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ELFAA calls on European Parliament to ensure emissions trading incentivises rather than punishes airlines

BRUSSELS, 27 May 2008 - Following today's vote in the European Parliament's Environment Committee on the proposed inclusion of aviation into the European Emissions Trading Scheme, the European Low Fares Airline Association (ELFAA) calls on the European Parliament not to punish an industry that is already investing billions into new technology to reduce emissions.

Commenting on today's vote, John Hanlon, Secretary General of ELFAA said:

“There is a huge risk that the legislation will impose unnecessary costs that do nothing to achieve its environmental objectives. The European Parliament must refrain from imposing costly measures that have no environmental benefit but could deprive airlines of the financial means to invest in new planes. Europe needs strong airlines that can afford to invest in the latest technology to reduce emissions.”

“Low-fares airlines have been very supportive of the idea of bringing aviation into the European Emissions Trading Scheme and fully agree with the environmental objectives of the proposal. However, the European Parliament has to realise that the wrong outcome could make it harder for aviation to achieve its environmental goals.”

ELFAA believes that it is important to align aviation to the general EU Emissions Trading Scheme while respecting the important differences for aviation, in particular:

- **Auctioning:** whilst the windfall gains of the power generation industry cannot go un-addressed, the aviation industry cannot simply add the costs incurred by ETS to ticket prices. Unlike the power industry, aviation has no short or medium term opportunity to substitute oil. Hence there is no justification or precedent for the double digit levels of auctioning that are being suggested by the Environment Committee – auctioning would simply be an additional tax without any environmental benefit.
- **Multiplier:** the use of a multiplier is inappropriate, as the science is uncertain and recent studies have raised doubts about the use of multipliers for aviation. Furthermore, the issue is being addressed in the European Commission's consultation on non-CO2 instruments for aviation.
- **Allocation level:** an allocation level of 90% of emissions is unfairly punitive. ELFAA supports the Council of Ministers' proposal to set the level of allowances at 100%.
- **Scope:** ELFAA welcomes the Committee's support for the inclusion of all flights in and out of Europe – a prerequisite for the effectiveness of the system.



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NOTES TO THE EDITOR:

ELFAA airline members include: clickair, easyJet, flybe, Jet2.com, Myair.com, Norwegian, Ryanair, Sky Europe, Sterling, Sverige Flyg, transavia.com and Wizz Air.

ELFAA airline members will carry over 150 million passengers in 2008, using a combined fleet of some 500 of the most technologically-advanced, environmentally-efficient aircraft.

Low fares airlines currently account for over 35% of scheduled intra-European traffic.

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