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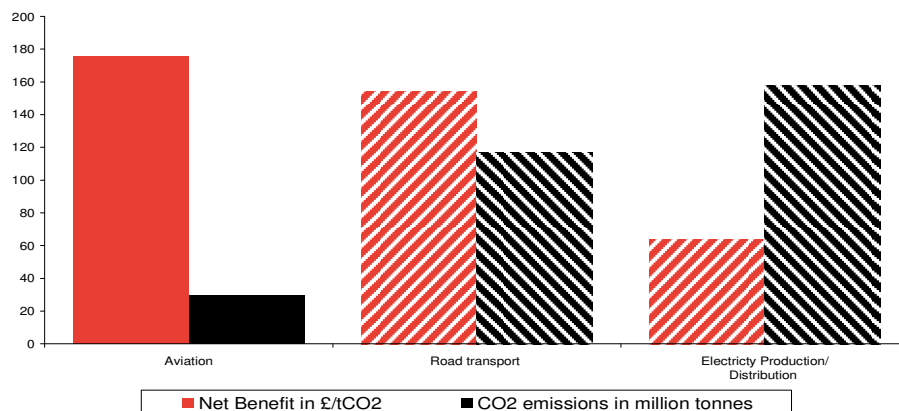
ELFAA CONCERNED OVER EUROPEAN PARLIAMENT REPORT ON INCLUDING AVIATION IN THE EU EMISSIONS TRADING SCHEME

ELFAA, The European Low fares Airlines Association, today (14th June, 2006) expressed concern over the adoption by the Environmental Committee of the European parliament of the Lucas Report on reducing the climate change impact of aviation. The most worrying aspect of the Report is that its stated objective is to limit the demand for air services. This is not the purpose of the Emissions Trading Scheme (ETS). Rather ETS was designed to ensure that producers are incentivised to operate efficiently and limit the amount of CO₂ emissions from their activities whilst contributing to the overall goal of the scheme i.e. to reduce EU CO₂ emissions.

Speaking today on the publication of the Report by the Committee on the Environment, Public Health and Food Safety of the European Parliament on the Commission communication “Reducing the Climate Change Impact of Aviation”, ELFAA’s new Secretary General, John Hanlon, said:

“ELFAA has consistently called for the debate on the inclusion of aviation in ETS to be factually based and balanced. In order to dispel some of the serious inaccuracies that have characterized the debate on the impact of aviation on CO₂ emissions, and to highlight the huge benefits that aviation brings to the European economy, ELFAA commissioned a detailed report by London based Frontier Economics. Other work in this area has been done by the Netherlands Environment Assessment Agency. The basic fact is that aviation contributes less than 3% of total EU CO₂ emissions (i.e., when the new EU accession states are included), compared to 34% by the power generation industry and 20% by road transport. Aviation’s share of total EU emissions of CO₂ is forecast to only grow to 5% by 2030.

In terms of the benefits brought to the economy from the aviation sector, low fares airlines and aviation in general bring much higher economic value per tonne of CO₂ emitted than other sectors (see below chart). Aviation currently contributes over Euros 220 billion per annum and accounts for over 3 million direct jobs. This does not include the indirect benefits to business, tourism and the development of the regions.





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That is not to say that the airline industry in general and the low fares sector in particular do not take CO2 emissions seriously. Soaring kerosene prices already make it vital for airlines to reduce fuel burn to the minimum. ELFAA airlines are therefore, of necessity, focused on highest possible fuel efficiency and have invested billions of euro in fleet replacement programmes in order to ensure that they have the most fuel efficient aircraft. They have also adopted efficient operational measures to further limit fuel burn and therefore CO2 emissions. LFAs also operate in the main to secondary airports, easing congestion and concentration of pollution at congested hubs. They also provide direct services to the regions, eliminating the need for multi-sector itineraries and saving many millions of miles in car journeys to distant hub airports.

The low fares airlines have been calling for a proper cost benefit analysis to be carried out (which is required under the Commission's Better Regulation Initiative) before proceeding further with plans to include aviation in the ETS. ELFAA believes there is an urgent need to revisit all of the possible alternatives for addressing aviation emissions, including focusing on the inefficient Air Traffic Management (ATM) system in Europe (which currently accounts for 12% of needless emissions). If this demonstrates that the ETS is the most cost effective means of addressing aviation emissions, then the system must be designed in a manner that encourages airlines to operate efficiently and penalizes those airlines that are operating inefficiently and are therefore contributing to the problem.

We sincerely hope that this Report does not become the basis for proceeding with the process of determining whether aviation is added to the ETS as its conclusions are highly suspect and are not based on the facts. Including aviation in the ETS without considering the full picture could be highly damaging to the competitiveness of the industry and will have wider repercussions for the wider European economy.”

NOTE TO THE EDITOR

ELFAA airline members include: easyJet, flybe, Hapag-Lloyd Express, Norwegian, Ryanair, Sky Europe, Sterling, Sverige Flyg, Transavia.com and wizzair.

Low fares services currently account for approximately 30% of scheduled intra-European air services with ELFAA members carrying approximately 100 million passengers per year to over 400 destinations.

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