

ERA response to the call for evidence on the EU Strategy for Islands



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ERA is the trade association representing more than 50 airlines and over 170 associate members, including manufacturers, airports, suppliers and aviation service providers. ERA's member airlines provide vital connectivity and support to Europe's regions, promoting social and territorial equality and cohesion as well as contributing to increased business development, tourism, investment and job creation.

As highlighted in MEP Daniel Attard's report on Tourism, "connectivity is a precondition for the freedom of movement"¹. Regional aviation's key role in ensuring such connectivity is even more critical for islands that are structurally dependent on air transport to ensure mobility, economic activity and social cohesion, which calls for dedicated consideration. We also note that for most islands, air transport is also often the primary or sole means for tourists to access the area (e.g. the Azores, the Canary Islands or Madeira, with up to 100% of tourists arriving by air²).

Yet, MEP Younous Omarjee flagged in his report on EU Islands and cohesion policy³ the lack of statistical data on islands which is hindering the development of targeted policies, including transport policies. In addition, the report underlines that "the island regions of the EU have an estimated population of more than 20 000 000 (4.6 % of the total EU population); whereas the EU's island population is spread over approximately 2 400 islands belonging to 13 Member States".

European airlines operate in a highly competitive market, where EU regulatory costs have significantly increased the cost of flying. According to the Draghi Report on competitiveness, decarbonising aviation could cost up to €61 billion annually between 2031 and 2050⁴, which will place a heavy financial burden on the EU aviation sector, especially on regional airlines that operate with lower margins.

Therefore, the future EU Strategy for Islands should aim to establish a coherent policy framework that safeguards regional connectivity and transport affordability, while avoiding disproportionate regulatory costs that hinder the competitiveness of regional airlines serving island regions.

To achieve strong connectivity, an effective Public Service Obligation (PSO) framework is essential, alongside measures to facilitate the opening of new routes through the revision of the Guidelines for State aid to airports and airlines.

In the absence of stable scheduled connections, PSO is a key mechanism, acting as an exception to the normal functioning of the market, to ensure year-round connectivity by supporting routes that are not commercially viable. Most PSO routes in Europe are operated by regional airlines⁵, and many islands rely on such routes (e.g. Corsica, the Azores, Sardinia, etc). As explained in the ERA *Study on the practice of Public Service Obligations in Europe*⁶, ERA airline members' experience with the current framework shows that the practice of PSOs differs considerably when it comes to the different elements, such as resident discounts, contract duration, grouping of routes, the role of regional authorities, operational requirements, and the use of foreign languages in tender documents. Therefore, the increase of connectivity could be facilitated by allocating more powers to EU regions, including islands, involved in the PSO process and decision making, and by improving several aspects of the PSO process, such

¹ 2025/2120(INI), [Enhancing connectivity, preserving cultural heritage and driving local excellence in European tourism – destination management and regional tourism growth, draft](#), November 2025

² Oxera commissioned by ERA, [Study on the economic, social and environmental value of regional airlines in Europe](#), February 2025

³ (2021/2079(INI), [REPORT on EU islands and cohesion policy: current situation and future challenges](#), May 2022

⁴ Mario Draghi, [The Draghi report on EU competitiveness](#), September 2024

⁵ E.g. in 2024, out of the 165 PSO routes [identified](#) by the European Commission, 100 of them were operated by ERA members.

⁶ ERA [Study on the practice of Public Service Obligations in Europe](#), June 2024



as including a financial rebalancing mechanism in all PSO contracts, issuing and processing tenders in English, and more flexibility for grouping routes.

While PSO routes are an exception to the normal functioning of the EU market, connectivity to islands could also be deepened by boosting the opening of new commercially viable routes through the start-up aid framework contained in the 2014 Guidelines on State Aid to airports and airlines. Yet ERA notes that this scheme is rarely implemented in practice because the definition of new routes is restrictive and most airports already offer more favourable rebates on airport charges that do not constitute State aid, while a 50% rebate on such charges represents only a small share of airlines' total operating costs. To provide sufficient incentives to open new routes, start-up aid should come from diversified funding sources involving public authorities or entities and/or private stakeholders, be based on a sound business plan assessed on a case-by-case basis and take different forms (direct grant, reduction of airport charges, incentive payments on the number of passengers) until the route becomes profitable, agreed objectives have been achieved, or a time limit for support has been reached.

On that basis, ERA considers that the EU Strategy for Islands should identify the revision of Regulation (EC) No 1008/2008 and of the Guidelines on State aid to airports and airlines (2014/C 99/03) as a key priority to ensure that such frameworks can address the specific connectivity needs of island regions.

ERA airline members are fully committed to supporting a transition to a more sustainable future for aviation. Regional aviation will play an essential role in the decarbonisation of air transport, as set out in the Destination 2050 roadmap⁷, by enabling the use of Sustainable Aviation Fuels (SAF) in order to reduce CO₂ levels with existing fleets, and at the same time being at the forefront of fleet renewal with radical new technologies⁸. Regional airlines will be the first adopters of new aviation technologies, notably new propulsion methods that are particularly suited to shorter distances, including routes serving island regions.

However, islands remain structurally dependent on imported fossil fuels, creating significant challenges in terms of security of supply and exposure to higher energy costs, as the cost of fuel transportation would need to be factored in. At the same time, the energy transition will intensify such constraints because SAF, which is on average two to three times the price of jet fuel⁹, would need to be imported and might not always be available to airlines operating on islands while still being heavily charged by fuel suppliers. Therefore, the EU Strategy for Islands should focus on achieving a successful and competitive energy transition by implementing strong and ambitious industrial and funding policies to support and protect regional airlines. Emissions reduction should be addressed through targeted financial measures, notably by reinvesting revenues from the EU Emissions Trading System (EU ETS) into decarbonisation and innovation. Overall, access to funding should be simplified for regional actors and better coordinated with national funding instruments. Today, in the private sector, investing in aviation technology remains limited and should be incentivised by public financial actors, as well as further involvement by institutions such as the European Investment Bank (EIB). On the other hand, no additional taxes should be imposed on the aviation sector (e.g. aviation fuel tax) at a time when significant investments are already required for the energy transition.

Finally, ERA would support the systematic integration of an "island dimension" across all relevant EU policies and legislation. For instance, the specificities of island territories should be considered in the revision of the EU Air Passenger Rights framework to avoid creating a disproportionate regulatory and financial burden on regional airlines serving islands and to mitigate the negative impact on regional connectivity. Similarly, in the context of the revision of the EU ETS Directive, the specificities of islands and outermost regions should be considered.

To this end, the ERA proposes that every Impact Assessment that accompanies proposals related to transport include an assessment of the impact that such proposals would have on islands regions and island Member States. This would prevent a one-size-fits-all approach, in most cases tailored for

⁷ Destination 2050, [A route to net-zero European Aviation](#), February 2025

⁸ As covered in Destination 2050, A route to net-zero European Aviation, Aircraft and Engine Technology and Alternative Fuels and Sustainable Energy will respectively represent 27% and 56% of the decarbonisation pathway.

⁹ As shown for instance on the [IATA Fuel Fact sheet](#), May 2025.



mainland Europe and omitting the specificities of island regions. A statistical database on islands could also assist such Impact Assessments. Overall, coherence with other EU strategies, such as the EU Sustainable Tourism Strategy, is also essential.

