

EU Appeals To China To Join Emissions Talks

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BEIJING (AP) — A European envoy held out a possible compromise in a fight with China over carbon emissions charges on airlines, saying Wednesday that Europe might alter its system if Beijing helps negotiate global regulations.

China, India, the United States and Russia oppose the European Union charges that took effect Jan. 1. Beijing has barred its carriers from cooperating and has suspended purchases of European aircraft.

Talks on a global system have begun in the International Civil Aviation Organization, a U.N. body, said Matthew Baldwin, director of aviation for the 27-nation EU. He said Europe might alter its Emissions Trading System if an agreement is reached.

"We would very much like to see a stronger role played by China in those talks," Baldwin told reporters at a European-Chinese aviation conference. "In the event of a global solution in ICAO, the EU is fully ready to review and amend the ETS directive to take account of that global solution."

Baldwin said he would press that appeal during talks with Chinese economic planners and airline regulators this week.

Baldwin said the ICAO talks are looking at four possible "market mechanisms" to regulate carbon emissions but gave no details.

The dispute highlights the complex status of countries such as China and India that are large emissions sources but as developing economies are exempt from mandatory limits.

China, the biggest source of greenhouse gases, has promised to curb emissions but has rejected binding commitments. The communist government warned in February it would take steps to protect its carriers.

In March, European aircraft manufacturer Airbus Industries said Beijing was blocking orders by China's state-owned carriers for jets with a total list price of \$12 billion in a challenge to the carbon charges.

Airbus said it also is seeing "retaliation threats" from 25 other countries.

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.

It is unclear how far Europe might be willing to go to compromise with Beijing.

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Public attitudes in Europe have hardened because China's emissions have risen steadily despite a credit system that channeled billions of dollars from European utility customers and others to Chinese companies to pay for cleaner technology.

European officials say Beijing is reluctant to negotiate a new system that would impose stricter limits on Chinese emissions in exchange for continued payments.

EU officials defend the airline charges as consistent with Europe's determination to be a leader in curbing climate change. They say that with free credits taken into account, the added cost per passenger on a flight from Beijing to Brussels, the EU capital, would be 17.50 yuan or 1.90 euros (\$2.70).

Beijing has leverage in a dispute because its airlines carry large numbers of Chinese and other Asian tourists to Europe. Any disruption would hurt Europe's travel industry while the continent is struggling with a debt crisis and high unemployment.

India also has barred its carriers from paying the European charges, which the EU will start to collect next year.

Baldwin declined to say whether Chinese or other airlines might face penalties if they refuse to cooperate.

"We obviously hope that everyone will comply with the emissions trading system, and I think it is far too early to start talking about punitive measures," he said.

China rejects the charges as an improper tax. It filed a legal challenge along with U.S. airlines and India. The EU's highest court upheld them in December, ruling they were not a tax because airlines could be exempt if they take "equivalent measures" to curb emissions and can recoup money through trading credits.

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

The International Air Transport Association, an industry group, opposes the European charges and has appealed for a global settlement. IATA represents about 240 airlines that carry 84 percent of global air traffic.

IATA says the European system will cost airlines up to 900 million euros (\$1.2 billion) this year and rise to 2.8 billion euros in 2020.

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