



CAN INTERNATIONAL
Sustainable Policy Responses for the
Aviation Sector in the COVID Crisis
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*Climate Action Network (CAN) is the world's largest network of civil society organizations working together to promote government action to address the climate crisis, with more than 1300 members in over 120 countries.
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Until the COVID-19 crisis, aviation was a top-ten global emitter. While there is uncertainty regarding air traffic projections over the next year or longer, the sector's emissions are still expected to rise dramatically by mid-century under a business-as-usual scenario. Aviation alone could consume one-quarter of the remaining global carbon budget¹. After decades of climate inaction. Now, many airlines are asking for tens of billions of dollars in public bailout money². **If state aid is granted, it should primarily serve to protect impacted workers, to avoid major negative effects on the economy, and to continue strategically important services.** Rescue operations for airlines and airports which were struggling financially before the crisis are questionable. A recent study by well-known economists Prof. Joseph Stiglitz and Nicholas Stern have rated unconditional airline bailouts as particularly poorly across all economic metrics³. This briefing outlines key steps for policy makers if they intend to provide public money for airline bailouts.

If governments bailout the aviation industry they must make this a critical moment to address climate risks posed by the aviation industry. Support for airlines and airports that want to use aid to introduce cheaper tickets or to increase management salaries or the proceeds for shareholders is unacceptable. The aid must be temporary, repayable, and allow for a possible reduction in aviation activities if public demand for travel reduces as a result of the corona crisis or climate policies. It is necessary that the use of the aid is subject to strict conditions and is correctly reported.

While some governments have started to put forward plans to make the aviation sector less polluting⁴, current policy measures and technologies are fundamentally inadequate to fully decarbonize the sector by 2050⁵. Bold and socially just government action will define whether the aviation sector is able to contribute its fair share to ensure a 1.5°C future. **Any public money given to the aviation industry must come with strings attached to align this sector with the Paris Agreement temperature goal and end the unfair tax exemptions the aviation sector enjoys⁶.** In fact, the Paris Agreement alignment should be a sine qua non for any aviation sector bail out.

¹ Carbon Brief, 2016: <https://www.carbonbrief.org/aviation-consume-quarter-carbon-budget>

²Energy & Transport, 2020: [Airline Bailout Tracker, 2020](https://www.energy-transport-climate-union.org/en/airline-bailout-tracker-2020)

³ Carbon Brief, 2020: <https://www.carbonbrief.org/leading-economists-green-coronavirus-recovery-also-better-for-economy>

⁴ Norway, for instance, is pioneering [electric planes](#) and [biofuel from waste products](#).

⁵ International Coalition for Sustainable Aviation. 2019: https://www.icao.int/Meetings/A40/Documents/WP/wp_561_en.pdf.

⁶ In Europe alone, tax exemptions are valued at €39.9bn for VAT not levied and €26.9bn for kerosene tax not levied. Available at: <https://www.cedelft.eu/en/publications/2322/taxes-in-the-field-of-aviation-and-their-impact>.

As the first step for any bailout, governments should attach binding caps on emissions of domestic and international flights, applicable to each airline that operates flights from domestic airports (or regional in the case of the EU), on a trajectory consistent with achieving net-zero aviation emissions by 2050. The regulating governmental authority should conduct a scientific and technical review every five years, with notice and comment, to determine whether to strengthen the cap and trajectory, thereby binding the aviation sector to the emissions cap. Beyond that, several other policies are critical, namely:

- **Reducing the number of flights**, especially domestic and short-distance flights, and prioritizing rail connections instead as part of domestic and regional transition plans and stimulus packages progressively aimed at replacing flights with more sustainable transport options, including conversion of local airports which will become irrelevant with significantly reduced flights (e.g. to solar and wind farms).
- **Ensuring incremental efficiency standards** and research of sustainable technology for airline fleets and fuels, namely by
 - Requiring a 2.5% per annum fleetwide fuel efficiency improvement, implemented through an aircraft standard;
 - Establishing an aviation low-carbon fuels standard (LCFS) that requires sustainable alternative fuels (SAF) to reduce carbon intensity by at least 50% compared to conventional aviation fuels and meet all other UN International Civil Aviation Organization (ICAO) sustainability standards;
 - Considering SAF production tax incentives in the early years before or as an LCFS goes into place⁷.
- **Embedding potential airline bailouts in a consistent regulatory and tax framework is critical to ensure consistency and sustainability of measures**, namely
 - Removing public funding in support of airport expansions
 - Taxing aviation fuel and ending tax benefits (such as VAT exemption);
 - Introducing a [frequent flyer levy](#); 3% of the world's population flies frequently;
 - starting to implement mechanisms which make the aviation industry contribute its fair share to financing climate adaptation and measures addressing climate-induced loss and damage in vulnerable developing countries (e.g. through an international aviation air passenger levy), for instance, channeled through international climate funds such as the Green Climate Fund, Adaptation Fund, Least Developed Countries Fund)⁸;
 - Incorporate the aviation sector into national climate targets and Nationally Determined Contributions (NDCs) if not done so already;
 - A three-year ban on cash flows to shareholders, such as dividends and on-share buybacks, as well as increases in CEO salaries and bonuses.
- **Empower consumers by ensuring full data transparency** on carbon emissions of flights as emissions vary up to 80% for the same connection.

⁷ The non-CO₂ climate effects of aviation are responsible for around 60% of the total climate effects while CO₂ is only responsible for the remaining 40%, in a 100-year perspective. More sustainable alternative fuels cannot significantly reduce the climate effects of airplanes other than CO₂. Therefore, tax incentives should be a reduction of a coming aviation fuel tax.

⁸ Potential sources have also been highlighted in a report by the UN Special Rapporteur on Human Rights and the Environment, David Boyd (2019): Report of the Special Rapporteur on the issue of human rights obligations relating to the enjoyment of a safe, clean, healthy and sustainable environment. Available at: <https://undocs.org/en/A/74/161>.