

Information

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EUROPEAN AIRLINES DEMAND A RADICAL RE-THINK ON EMISSIONS TRADING PLANS

“ETS must reflect reality, not history”, say airline chiefs

CEOs from Europe’s leading airlines, meeting in Brussels for the Spring Assembly of the Association of European Airlines, called upon European decision-makers to reject calls from the European Parliament’s Environment Committee for excessively punitive conditions to be attached to the proposal to include aviation in a European Emissions Trading Scheme.

The details of ETS will be the subject of a decision-making process this summer involving the Commission, the Parliament and the Council. The ENVI Committee have staked out an extreme anti-aviation position, and in doing so have demonstrated how far the aviation ETS debate has departed from its original objectives and from the realities of the industry it addresses, and to what degree it has been distorted for political ends, from a means of addressing environmental concerns to a source of revenue for finance ministers.

“ETS could be a potentially effective tool to address CO₂ emissions”, said AEA Chairman Peter Hartman, CEO of KLM, addressing the European Commission’s Director-General for Transport and Energy, Matthias Ruete. “However, this is an industry which is undergoing fundamental changes in its business environment. It makes no sense whatsoever to forge ahead with a scheme designed for a business model which is changing out of all recognition. Rather than rush into ill-considered measures, it is imperative that our policy-makers take into account these new circumstances and properly evaluate the impact of their proposals”.

The Assembly heard that the combined shocks of rocketing fuel prices, a looming recession, a resurgence of inflation and tightening of disposable income could turn a profit of €3.7bn in 2007 into a loss in 2008 – with no strong prospect of improvement in the following years. *“ETS was designed at a time of \$40 (per barrel) oil”, said Mr Hartman; “we now have \$130 oil – and it could go higher. ETS was designed at a time of 6% industry growth; we now have 3% - and it will go lower. Meanwhile, we are becoming more and more energy-efficient”.*

“ETS was designed at a time”, he continued, “when it was foreseen to function in tandem with the emissions efficiencies flowing from the Single European Sky . We welcome the sustained efforts of Dr Ruete and DG TREN in support of this vital project, but we do not see the same enthusiasm and commitment from the Member States who continue to manage European airspace as a patchwork of nationally-

- 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

exclusive resources. So for the time being, we see inaction in the one project which will bring huge benefits, both to the environment and to European consumers”.

Around the world, Dr Ruete was told, airlines were failing, merging or down-sizing. Meanwhile, the environmental aims of ETS had been politicised, seen as a punitive instrument in some quarters and a source of fiscal revenue in others. *“European ETS has been shaped by the misconception that aviation is the fastest-growing source of CO₂ emissions”,* said Peter Hartman. *“This was never the case, and is even less so now. I sincerely question whether our emissions will be growing at all in the foreseeable future”.*

The Assembly urged Dr Ruete to convey the industry’s message to the forthcoming debate on ETS between the EU institutions, that the next two years could see a radical restructuring of the industry, with a very different environmental profile. *“The evolution of ETS has been based on long-term extrapolation of trends which no longer exist, and are not expected to reappear”,* said Mr Hartman.

AEA urged its decision-makers to join the industry in facing the harsh realities of the current situation. Consumers, jobs, mobility, businesses dependent on aviation, and European competitiveness as a whole are all under threat. *“Deliver us the Single Sky”,* said Peter Hartman, *“which will reduce the emissions problem, at the same time as freeing resources for us to invest in a genuine low-carbon future. Deliver us an ETS which is crisis-proof and which rewards best practice, and not a clumsy political compromise which will generate huge costs that neither airlines nor their passengers can afford, and consequently will extinguish airline businesses, large and small, across the length and breadth of Europe.”*

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Note to the Editor: The Association of European Airlines (AEA) brings together 33 European established service and scheduled network carriers. These collectively carry 346 million passengers and 6 million tonnes of cargo each year, operating 2,540 aircraft serving 605 destinations in 161 countries with 11,115 flights a day. They provide around 375,600 jobs directly, and generate a total turnover of €75 billion.