

Position Paper

11 March 2008

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 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 open Emissions Trading System (ETS) provides an appropriate supplement to the other three pillars.

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.

A well-designed open ETS

The AEA urges the Council, the European Parliament, the Commission and National Authorities to

- Set a **Cap of 110%**, so as to take into account the high abatement costs of the aviation sector.
- Move the **Baseline** as close as possible to **each** trading period, so as to include the most recent traffic developments. This is particularly crucial for the new EU Member States which have the fastest growing markets.
- Reject a **multiplier factor** as 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.
- Reject the principle of **full auctioning** (see AEA Position Paper on Full Auctioning).

- 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

- Have recourse to auctioning **only to cover the administrative costs of ETS**.
- Replace specific exemptions for **‘Small Operators’** based on either the number of flights (de minimis rule) or on aircraft size (5,7t) by a generic exemption for **‘Small Polluters’** based on minimum volume of emissions (for example less than 10.000t CO₂/year) (See AEA Position Paper on Exemptions.)
- Delete the provision related to special treatment granted to **fast growing airlines** as this distorts competition between operators. The best way to accommodate the fast growing market of new EU Member States is to move the baseline closer to the start of each trading period. (See AEA Position Paper on Exemptions.)
- Give 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 should be double the average of percentages specified by Member States.
- Use **Available Tonne Kilometre (ATK) plus 200km** rather than Revenue Tonne Kilometre (RTK), as an inadequate parameter for benchmarking could lead to discrimination between business models.
- Negotiate with **third countries** so as to avoid international disputes which could expose European airlines to retaliatory measures. Air operators from the EU should only be included in the ETS if air operators of third countries providing air transport services in the given geographical area are also included.
- Improve the definition of **‘new entrants’** as follows: 'new entrant' means any person or operator who performs an aviation activity listed in Annex I and has not applied for an allocation of allowances in accordance with Article 3d. It shall, neither partly nor wholly, be owned by an aircraft operator or **its owner** who submitted an application for an allocation of allowances.

The need for a shared and collective effort

The AEA calls upon the Council, the European Parliament, the Commission 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,
- Secure adequate funding for the implementation phase of the SESAR programme,
- 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, and to reject any form of additional taxes and charges.

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