

Information

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AIRLINES COUNT THE COST OF PARLIAMENT VOTE ON EMISSIONS TRADING Taxman will reap the benefits, not the environment, says AEA

“Today’s ruling of the European Parliament is one which could have consequences far beyond the blinkered vision of the legislators”, said AEA Secretary General Ulrich Schulte-Strathaus on the decision of the European Parliament to charge airlines for the emissions permits they will need in order to carry out their business when aviation is included in the European Emissions Trading Scheme (ETS) from 2012.

“ETS is supposed to be an environmental measure, by setting an upper limit to total emissions”, said Mr Schulte-Strathaus; “instead it has been turned into a multi-billion Euro cash dispenser for national exchequers. This comes on top of the proliferation of so-called green levies and duties which common sense tells us should be dismantled when ETS comes into force”.

According to the legislative package, an initial 15% of permits will have to be bought at auction, a figure seemingly picked from the air in a haggling process between the Parliament, the Commission and the Council that ended in a compromise thrashed out at the end of July. AEA estimates that the potential cost to the European industry would average out to an annual € 5.3 billion over the initial phase of the scheme. “That includes a very nice windfall for the taxman”, said Mr Schulte-Strathaus, “but it’s a figure that the European airlines, collectively, have not even approached in terms of profit”.

European airlines are already facing a bleak outlook as the economy flounders, disposable income is squeezed by inflation and the credit crunch, and fuel prices are set to remain sky-high. “Adding many billions to the industry’s cost base at a single stroke will not – as the legislators believe – cause the sector to contract in an orderly fashion”, said Mr Schulte-Strathaus. “It will lead to bankruptcies and liquidations, communities will lose air service and regional economies will be devastated as tens of thousands of jobs are put at risk”.

Some passengers would be priced out of the market, said the Secretary General, while some would find their regular connections were no longer operated. Some would dig deep in their pockets and pay the higher fares that would invariably result.

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

And some, he said, would take their business to non-EU airlines who can partially or entirely avoid the impact of the EU rules. “Their carbon footprints will not be erased, they will make a detour, and sometimes a long detour, via a point beyond the EU's borders”, said Mr Schulte-Strathaus, “yet this is something the legislators have taken into account”.

European airlines have consistently advocated a regime of concerted action within the sector to contribute to the abatement of greenhouse-gas emissions on a global scale, notwithstanding the fact that aviation generates just about 2% of man-made carbon dioxide. Said the AEA Secretary General: “We have developed a comprehensive strategy encompassing green technology, operational best practice, and the absolute need to improve the emissions efficiency of Europe’s air traffic management through the realisation of the Single European Sky process. These three pillars, we believe, could stand alongside an appropriately designed ETS that could serve as a blueprint for worldwide application”.

“This legislative package destroys the industry’s ability to invest, gives no incentive to Europe’s governments to commit to airspace modernization and invites conflict rather than collaboration with international partners. We looked for European leadership and what we have got is political opportunism, which is hardly the template for a global approach to the challenge”.

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Note to the Editor: The Association of European Airlines (AEA) brings together 35 European established service and scheduled network carriers. These collectively carry 380 million passengers and 7 million tonnes of cargo each year, operating 2,660 aircraft serving 615 destinations in 165 countries with 11,865 flights a day. They provide around 426,000 jobs directly, and generate a total turnover of €79 billion