

Position Paper

17 October 2007

AEA POSITION ON THE INCLUSION OF AVIATION IN THE EU ETS

Aviation Environmental Responsibility

The AEA confirms that its member airlines

- Take their environmental responsibilities very seriously and are committed to combating climate change through a focused and comprehensive multi-action strategy,
- Fully support the Emissions Containment Policy, adopted by the European Aviation Industry in July 2005, acknowledged by the ICAO assembly and based on four pillars,
- Will continue their efforts to limit the environmental impact of aviation by investing in new technology and by improving their operational procedures,
- Recognise that within the Containment Policy a well-designed Emissions Trading System (ETS) could supplement the other three pillars,
- Consider that the Commission's proposal to include international aviation in the current EU ETS constitutes a positive step.

Emissions Limitation, but not Mobility Reduction

The AEA underlines that

- International aviation is not covered by the Kyoto Protocol,
- The inclusion of aviation in the EU ETS will constitute a precedent, therefore the EU must ensure that environmental protection is properly balanced with economic and social developments,
- The EU objective of meeting Kyoto targets should not affect the European aviation industry's competitiveness and regional economic growth, as this would conflict with the Lisbon Agenda.

Fair and Equal Treatment of all sectors

The AEA insists that

- All sectors – including aviation – should be put on an equal footing in terms of mitigation efforts and associated costs in proportion to their respective emissions,
- In order to ensure fair treatment between ground sources and the aviation sector for the trading periods beyond 2012, the specific measures applied to aviation for these periods should be decided only after the EU ETS has been revised and general rules adopted for the other sectors.

- Adria Airways
- Aer Lingus
- Air France
- Air Malta
- Air One
- Alitalia
- Austrian
- bmi
- British Airways
- Brussels Airlines
- Cargolux
- Croatia Airlines
- CSA
- Cyprus Airways
- Finnair
- Iberia
- Icelandair
- Jat Airways
- KLM
- LOT
- Lufthansa
- Luxair
- Malev
- Olympic Airlines
- SAS
- Spanair
- SWISS
- TAP Portugal
- TAROM
- Turkish Airlines
- Virgin Atlantic Airways

A well-designed ETS

The AEA urges the European and National Authorities to

- Assess the stringency of the overall cap put on the aviation sector against the particularly high abatement costs of the sector and its exposure to international competition. *A cap of 110% would better accommodate increased passenger demand,*
- Use accurate data for the baseline, which should be moved as close as possible to the trading period, as for the other sectors. *A baseline of 2007-2009 would be more appropriate than 2004-2006,*
- Note that CO₂ is the only greenhouse gas emitted by aircraft and should be the only gas to be covered by an ETS. The non-CO₂ effects of aviation (such as NO_x) should be dealt with separately *and should not be tackled through the application of a CO₂ multiplier factor,*
- Clarify the principle and the modalities of application of auctioning; whilst auctioning is currently optional for ground sources, it would become mandatory for aviation. *Auctioning for aviation should be based on the average of all the EU Member States' auctioning levels,*
- Recognise that, as airlines would be net buyers of allowances, they should have the widest possible access to the other sectors' markets in an open ETS, as well as full use of CDM and JI mechanisms. *The percentage of Certified Emissions Reductions (CERs) and Emissions Reduction Units (ERUs) for aviation will be double the average of percentages specified by Member States,*
- Avoid using an inadequate parameter for benchmarking as this could lead to discrimination between business models. *In this respect Available Tonne Kilometre (ATK) is better than Revenue Tonne Kilometre (RTK),*
- Negotiate with third countries so as to avoid international disputes which could expose European airlines to retaliatory measures. *Air operators from the EU shall only be included in the ETS if air operators of third countries providing air transport services in the given geographical area are also included.*

The need for a shared and collective effort

The AEA calls upon the European and National Authorities to

- Recognise the urgent need to accelerate the implementation of the Single European Sky policy, so as to achieve the 12% emissions reduction that would result from a better Air Traffic Management System,
- Tackle airport congestion so as to massively reduce unnecessary fuel burn and hence emissions,
- Invest in Research and Development, so as to fund and promote technological progress,
- Consider that a well-designed ETS is the most cost-effective instrument to reduce emissions, so as to disregard any form of additional taxes and charges.

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