

EU Eases Cap-And-Trade Plan For Airlines

Don Melvin, Associated Press

BRUSSELS (AP) — An EU program aimed at slowing climate change will allow airlines to emit 85 percent of their carbon dioxide limits for free in the hope they will use the money to modernize their fleets, an official said Monday.

The European Union's existing cap-and-trade system limits the carbon dioxide emissions of power plants and big factories in the bloc by issuing permits for each ton of carbon they can emit. Each company is allocated permits to emit a set amount of carbon dioxide. They can buy extra credits if they exceed that limit or sell credits if they emit less.

Next year, all airlines flying to and from Europe will be brought into the program, which is currently being challenged in court by some U.S. carriers.

Jos Delbeke, the EU's director general for climate action, said Monday that carriers will be allowed to emit 85 percent of their limit — or cap — for free for the first year to ease the economic impact on the industry. The cap is set at 97 percent of the average aviation emissions from 2004-2006.

For the 2013-2020 period, the cap will fall to 95 percent of that number, and the free allowances will decline to 82 percent.

Delbeke said airlines would be allowed to pass on to travelers the additional cost of those permits. He estimated the per ticket cost would be between euro2 and euro12 (\$2.70 and \$16.20).

The EU's climate action commissioner, Connie Hedegaard, said the free allowances would save the aviation industry more than euro20 billion (\$27 billion) over the next decade.

"With these potential revenues, airlines could invest in modernizing their fleets, improving fuel efficiency and using non-fossil aviation fuel," she said.

The Air Transport Association of America, which represents the U.S. airlines, together with United/Continental and American Airlines, have taken the European Union to court, arguing that its imposition of emissions caps on non-European carriers breaches international law.

The U.S. demand for judicial review and the annulment of the EU decision was originally filed with a court in Britain, which then referred it to the European Court of Justice. The court is expected to deliver a preliminary ruling before the start of 2012.

"The EU emissions trading scheme, as it applies to aviation, has extraterritorial

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effect and is for that reason contrary to established principles of customary international law," said Derrick Wyatt, the Air Transport Association attorney who presented the oral arguments.

The EU's position is that when aircraft touch down or depart from European airports, it has the right to regulate them.

"As much as the EU prefers global action, we can't defend that the aviation sector is exempted from contributing because they can't agree internationally," Hedegaard said in a statement Monday. She said the EU would continue to fight for global regulation of airlines at the next U.N. climate conference to be held in Durban, South Africa, on Nov. 28-Dec. 9.

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