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MEPs reject watered-down airline emission targets

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MEPs have declared a de facto war against national governments by maintaining their demands for strict emission reduction targets for Europe's rapidly growing aviation sector, despite ministers' insistence on a more industry-friendly approach.

Background:

In an effort to tackle aviation's small (2-3%) but fast-growing contribution to climate change, the Commission issued a legislative proposal in December 2006 to include the sector in the EU's emission trading scheme (EU-ETS) – similarly to other energy-intensive industries, including chemical and steel production.

The proposal involves imposing a cap on CO2 emissions for all planes arriving or departing from EU airports, while allowing airlines to buy and sell 'pollution credits' on the EU 'carbon market'.

The report, backed by members of Parliament's environment committee in a second reading vote on 27 May, states that airlines operating in Europe should not be allowed to continue emitting the same levels of **greenhouse gases** as the period 2004-2006 after 2012 – as was proposed by the Council last April. Instead, it demands a **10% cut by 2011**. Further reductions would be then implemented as of 2013, in a linear manner so as to achieve emission reductions of 20% in 2020 in comparison to 1990.

In further contrast to a compromise achieved among European ministers, MEPs insisted that at least **25% of available pollution permits be auctioned**, rather than handed out for free ([EurActiv 14/11/07](#)). The aim is to make sure airlines do not make windfall profits by passing on non-existent costs to their passengers. The share of traded allowances would then be increased in 2013, when the revised EU Emissions Trading Scheme (ETS), which also covers industrial activities, enters into force.

Other elements of the report include:

- an **"efficiency clause"**, which states that airlines may only buy emission permits from other sectors or projects in developing countries if they first meet certain fuel efficiency standards;
- **earmarking of revenues** generated from the auctioning of emission permits. MEPs decided that the extra cash is to be used for research on improving efficiency in the aviation sector, but also for investment into 'green' modes of transport, such as trains and buses, to reduce some of the burden on citizens. Funds would also go towards technical assistance to help developing countries to tackle and adapt to climate change. But national governments are fiercely opposed to such a proposal, arguing that they should have the freedom to decide what to do with the funds.
- a **"multiplier" requirement**, which states that the cost of all CO2 permits bought by airlines be multiplied by two unless the Commission develops legislation to address additional climate impacts caused by Nitrogen Oxide (NOx) emissions from aircraft;
- a clause enabling member states to maintain or introduce complementary measures, including **taxes**, to address the sector's total impact on climate change, and;
- **exemptions** for humanitarian, emergency and military flights. Private business jets, including those used by members of the monarchy or government, would on the other hand be covered by the scheme.

German MEP Peter Liese (EPP-ED), who is in charge of the dossier, said he would try to reach an agreement with the Council over the coming weeks.

Positions:

German EPP-ED Rapporteur Peter Liese said the report would ensure that the aviation sector makes a more substantial contribution to combating climate change. "Especially the most polluting airlines will have to pay," he said, highlighting the fact that the cost for consumers would not be so high: "A return flight from Frankfurt to Mallorca will on average increase by €6."

He defended earmarking, saying: "We want citizens who behave in a climate-friendly way to be rewarded. This is why we need clear earmarking. The revenues generated through emissions trading should not disappear into the general budget, but should be used to mitigate climate change. We believe the revenues should be used for research on clean aircraft, but also to lower taxes and charges on environmentally-friendly transport such as trains and buses." He predicted that this would be "one of the sticking points in the negotiations with member states."

UK Green MEP Caroline Lucas welcomed the "strong result", saying: "It is vital that MEPs stick to their guns on this crucial piece of legislation – a forerunner for the full Emissions Trading Scheme Review – since the Council was shamefully keen to water down the Commission's already weak proposal."

She welcomed the fact that MEPs insisted on limiting the number of permits airlines can buy up from other industries, saying: "This is the only way we can truly ensure that the aviation sector itself begins to reduce its emissions, rather than pay its way out of the problem."

She further welcomed the decision to gradually reduce the provision of allowances to airlines in line with the reduction expected for other sectors, saying that the Council's attempts to keep aircraft operators' initial allocation at the same level for all subsequent trading periods were "frankly outrageous".

Socialist MEP Matthias Groote, who is shadow rapporteur on the report, welcomed the inclusion of business jets in the ETS. "In the first reading a conservative majority granted a special status to business planes and exempted them from the emissions trading scheme. Today's vote has reversed that. It is not acceptable that tourists will soon pay €9 extra due to emissions trading while managers with their business jets are still allowed to be climate offenders."

But the **International Air Carrier Association (IACA)** condemned the "extremism" of the Environment Committee's vote, saying the combination of 100% auctioning from 2013, a multiplier and a de facto closed trading system would create a "destructive package for airlines".

"This industry is simply not a state to cope with the huge additional costs that 100% auctioning would bring," said IACA President Christoph Mueller, saying such a scheme would generate €15 billion per year in additional costs for airline operators.

"The current economic downturn and record fuel costs are already hitting the industry hard and we are seeing the impact of these on a daily basis. Any further pressure on costs would have serious consequences for the sector, as well as for the wider European economy, tourism and regional connectivity," he stressed, calling for a "reasonable", "manageable and affordable system" that takes account of these economic realities.

The **European Low Fares Airline Association (ELFAA)** agreed that a system which "punishes airlines" rather than incentivising them is "wrong" as it would effectively make it harder for aviation to achieve its environmental goals by depriving airlines of the financial means to invest in new planes.

"There is a huge risk that the legislation will impose unnecessary costs that do nothing to achieve its environmental objectives," cautioned ELFAA Secretary General John Hanlon.

"What makes this entire process so deeply frustrating and concerning is that the Environment Committee has supported these measures without any robust assessment of their future impact on intra-European air services and employment," added Mike Ambrose, director general of the **European Regions Airline Association (ERA)**.

Green NGO **Friends of the Earth's** Transport Campaigner Richard Dyer said he was "delighted" with the vote. In

particular, the group pointed to "substantial improvements" on the Council's proposals, including plans to take the non-CO2 climate impact of aviation into account; the "quite high level of auctioning"; the possibility of introducing other measures like taxes, and; the requirement that airlines meet certain efficiency standards before being able to buy carbon permits from other sectors or projects in developing countries.

Next steps:

- **10 Jul. 2008:** Deadline for second reading vote in plenary. Rapporteur Peter Liese hopes to find a compromise with Council before then.

Links

EU official documents

- European Parliament (press release): [Environment Committee takes tough line on airline emissions \[FR\] \[DE\]](#) (27 May 2008)
- European Parliament: [Draft recommendation for second reading on including aviation activities in the scheme for greenhouse gas emission allowance trading \[FR\] \[DE\]](#) (14 April 2008)

Political Groups

- EPP-ED: [Emission trading in the aviation sector: climate-friendly transport should benefit. Peter Liese MEP](#) (27 May 2008)
- Socialist Group in the EP: ["No Exceptions for Business Jets - Emissions Trading must apply to all airplanes"](#) (27 May 2008)
- Greens-EFA: [Climate change – aviation: Greens welcome strong Parliament vote on aviation and climate proposals](#) (27 May 2008)
- GUE/NGL: [The Environment committee calls on strict demands for the aviation sector](#) (27 May 2008)

Industry Federations

- International Air Carrier Association (IACA): [ENVI Vote: Destructive Package for Airlines](#) (27 May 2008)
- European Regions Airline Association (ERA) [Envi Highjacks European Council Position on Emissions](#) (27 May 2008)
- European Low Fares Airline Association (ELFAA): [ELFAA calls on European Parliament to ensure emissions trading incentivises rather than punishes airlines](#) (27 May 2008)

NGOs

- Friends of the Earth Europe: [MEPs back strong aviation carbon trading plan](#) (27 May 2008)