHGIE_actual) to ensure penalties remain proportionate to the level of non-compliance.

02

Extend the RFNBO multiplier to the Compliance Balance formula (Annex IV), applying RWD_i to the energy term as it already is in the Annex I GHG intensity calculation – closing the gap with Recital 26 and removing the incentive to use only minimally-compliant (70%-savings) RFNBOs.

3.6 Improving MRV data and transparency to support decarbonisation

We welcome the proposal from the Commission to include additional data in the reporting requirements - namely :

- The quantity and emission factor of each type of fuel consumed, and the total energy used;
- Time spent at berth;
- Time spent moored at the quayside or at anchorage;
- The amount of electricity delivered to ships through onshore power supply (OPS). and recommend the following improvements.

We would in addition recommend the following improvements:

Additional data. Average speed should be added to the list of reported data.

Separate reporting of time moored and time at anchorage.

The current proposal combines “time spent moored at the quayside” and “time spent at anchorage” into a single requirement. We recommend splitting them in two. Ships can only connect to OPS when moored, so reporting time moored separately would show the real potential for OPS use and allow it to be compared with actual use.

Public access to reported data. Parameters that are already monitored, such as fuel-type breakdowns, company-specific emission factors and OPS usage, should be made fully public. Publication would end opaque reporting without adding administrative burden, since the data is already collected. We recommend publishing this data on a per-voyage basis in the database referred to in Article 21(1) to (3), in addition to its inclusion in the Commission's report under Article 21(4). Public access to these operational metrics is needed to verify real-world

decarbonisation, hold operators accountable and ensure that public subsidies for clean technologies deliver measurable emission reductions.

Recommendations for the shipping ETS

01

Scope extension: the inclusion of small ships from 2031 is a positive first step, but it remains only partial - ferries and several other ship types are left out. These ships are particularly good candidates for technologies like battery power and wind propulsion, which can be developed by European manufacturers. We recommend to include all small ship categories and to bring forward their inclusion - so they are included from 2028 in the MRV and 2029 in the ETS - earlier than the Commission's proposed timeline (Article 2 and Annex I in MRV).

02

Carbon leakage: We support extending the list of non-EU neighbouring transshipment ports, as it is a targeted way to stop ships rerouting to cut their ETS costs. However, the proposed transshipment derogation for long-haul containerships is not likely to have any useful additional impact on reducing carbon leakage. It would leave emissions unpriced, reduce EU revenues and undermine the climate integrity of the EU ETS. Instead, the Commission should assess European ports' competitiveness and infrastructure needs each year, report to the Council and Parliament, and recommend using national ETS revenues to upgrade port infrastructure where relevant.

03

SMAP: The new SMAP mechanism could in theory be an opportunity for shipping companies to indirectly invest in European producers of green, scalable e-fuels. However, the proposal needs to do more to de-risk e-fuels projects, which are vital for Europe's future energy security. We recommend earmarking a share of SMAP allowances specifically for e-fuels, with 40% of this dedicated to made-in-EU e-fuels. The review should also introduce a book-in-advance system similar to the one proposed for SAF allowances (article 3gaa).

Further information

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