

China Calls For Talks Over Carbon Charge

Joe McDonald, AP Business Writer

BEIJING (AP) — China urged the European Union on Thursday to heed objections to its plans to charge airlines for carbon emissions and to hold talks with opponents.

The charges, which took effect Sunday, are aimed at curbing emissions of climate-changing gases but airlines oppose them as an improper tax. The ratings agency Fitch warned last month the conflict could spiral into a global trade dispute.

"China opposes the EU forcing through unilateral legislation," said a foreign ministry spokesman, Hong Lei. "We hope the EU side will be prudent and practical and deal with this issue through consultations with all relevant parties."

The appeal came even after a European court last month rejected a lawsuit brought by U.S. airlines and supported by governments including China and India.

Beijing could have unusually strong leverage in a possible dispute because its state-owned airlines carry large numbers of Chinese and other Asian tourists to Europe. Any disruption would hurt Europe's travel industry when the continent is struggling with a debt crisis and high unemployment.

Under the European system, airlines flying to or from Europe must obtain certificates for carbon dioxide emissions. They will get free credits to cover most flights this year but must buy or trade for credits to cover the rest.

Last month's ruling by the European Court of Justice in Luxembourg dismissed arguments that the system infringes national sovereignty or violates aviation treaties.

The International Air Transport Association has argued the EU should negotiate through the International Civil Aviation Organization to reach a global agreement on the issue.

IATA, which represents about 240 airlines comprising 84 percent of global air traffic, estimates the new emissions rules will cost airlines up to euro900 million (\$1.17 billion) this year and rise to euro2.8 billion in 2020.

"Unilateral, extra-territorial and market distorting initiatives such as the E.U. emissions trading scheme are not the way forward," IATA said in a statement last month. "There's growing global opposition."

The emissions fees are another blow to airline profits, which IATA expects to fall to \$3.5 billion this year from about \$6.9 billion in 2011 amid high fuel costs and a slowing global economy.

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Environmentalists welcomed the program, one of the most far-reaching measures adopted by any government to regulate greenhouse gas emissions. Although only 3 percent of total human-caused carbon emissions come from aircraft, aviation is the fastest-growing source of carbon pollution.

The European Union has said the added costs would amount to a few dollars per ticket and would open the way for efficient airlines to make money rather than lose it.

Already this week, Delta Air Lines Inc. added a \$6 charge per round trip on tickets sold in the U.S. for travel to Europe and Deutsche Lufthansa AG said it will raise prices but not right away.

Fitch Ratings warned last month that possible retaliation "will pose growing threats to aviation market access" in both developed and emerging markets. It said that might affect authorizations for routes and landing slots.

Chinese airlines have not decided whether to add a ticket surcharge, said Chai Haibo, deputy secretary-general of China Air Transport Association, an industry group.

Asked whether Chinese carriers might refuse to pay the charges, Chai said, "It has not come to that stage yet."

A trade group for U.S. carriers, Airlines for America, has said its members would comply "under protest," while reviewing legal options.

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