



news

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“An end to sloppy thinking and hysterical persecution”: ELFAA calls for a balanced debate on the environment

BRUSSELS – March 20, 2006 – The European Low Fares Airline Association (ELFAA) has commissioned one of Europe’s leading economics consulting firms, Frontier Economics, to prepare a report that provides an objective assessment of the economic issues relating to proposals to include aviation in the European Union’s Emissions Trading Scheme (EU ETS).

Speaking today following the publication of the Frontier Report, Secretary General for ELFAA, Jan Skeels, said: “Contrary to common misconception, aviation is not a major emitter and in fact its contribution to EU emissions accounts for only 4% of EU15 CO2 emissions and will only account for around 5% of EU25 CO2 emissions by 2030. This shows that too much of the debate thus far has been based upon inaccurate and one-sided information. The result is that some of Europe’s biggest offenders in terms of emissions, in particular road transport, are getting off lightly and aviation is being characterised as a major problem.

ELFAA members are in favour of the principles behind the EU’s Emissions Trading Scheme. However aviation brings many benefits to consumers and the European economy generally so it must therefore be demonstrated from a cost benefit perspective that it is appropriate to include aviation in the ETS and that doing so would actually be environmentally effective and not damage economic growth. Our airlines have made huge investments in the latest technology aircraft and have been at the cutting edge of reducing fuel burn and increasing efficiency. They will continue to do their utmost to minimise fuel burn as it is a major and growing cost item. It is therefore questionable whether the inclusion of aviation in ETS would have any additional benefit.

If it can be demonstrated that including aviation will actually positively impact on emissions without damaging the growth of this important industry, ELFAA would be calling for any scheme to include the largest possible proportion of European flights. Restricting the scheme to only intra-EU flights would only capture less than 1% of total EU emissions and therefore be a waste of time.

Furthermore, there is a trend in some Member States to impose taxes on air travel under the guise of “environmental taxes”, or in the case of France “a tax for third world development”. This is sloppy thinking and simply puts more money into the pockets of governments with no benefit to the environment or developing countries.

Air transport is a crucially important sector in achieving economic growth, competitiveness and integration – which are the main pillars of the European project. The EU must start to properly consider the wider implications of bad regulation in aviation on European competitiveness and growth. We hope that policy makers will seriously consider the findings of the Frontier Report before coming to any conclusions on including aviation in the EU ETS.”

NOTE TO THE EDITORS

The report, “Economic consideration of extending the EU ETS to include aviation”, reaches a number of conclusions:

- Contrary to much of the perceived wisdom, the contribution of aviation to total CO₂ emissions is material, but still small. While within the EU-15 airline emissions may amount to around 4% of total CO₂, the figure is likely to be significantly lower when the 10 new Member States are taken into account given that aviation activity in those countries is significantly underdeveloped. Furthermore, while aviation is growing strongly, research suggests that its share of total emissions is likely to be only around 5% by 2030.
- This means there are bigger emitters, with much greater scope for improvement – such as power generation (34%) and road transport (20%), the latter which is not currently covered at all by ETS.
- Unlike many other industries, aviation is an enabler of economic growth – in other words, it “oils the wheels” of Europe’s economy and, as such, any policy that undermines growth in this sector risks damaging the European economy as a whole. Some 3.1 million jobs and €221bn of GDP of in the EU-15 are dependent upon aviation. It is also a key driver for integration with the new Member States and growth under the EU’s Lisbon Agenda.

- Within the sector, airlines have been heavily incentivised for years to operate more efficiently – through the high price of kerosene. Over the past 30 years, airline emissions have fallen by 64% and continue to reduce as new technology and more fuel efficient aircraft come on stream. Opportunities for further abatement within aviation are therefore limited. The report's authors have identified opportunities for abatement in EU aviation of the order of 17 million tonnes of CO₂. This forms some 8% of all emissions generated by EU flights. However, about 50% of this improvement would come from improvements in Europe's famously inefficient air traffic management system and its patchwork of control centres – so efforts to improve air traffic management services **must** be prioritised.

Any Emissions Trading Scheme must also:

- Ensure that allowances are allocated fairly: airlines must not be given an incentive to do nothing for the next few years – so allowances must **not** be based on grandfathering;
- Guard against distortion of competition – environmentally-efficient low-cost airlines operating brand-new, clean and quiet aircraft must not be penalised in favour of inefficient national airlines operating with old, dirty aircraft; and
- Be pan-European – the allocation process must have harmonised rules and administration through the entire EU in order to avoid favouritism and illegal protection of national airlines.

A copy of the full report may be downloaded at :

<http://www.elfaa.com/documents/FrontierEconomicsreportforELFAA-Economicconsideration.pdf>

An executive summary or the report may be downloaded at:

<http://www.elfaa.com/documents/FrontierEconomicsreportforELFAA-EXECSUMMARY-Economi.pdf>

ELFAA Airline Members include: easyJet, Flybe, Hapag-Lloyd Express, Norwegian, Ryanair, Sky Europe, Sterling, Sverige Flyg, Transavia and WIZZ Air.

Low fares services in Europe currently account for c. 30% of scheduled air traffic with ELFAA members carrying almost 100 million passengers per year to over 400 destinations.

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