

# Position Paper

January 12, 2012

## AEA urges governments to agree on a roadmap towards a multilateral agreement on international aviation emissions

### Non-EU countries are uniting against EU ETS

When the EU ETS was adopted, the EU foresaw that it would serve as a blueprint and pave the way for a global approach.

However, the reality is just the opposite, with ICAO adopting a declaration in November 2011 urging the EU to refrain from including non-EU carriers in the EU ETS. In the ICAO Declaration, non-European States also committed to further strengthen the opposition to the EU ETS by working together.

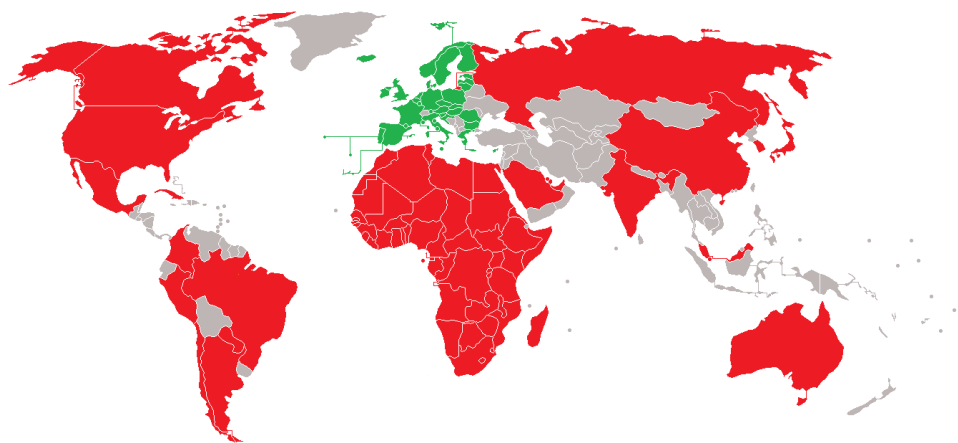


Figure 1: Countries in green support the application of the EU ETS, while countries in red oppose it.

### Retaliation, non-compliance and uncertainty risk market distortions that disadvantage EU airlines

The distortive effect of the EU ETS on competition between European and non-European airlines will be accentuated by the opposition of non-EU countries. Indeed, key non-European countries have affirmed that they will not allow their carriers to comply with EU ETS: for example, in the United States, two bills prohibiting American carriers from participating in the EU ETS have been introduced.

Even if sanctions are foreseen against airlines which do not comply with EU ETS, in practice the EU and its Member States will not be in a position to enforce them: fines will be ignored and the impounding of a non-European aircraft will rapidly trigger retaliation against EU interests, undermining the credibility of the EU ETS.

- Adria Airways
- Aegean Airlines
- AeroSvit
- airBaltic
- airberlin
- Air France
- Air Malta
- Alitalia
- Austrian
- British Airways
- British Midland International
- brussels airlines
- Cargolux
- Croatia Airlines
- Cyprus Airways
- Czech Airlines
- DHL
- Finnair
- Iberia
- Icelandair
- Jat Airways
- KLM
- LOT
- Lufthansa
- Luxair
- Malev
- Olympic Air
- SAS Scandinavian Airlines
- SWISS
- TAP Portugal
- TAROM
- TNT Airways
- Turkish Airlines
- Ukraine International Airlines
- Virgin Atlantic Airways

- Adria Airways
- Aegean Airlines
- AeroSvit
- airBaltic
- airberlin
- Air France
- Air Malta
- Alitalia
- Austrian
- British Airways
- British Midland International
- brussels airlines
- Cargolux
- Croatia Airlines
- Cyprus Airways
- Czech Airlines
- DHL
- Finnair
- Iberia
- Icelandair
- Jat Airways
- KLM
- LOT
- Lufthansa
- Luxair
- Malev
- Olympic Air
- SAS Scandinavian Airlines
- SWISS
- TAP Portugal
- TAROM
- TNT Airways
- Turkish Airlines
- Ukraine International Airlines
- Virgin Atlantic Airways

### The bilateral negotiation of “equivalent measures” leads us away from a coordinated global approach

In the context of the escalating pressure against the EU ETS, the possibility of exempting certain flights from the scheme following the adoption of so-called “equivalent measures” is being used as a bargaining tool by the EU<sup>1</sup>.

However, encouraging reciprocal unilateral measures will delay the adoption of a global agreement, leading us away from a coordinated global approach to the climate change impact of international aviation.

In addition, the only measures that are a priori equivalent to EU ETS in terms of environmental effectiveness and cost-efficiency are cap-and-trade mechanisms. In particular, environmental taxes do not guarantee any reduction in emissions.

In addition to increasing the risk of an uncoordinated patchwork of measures, “Equivalent measures” may also be manipulated, distorting competition, in particular considering the absence of criteria and transparency in negotiations with third countries.

### A global coordinated approach is needed to address all of aviation’s impact on climate change

At the 1992 Rio Conference on Environment and Development, the international community stressed that environmental measures to address trans-boundary or global environmental problems should be based on an international consensus<sup>2</sup>.

20 years later, this core principle of environmental law is more valid than ever. The objections to the inclusion of international aviation in the EU ETS demonstrate that international consensus and international institutions such as ICAO are instrumental in successfully addressing global environmental problems such as climate change.

The air transport industry has improved and will continue to improve its environmental performance through technology, innovation and optimised procedures. It is also subject to environmental objectives agreed under ICAO, including carbon neutral growth in the medium term<sup>3</sup>.

However, governments must also take action to complement the industry’s efforts. For example, they must deliver on their Single European Sky promises and provide critical support for research and innovation. Without further delay, governments must also reach a global agreement on aviation emissions.

The Association of European Airlines therefore urges all governments to immediately agree on a binding roadmap to a global approach for aviation emissions.

<sup>1</sup> Article 25a of Directive 2003/87/EC provides that “Where a third country adopts measures for reducing the climate change impact of flights departing from that country which land in the Community, the Commission ... may adopt amendments to provide for flights arriving from the third country concerned to be excluded from the [EU ETS]....”

<sup>2</sup> Principle 12 of the Rio Declaration on Environment and Development.

<sup>3</sup> Resolution A37-19 of ICAO’s Assembly sets the following goals: an annual average fuel efficiency improvement of 2 per cent and carbon neutral growth from 2020.