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EU aviation proposals “Distort competition between all forms of transport, hand windfall profits to airlines rather than citizens, and do not provide a model for the overall reform of the EU ETS.”

Feasta suggests alternative approach

The European Commission's proposals to limit emissions of greenhouse gases from aircraft will distort competition, both within the airline industry and between airlines and other methods of transport, according to Feasta, a Dublin-based economic thinktank.

Under the proposals, which were announced today (Wednesday), airlines will be issued with permits so that they can continue to emit at some 90% of the rate they did in the past two years. Permits for the remaining emissions will be auctioned to the highest bidding airlines.

“The Commission says it expects that airlines will charge their passengers the market value of the permits they get for free,” Richard Douthwaite of Feasta says. “This will give the airlines windfall profits running into billions of euros.”

The Commission is depending on the increases in ticket prices to moderate the rate at which aviation will expand, Douthwaite says. “The proposals won't even bring aviation emissions down year by year because airlines will be able to buy emissions permits from other industries”. He adds that the scheme will distort competition between airlines because big, slow-growing airlines will get lots of permits free, and make good profits from them, whereas fast-growing airlines will have to buy a lot of permits.

Feasta will be submitting proposals to the Commission next month for a completely new approach to handling aircraft emissions. “We think that limiting aviation emissions alone is discriminatory,” Douthwaite says. “Aviation emissions may be growing more rapidly in percentage terms than any other transport sector but, in terms of actual tonnes of carbon dioxide, road freight emissions are going up fastest. Emissions from the whole transport sector, including private cars, should be limited under a single scheme and then steadily reduced.”

Feasta points out that someone driving by themselves in a large car can emit more greenhouse gases than they would have been responsible for had they made the same journey on a fully-occupied aircraft. It also says that sending goods by van can cause more emissions than sending them by air.

“The various transport modes are in competition with each other and the EU should do all it can, not only to avoid distorting that competition, but also to see that each mode pays its full environmental costs,” Douthwaite says. “It can only do that if it has an emissions control system for the whole of the transport sector.”

Feasta will be proposing to the Commission next month that it should cap – limit - the total environmental damage done by the whole transport sector at its present level and then bring it down year by year. “We want the total damage done by transport to be expressed in terms of its equivalent in terms of carbon dioxide. That amount should be divided up equally amongst the adult population of the EU. We would all get a printed certificate showing our allocation,” Douthwaite says.

Recipients would sell their certificates to banks, just as if they were foreign currency, and the banks would consolidate them and sell them on to every company selling fossil-based transport fuels within the EU. “The oil companies would have to buy up enough permits to cover the damage done by the fuels they sold,” Douthwaite says.

Feasta claims that its system would be simple to administer and would mean that ordinary people were compensated for the higher costs that any restriction on transport emissions would involve. “Anybody using less transport than the EU average would come out better off,” Douthwaite says. “This system would also provide a model for the overall reform of the EU ETS,” he adds.

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