



The Tourism sector calls on a pragmatic Emission Trading Scheme instrument for Buildings and Road Transport

Brussels, 6 July 2022: European tourism associations representing the tourism and commercial road transport sectors call on the co-legislators to agree upon a fair and fit-for-purpose Emission Trading Scheme for buildings and road transport during the upcoming trilogue negotiations.

We would ask the co-legislators to consider the following elements during the upcoming trilogues.

An all-inclusive ETS II

It is essential that **both private road transport and buildings are part of the scope** at the time of entry into force of the legislation. Otherwise, the burden of the cap will apply only to businesses that are only a small portion of users. It should be noted that the tourism sector was the hardest hit by the COVID crisis and now is facing high prices of energy, gas, electricity, and food. This situation, combined with a labour shortage and high inflation, could threaten the sector's fragile recovery and the ETS should not further threaten this. The same applies to the commercial transport sector. Excluding private cars would lead to a shift away from collective passenger transport and towards an increase in private car use.

We, therefore, fully support the Council's **all-inclusive approach** and hope that the European Parliament accepts the Council's point of view.

A realistic date to auction and surrender obligations

The Council proposed 2027 as the date to start auctioning and **2028 as the year to start surrendering obligations**. These dates present a more realistic timeline when compared to the shorter timeframe proposed by the European Commission or the Parliament as sufficient time should be given for the industry to adapt.

In any case, ETS II needs to be aligned with alternative fuel infrastructure legislation currently being discussed.

Smart taxation, not multiple taxations

The tourism industry strongly disagrees with the European Parliament's proposal of **adding national taxation and charges to carbon emissions on top of the new ETS charge**. This would represent an **extreme burden** for micro-enterprises (90% of the companies in the hospitality sector) and SMEs.

Therefore, we fully support the Council's approach, which takes into account **multiple taxation** aspects. In fact, the Council's general approach allows the Member States to **exempt suppliers from the surrender of allowances until the end of 2030** if they are already subject to a carbon tax at the national level.

Overall, the tourism and commercial transport industries are in agreement with ETS revenues being used to support the green transition through reinvestment in the transport and buildings sector, resulting in energy and resource savings, as well as CO2 and pollution reduction. Not only micro-enterprises **but also SMEs need to have access to the Social Climate Fund** for the necessary changes to be implemented. Otherwise, special funding/incentives need to be envisaged to help SMEs comply with the legislation.

All in all, we hope that a balanced agreement will be reached and that the European Parliament can support the pragmatic and sensible position of the Council on the highlighted points.

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