

## Position Paper

19 February 2008

### NO EXEMPTIONS AND NO SPECIAL TREATMENT FOR FAST GROWING OPERATORS

The Council's political agreement contains numerous provisions which grant exemptions to certain types of flights, of aircraft and of operators.

As a general principle the AEA is opposed to all exemptions, since they establish differentiations in treatment and hence could lead to distortions of competition between operators. However, the AEA is also conscious that the very small 'sources' could and should be excluded from the ETS in order to reduce administrative costs.

### EXEMPTIONS FOR SMALL POLLUTERS BUT NOT FOR SMALL OPERATORS

'Small sources' means small polluters but not necessarily small operators. The AEA considers that the exemptions based on aircraft size (less than 5700kg) or on the number of flights (less than 243 flights per 4-month period) are unfounded. They should take account not of the operator's size but of the volume of emissions.

In the context of the revision of the current EU ETS, the Commission itself proposes to combine the threshold of 20 MW with an emission threshold of 10.000t CO<sub>2</sub>/year.

The AEA supports an emission threshold and therefore finds the 'de minimis' rule particularly unfair and unacceptable. A carrier operating one return flight per day from the Far East to the EU with a Boeing 777 or 747 will emit 350t CO<sub>2</sub> in the first case and 500t CO<sub>2</sub> in the second, but it will be exempted under the 'de minimis' rule. By contrast a carrier operating two return flights per day from any neighbouring country (Russia, Ukraine or North Africa) to the EU with an Airbus 320 will emit 60t CO<sub>2</sub> but he will not be exempted, although the volume of CO<sub>2</sub> emitted is much smaller than that of the long-haul operator.

This comparison clearly demonstrates the potentially absurd consequences of the 'de minimis' rule, since the big polluter is exempted to the detriment of the smaller one.

The AEA requests that the exemptions related to aircraft size and to the number of flights should be replaced by a more generic exemption based on a minimum volume of emissions. ***An emission threshold of 10.000t CO<sub>2</sub>/year could be envisaged for aviation.***

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

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- Croatia Airlines
- Cyprus Airways
- Czech Airlines
- Finnair
- Iberia
- Icelandair
- Jat Airways
- KLM
- LOT
- Lufthansa
- Luxair
- Malev
- Olympic Airlines
- SAS Scandinavian Airlines
- Spanair
- SWISS
- TAP Portugal
- TAROM
- Turkish Airlines
- Ukraine International Airlines
- Virgin Atlantic Airways

## NO SPECIAL TREATMENT FOR FAST-GROWING OPERATORS

The AEA is strongly opposed to the special treatment granted to the so-called fast-growing operators, for the following reasons:

- The aviation ETS is designed for the whole sector. Key elements such as the cap, baseline and allocation method have been defined at EU level and will apply uniformly to all operators covered by the scheme, with no differentiation on the basis of nationality, business models or types of flights.
- The special treatment for fast-growing operators breaks the above rule. By accepting that certain operators should be treated better than the others, the Council opens the door to further requests to accommodate other particularities.
- This could endanger the sectoral approach adopted in the aviation ETS and would affect the Commission's current efforts to establish a harmonised, non-discriminatory regime for ground sources.
- By introducing such an exemption for fast-growing operators, the Council gives a clear advantage to certain operators and de facto creates distortion of competition, which is totally unacceptable.

The AEA has repeatedly proposed that sector traffic growth should be better reflected by moving the baseline closer to the start of each trading period, so as to include the most recent traffic developments, without granting special conditions to particular operators.

Therefore ***the AEA formally requests that the provision related to fast-growing operators should be replaced with a more appropriate ETS baseline.***

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