

December 2025

This paper sets out ERA's position on the ongoing revision of the EU Air Services Rules, Regulation 1008/2008.

The existing regulation is outdated in several respects, and ERA members have observed that its implementation by national authorities can sometimes create distortions. Greater harmonisation would therefore benefit regional carriers. ERA supports the European Commission's initiative to review the EU Air Services Rules in order to build a more resilient, competitive, and sustainable air services sector—while safeguarding the highest standards of safety, ensuring connectivity, protecting consumer interests, and preserving quality employment. At the same time, the revision should avoid excessive regulation and prioritise flexibility.

This paper addresses the following points in Regulation 1008/2008:

- The Public Service Obligation framework
- Emergency measures – EU carriers' resilience in the face of disruptions and crises
- Environmental measures
- Pricing and consumer information
- Operating licence – wet-leasing and Ownership and Control rules
- Labour law
- Traffic distribution between airports and exercise of traffic rights

## Public Service Obligation framework

Most Public Service Obligations (PSOs) routes in Europe are operated by regional airlines<sup>1</sup>. As explained in the *ERA Study on the practice of Public Service Obligations in Europe*<sup>2</sup>, ERA airline members' experience with the current framework shows that PSOs are implemented in varying ways across Europe. Although not necessarily a sign of differences in the interpretation of the rules, the study confirms that the practice of PSOs differs considerably when it comes to the different components of the PSO rules, such as resident discounts, contract periods, grouping of routes, the role of regional authorities, air ticket distribution, aircraft size requirements, accessibility for all passenger groups including passengers with reduced mobility, and use of foreign languages in tender documents.

On that basis, ERA recommends the following policy measures for the revision of Regulation 1008/2008 (Article 16 to 18) to facilitate the creation of new routes and increase connectivity:

- Allocation of more powers to EU regions involved in the PSO process and decision making. These could even include the possibility of a regional administration, or regional stakeholders, partly or fully funding the PSO.
- Process improvements:
  - PSO tenders to be issued and processed in English; and

---

<sup>1</sup> E.g. in 2024, out of the 165 PSO routes [identified](#) by the European Commission, 100 of them were operated by ERA members.

<sup>2</sup> ERA [Study on the practice of Public Service Obligations in Europe](#), June 2024

December 2025

- More flexibility for grouping of routes.
- A financial rebalancing mechanism to be included in all PSO contracts to compensate for the effects of unexpected, extreme or force majeure events, for example, an increase in fuel costs. A periodic review of contract and conditions to adapt to changes in market and economic conditions should also be considered.

## Preserving Regional Connectivity as the Primary Goal of PSOs

ERAs airline members' experience with the current framework shows that PSOs are implemented in varying ways across Europe. Although not necessarily due to wording of the PSO rules nor a sign of differences in the interpretation of the rules by Member States, this study confirms that the practice of PSOs differs considerably.

Regional carriers are committed to reducing the impact of their operations on the environment and contributing towards the fight against climate change. As commonly defined by the Destination 2050 report, aviation has several levers to achieve net-zero emissions by 2050 – namely new aircraft technologies, Sustainable Aviation Fuel (SAF), smart economic measures and operations and Air Traffic Management optimisation. Today regional aviation can leverage them all, also being a first mover when it comes to new aircraft technologies.

Yet, ERA believes that the priority for a PSO route is and should always remain ensuring the continued operation of routes serving islands or geographically dispersed, peripheral or underserved regions and thin routes, where air services are deemed essential to the region's economic and social development<sup>3</sup> but not commercially viable to be operated without public support. Hence, although we recognise the importance of decarbonisation objectives, we believe that, until the market of climate mitigation solutions is mature enough (for both SAF availability and affordability and technology readiness) including environmental criteria as part of the evaluation of bids for PSOs would undermine this core objective.

PSOs are not designed as innovation instruments. They are intended to guarantee continuity, reliability and affordability of essential air services and therefore require a high degree of operational and financial certainty. Investment in climate mitigation solutions, by contrast, inherently involves technological and operational risk, which cannot be fully accommodated within the PSO framework without jeopardising its primary connectivity objective. The attractiveness of PSOs to airlines is already limited by the strictness of their conditions and/or the procedural complexity (e.g. the recent PSO tender for the Larnaca-Brussels had to be reissued as it failed to attract bids). At

---

<sup>3</sup> Regulation 1008/2008, Article 16, 1. “Member State, following consultations with the other Member States concerned and after having informed the Commission, the airports concerned and air carriers operating on the route, may impose a public service obligation in respect of scheduled air services between an airport in the Community and an airport serving a peripheral or development region in its territory or on a thin route to any airport on its territory any such route being considered vital for the economic and social development of the region which the airport serves.”

December 2025

present, including environmental considerations in PSOs may put connectivity at risk by further discouraging participation in PSO tenders or even lead to the withdrawal of services, particularly where such considerations introduce additional operational, commercial or financial uncertainty for bidders. Overall, the main focus should be on improving the existing PSO framework, notably focusing on the financing of such routes, to facilitate the creation of new routes and increase connectivity.

However, if environmental considerations are to be included in the evaluation of bids for PSOs—provided they are environmentally meaningful—, ERA airline members warn that they should never be exclusionary criteria and should come with strong safeguards in line with the reality of the market. For instance, extra points could be provided in the evaluation of the bids, based on the environmental performance of the aircraft used and its ability to minimise climate impact, assessed through the CO2 emissions associated with operating the route but also ancillary metrics like non-CO2 effects. For the potential allocation of an environmental bonus to be efficient and meaningful, it would have to be in line with local authorities' interest, which are best placed to understand their territories' needs and essential routes.

The reality of the aircraft market, supply chain issues, and regional carriers' limited financial capacity should also be considered by Member States when evaluating bids for PSOs.

However, any final framework should never become a blanket measure for the adoption of strict environmental rules. Through the notification process, the Commission should ensure that environmental considerations are justified.

### The creation of a separate scheme for deploying low-carbon emission aircraft

In the future, the development and deployment of low-carbon emission technologies will be key for short-distance flights and regional airlines.

Yet, the financial reality faced by regional airlines should be acknowledged, as the industry cannot bear the burden of the upcoming EU regulations and at the same time invest in low carbon-emission technologies with its own financial means. This increased financial fragility endangers connectivity in the medium term, and risks delaying the full deployment of climate mitigation solutions. Additionally, investments made in new aircraft would be in vain if the regional airline ecosystem were to collapse because of mounting financial liabilities associated with the green transition.

Also, we note that currently, Member States have limited financial capacity and intention to support airlines in investing in this emerging market.

December 2025

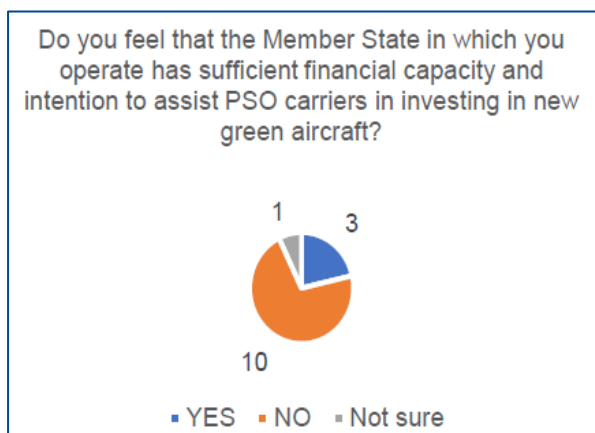


Figure: Investment in green aircraft.  
Graphic developed based on ERA airlines participants to the study's responses.

Source: *ERA Study on the practice of Public Service Obligations in Europe*, June 2024

Considering the elements above, ERA urges policymakers and Member States to be neutral when it comes to the use of technology and to never limit a route to the use of specific aircraft. As a matter of principle, it goes against the freedom to provide air services and creates a disproportionate financial pressure on airlines to force them to renew their fleet with specific technology, especially regional carriers operating with thin margins. Ultimately it risks leading to a loss of connectivity.

On that basis, ERA airline members would strongly welcome that the EU develops a separate scheme outside of the PSO framework for the deployment of low-carbon emission aircraft.

Similar to an environmental bonus, either through targeted EU Funds or call for tenders, or the allocation of national budget via specific projects or state aids, airlines would be financially supported in purchasing and deploying low-carbon emission aircraft. The scheme would work on a voluntary basis and be deployed on specific routes which are fit for purpose, regardless of the nature of the route, PSO or not. However, it should not come at the expense of the framework budget for existing national PSOs.

The objective would be to boost the market for a limited period of time, similar to a testing or oversight phase before the market becomes self-sufficient. Such a scheme could also work as an incentive for private investors and provide additional certainty for investment.

Inevitably, the scheme should come with strict conditions such as applying consistent calculation methods with other public funding mechanisms, whilst aiming at reaching a CO<sub>2</sub> reduction performance as per the Fit for 55 objectives. Additional limitations may need to be considered, for example, restricting the use of the additional revenues to the deployment of the new aircraft, or capping the support to a certain duration while still considering the time it takes for an aircraft to generate profit, depending on the type of technologies used.

This new funding scheme for low-carbon emission aircraft would be complementary to support provided for the uptake of Sustainable Aviation Fuels (SAF) as both are key components of the decarbonisation pathway of the aviation sector. As covered in

December 2025

Destination 2050, *A route to net-zero European Aviation* February 2025<sup>4</sup>, Aircraft and Engine Technology and Alternative Fuels and Sustainable Energy will respectively represent 27% and 56% of the decarbonisation pathway.

Once the testing and deployment of new-technology low-carbon emission aircraft have demonstrated operational and economic viability, their use across different types of routes could be recognised, including on PSO routes, through a non-exclusionary environmental bonus when PSO contracts are renegotiated.

On that basis ERA would recommend the following:

- Maintain PSO's core objective of connectivity: Ensure that connectivity for peripheral and underserved regions is and remains the primary goal in the PSO framework. Until the market of climate mitigation solutions is mature enough (for both SAF and aircraft technology), policymakers and Member States should exclude environmental considerations from the PSO framework and the evaluation of bids. If environmental criteria are to be included, they should be non-exclusionary, function as extra points and consider the reality of local territories.
- Create a separate scheme for the deployment of low-carbon emission aircraft: Policymakers should refrain from restricting routes to specific aircraft which would create a disproportionate financial pressure on airlines to invest in a particular aircraft technology. Instead, a scheme outside the PSO framework to support the investment in and deployment of low-emission aircraft should be considered.

## Emergency measures - EU carriers' resilience in the face of disruptions and crises

COVID-19 caused an exceptional liquidity crisis across all sectors, including aviation. However, the risk of airline insolvency in non-crisis times is very low: 0.04% of total EU passengers were affected by an insolvency from 2011-2019<sup>5</sup>. There is no reason to increase capital requirements or introduce a specific insolvency scheme which would create a disproportionate and additional burden and only reduce flexibility. As a principle, airlines are responsible for following best practice in defining capital reserves and related financial KPIs to guarantee survival in difficult times.

EUROCONTROL's latest analysis shows that overall traffic has recovered but that regional flights are still 15% below pre-COVID-19 levels. This indicates that regional airlines are among the most vulnerable during crises and therefore require flexibility, not additional restrictions, to preserve essential connectivity. An airline insolvency scheme is disproportionate given the usual low risk of insolvency. Existing instruments (e.g. scheduled airline failure insurance) and voluntary measures (e.g. industry "rescue fares") adequately protect passengers in the rare instances where an airline ceases operations. Transparent and widely available government financial support

---

<sup>4</sup> Destination 2050, *A route to net zero European Aviation*, February 2025

<sup>5</sup> Steer *Study on the current level of protection of air passenger rights in the EU*, January 2020

December 2025

measures may also be critical tools to avoid the risk of insolvency (e.g. regional cohesion funds).

When it comes to relevant crisis responses, ERA strongly opposes national restrictions of flights or operational conditions, which risk leading to inconsistencies, competitive distortion, or Member State driven blanket measures. In the event that flight restrictions are necessary, regional carriers would support granting the Commission authority to adopt tailor-made delegated acts to guarantee consistent policies.

During the COVID-19, Member States could neither urgently adapt nor put in place PSOs routes to sustain basic connectivity and avoid closure of essential routes.

There is a need for more flexibility and efficient rules in the attribution of PSO routes, especially in times of crisis. Economic rebalancing should be recognised as a basic principle governing the PSO framework. Carriers should be allowed to renegotiate the contract to ensure that it can cover their additional costs (such as increased compensation, costs arising from the implementation of new regulations, review frequency, etc). As previously mentioned, a periodic review of the contract and the conditions could facilitate a quick adaptation to unforeseen crises.

The EU should also allow for a simpler and faster application for short-term, emergency-based PSOs on routes that are not already PSO routes, with systematic extensions on a six-month basis. This is particularly important to ensure connectivity to remote communities that are dependent on air transport alone.

## Environmental measures

Regional carriers face regulatory pressures and limited financial support for green alternatives like SAFs or new technologies. Yet, as stated in the Draghi report on EU competitiveness, decarbonisation of the sector could cost up to €61bn annually (2031–2050)<sup>6</sup>. Such an increase in operating costs will eventually be passed on to passengers, lead to routes becoming unviable and traffic being diverted to non-EU destinations that are not subject to the same obligations. Regional airlines may be affected by competitive distortions from carbon leakage, especially in scenarios like route, hub, or carrier switching. Overall, this risks weakening European connectivity.

ERA airline members are fully committed to supporting the 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 roadmap<sup>7</sup>, by enabling the use of Sustainable Aviation Fuels (SAF) to reduce CO2 levels with existing fleets, and at the same time being at the forefront of fleet renewal with radical new technologies<sup>8</sup>.

---

<sup>6</sup> [The Draghi report: In-depth analysis and recommendations \(Part B\)](#), September 2024

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

<sup>8</sup> 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.



December 2025

However, ERA also believes in ensuring a level playing field between all carriers operating in the EU airspace as much as possible. Policymakers should focus on avoiding disproportionate regulatory costs for EU carriers and financially supporting them so that they remain competitive, and that Europe maintains its role as a leading destination. This is particularly important for regional airlines, which usually operate on thin margins and risk fare hikes and route closures.

Imposing an intra-EU fuel tax would divert funding away from essential decarbonisation projects, risk carbon and business leakage to non-EU hubs, and undermine the EU's global competitiveness, contrary to the recommendations of the EU Competitiveness Strategy.

Restrictions of flights for environmental reasons are not an effective or proportionate tool to target CO<sub>2</sub> emissions. Environmental flight bans, especially on short-distance flights, fail to achieve environmental objectives. They are counterproductive, create a distortion of competition and fragmentation, and set precedents for national protectionism in the name of sustainability. Additionally, Article 20 of Reg. 1008/2008 creates legal uncertainty, leaves too much room for interpretation of what is considered as a 'necessary' flight ban, and fails to assess environmental challenges globally, which cannot be addressed through local and limited measures.

Many short-haul flights exist because no other reasonable mode of transport is available or because alternatives cannot achieve comparable travel times. Also, there is no certainty that if flights are banned, passengers will not use another mode of transport that results in comparable CO<sub>2</sub> emissions (e.g. they could switch to individual cars, maritime, or coach). For instance, in 2024, IATA demonstrated that the 2023 flight ban adopted by France reduced CO<sub>2</sub> emissions from transport in France by only 0.12% even if fully replaced by zero-emission transportation<sup>9</sup>.

Overall, emissions reduction should only be addressed through targeted market-based measures such as EU ETS and SAF incentives, and financial support for the transition.

In addition, full alignment with CORSIA for international flights should also be ensured. Such an instrument must further demonstrate real achievements – including broader participation, stronger offset quality, and effective enforcement.

## Pricing and consumer information

The commercial freedom to set prices, determine which ancillary services are included in the basic fare and establish its policies (e.g. carriage of pets, luggage etc) is an essential part of airlines' business models and how they compete on service and quality.

---

<sup>9</sup> IATA, Chart of the Week, [French domestic flight bans and carbon emissions reductions](#), January 2024

December 2025

However, we are concerned about ongoing price “dumping” practices. In many cases, these below-cost airfares do not even cover the airport taxes (which average around €10 per departing passenger across most European airports). These unfair commercial practices place significant pressure on regional and smaller airlines, directly impacting their competitiveness within the Single Market. While below-cost pricing may appear beneficial to consumers in the short-term, in the long term it may enable carriers engaging in such practices to set prices above competitive levels, which, once again, will be at the expense of the consumer. It is also likely to create connectivity gaps across EU regions: regional airlines are usually committed to long-term operation of relatively frequent, year-round, service with smaller aircraft, whereas LCCs operating on such “thin” routes typically fly only during the most profitable months of the year or days of the week, but can abandon such routes if they become unprofitable and in low season.

On that basis, ERA would support a ban on price dumping, by at least setting a price that always cover the variable charges, taxes and levies.

Also, ERA airlines would not support the standardisation of hand luggage dimensions. ERA believes that a single standardised size for hand baggage is neither practical nor realistic, as it would be difficult to establish a size that would suit all European airlines unless the size of hand baggage was significantly reduced to fit all aircraft configurations, including the smallest regional aircraft.

If such a standardisation measure were to be introduced, it would have to be adapted to the most restrictive aircraft in terms of overhead bins capacity, thus reducing the current luggage size allowance that some airlines currently offer to consumers. This would not be in the interest of consumers, and it is not the will of the airlines, which are not in favour of reducing service quality levels.

In addition, the choice regarding the size and quantity of hand luggage allowed on board is one of the elements that differentiates the service and level of quality offered by each airline in Europe today, according to its own business model and commercial policies. Imposing a standardised size of hand luggage in the cabin goes against the spirit of the free competition principle that governs the European Single Market.

While commercial freedom is an essential part of the EU Air Services Market, in parallel, ERA strongly supports the need for a high level of information and transparency for the consumer, notably price transparency and disclosing what is included in the ticket price (airport taxes, air fare, luggage, extras, etc.) in a standard, clear, and transparent way. This could prevent the practice of price dumping and prevent any discrimination by airports between airlines through unfair charging practices. However, implementing and deploying the instrument to comply with such requirements takes time and investment which should be considered (e.g. new IT systems capable of generating and presenting this information in a standardised, automated, and user-friendly manner across all sales channels). ERA also believes that transparency and consumer information about carriers’ policies (e.g. carriage of unaccompanied minors, pets, luggage) is essential and should be fully enforced.



December 2025

Additionally, consumers may lack access to full and accurate information when booking via intermediaries that apply hidden fees or do not clearly disclose price components which should be tackled through the revision of Regulation 1008/2008.

## Operating licence – wet-leasing and Ownership and Control rules

Wet-leasing serves as an important and legitimate instrument within the aviation industry, enabling airlines to respond effectively to fluctuations in demand, unexpected capacity constraints, or temporary aircraft unavailability.

Carriers can usually adjust capacity through existing fleets or short-term leasing. However, the lack of clear guidance on what evidence carriers must provide to meet leasing conditions creates uncertainty and delays.

Ownership and control rules should be clarified. Currently, they do not provide enough possibilities for EU regional airlines to attract investments and strengthen their financial resilience and competitiveness. Yet, there is also a risk of social and price dumping if non-EU investors are not bound by the same high-standard obligations as EU carriers, which should be avoided.

Overall, there should be additional opportunities for regional airlines to attract investments outside the EU, mainly in the US and UK, while strictly maintaining fair competition and full mandatory compliance with EU social, safety, and labour standards. In this context, ERA could support limited flexibility regarding non-EU capital opportunities, restricted to qualified institutional investors. However, there is currently not enough clarity about how such measures would be designed and implemented.

## Labour law

Aviation operates within a well-defined legal framework that combines EU-level regulations with national oversight. Aviation employees, regardless of cross-border activity, remain subject to the labour laws of the Member State where their “home base” is located, ensuring clarity of jurisdiction. The Air Services Regulation was and should remain designed to manage licensing, market access, and pricing, not to regulate employment matters.

Labour laws for aircrews are already governed by EU law, particularly through the Rome I Regulation, which determines that employees are subject to the labour law of the country where their employer is based or where they normally work<sup>10</sup>. Additional protection is provided by the Posting of Workers Directive<sup>11</sup> and the EASA Basic Regulation<sup>12</sup>. The real challenge lies in consistent enforcement across Member States. For regional airlines, maintaining a degree of operational flexibility is essential to sustain connectivity, manage resources efficiently, and respond to fluctuating demand. Expanding Regulation 1008/2008 to include labour issues would not only

---

<sup>10</sup> Article 8 of [Regulation \(EC\) No 593/2008](#) (Rome I)

<sup>11</sup> Directive 96/71/EC

<sup>12</sup> Regulation (EU) 2018/1139

December 2025

duplicate existing law but could also constrain this flexibility and blur the Regulation's core purpose of supporting an open and competitive single aviation market.

Proposals that would require airlines or Member States to report crew bases or assignments outside their principal place of business risk adding unnecessary bureaucracy and duplicating existing EU requirements. Regulation 1008/2008 already establishes a single-licence, single-oversight system based on mutual recognition, while employment conditions are clearly defined under EU labour law. However, some clarification would be helpful on what constitutes an "operational base," as interpretations currently vary between Member States and authorities. Establishing a common understanding would support consistent enforcement and avoid social engineering without creating new administrative burdens. Introducing additional aviation-specific reporting rules or redefining "operational base" through market regulation would risk overlap, add cost, and undermine the freedoms of establishment and service provision. The focus should remain on effective implementation and enforcement of the existing framework, rather than introducing new obligations. In this context, strengthening the role and resources of the European Labour Authority to address the actions of a small number of non-compliant operators would be a more targeted and proportionate solution.

## **Traffic distribution between airports and exercise of traffic rights**

Traffic Distribution Rules (TDRs) may be necessary in some cases, for example to manage congestion where several airports serve the same city or to separate hub-and-spoke traffic from predominantly point-to-point operations, provided they are based on transparent, objective, and proportionate criteria and are not misused.

However, some regional airlines have experienced discrimination in the way such rules have been implemented (e.g. at Milan airports Linate and Malpensa some small regional carriers have faced discrimination compared to large carriers, carrier groups, and LCCs through traffic distribution). If TDRs prevent regional airlines from operating to hubs and force them to operate to more remote airports, their routes may become unviable, leading to reduced connectivity for the communities they serve.

While TDRs can on occasion be necessary, such rules should be under strict conditions so that they do not result in direct or indirect discrimination between carriers, nor restrict access for regional airlines, which would negatively impact connectivity. Any future framework should therefore ensure that TDRs are applied consistently and include safeguards against market distortion, and a regular review mechanism.