

Airbus Says China Blocking Orders Over EU Scheme

Angela Charlton, Associated Press

PARIS (AP) — China is blocking orders for at least \$12 billion worth of Airbus jets to protest the European Union's emissions trading fees, in a new challenge to the program aimed at fighting global warming, the planemaker said Thursday.

With some analysts warning of a brewing trade war, Airbus spokesman Stefan Schaffrath said his company is seeing "retaliation threats" from 26 countries, "in particular from China."

Speaking to The Associated Press, he said 35 orders by Chinese airlines for A330 planes are on hold because China's government is refusing to approve them. He said orders for another 10 A380 superjumbos are also under threat, and that the combined list prices of the aircraft is \$12 billion.

"The economic impact is real," he said.

Officials at the Chinese Embassy in Paris could not be reached for comment on the Airbus statements Thursday.

EU officials defended the emissions system. Asked about the Airbus complaint at the daily midday briefing, EU spokesman Isaac Valero Ladron said, "I'm not in a position to make any comments about possible trade decisions. I think it's in everybody's interest to reduce greenhouse gases, which affects climate change, and airplanes affect that, as well."

The emissions trading system went into effect at the start of the year as part of European efforts to reduce global warming.

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.

The United States, China, Russia, India and many other countries are opposed and say the bloc cannot impose taxes on flights outside its own airspace.

EU officials have said they acted unilaterally because of a doubling of aviation carbon emissions in Europe between 1990 and 2006 and the inability of governments to forge a global deal on reducing emissions.

Schaffrath insisted that Airbus is working to reducing emissions but argued that a Europe-only measure creates trade imbalances.

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"Our sector is committed to green aircraft," he said. "We truly believe that the global issue of emissions does not know boundaries, and we need a global solution."

Airbus made its warnings on the same day that its parent company EADS NV reported its annual earnings. EADS CEO Louis Gallois warned that the emissions scheme would cost Airbus and other European companies business globally. Schaffrath said the Chinese blockage could threaten Airbus' plans to ramp up production of its popular planes.

China has said it will prohibit its airlines from paying the EU fees, and in Washington Congress has voted to exclude U.S. airlines from the emissions cap-and-trade program.

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