



December 14, 2007

Ministry of the Environment
Minister of the Environment and International Development, Erik Solheim
P.O. Box 8013 Dep.
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**POLITICAL AGREEMENT SOUGHT ON THE INCLUSION OF AVIATION IN THE
EU EMISSIONS TRADING SCHEME AT ENVIRONMENT COUNCIL OF 20
DECEMBER 2007**

Dear Mr. Erik Solheim,

At the forthcoming meeting of environment ministers in the EU, item 2 on the agenda, covers the Commission Proposal to include aviation in the EU Emissions Trading Scheme (EU ETS, 2006/818, 20 December 2006).

European environmental NGOs believe this discussion is of the utmost importance. The proposal is one of the first climate policy measures to be considered since EU heads of state and Governments agreed the 20 to 30% greenhouse gas reduction target at the spring Council summit in March. This move showed the EU's willingness to lead the world in tackling climate change. The Environment Council meeting in December will be the first opportunity, following the crucial UNFCCC Bali CoP that European ministers have to turn words into action. We hope environment ministers will adopt an ETS that effectively tackles emissions from aviation.

As such we urge you to endorse the inclusion of aviation in the EU ETS and, as the European Parliament supported with a large majority in many cases, to strengthen the Commission's proposal. The proposal as it stands will be ineffective in tackling emissions from the sector - as the Commission's own impact assessment shows. It will also repeat the well publicized mistakes from the existing scheme, for example free distribution of the vast majority of allowances which could potentially create windfall profits; and excessive access to credits from emission reduction projects (Clean Development Mechanism) outside the EU with no additional criteria on quality. Furthermore, the proposal also ignores the non CO₂ climate impacts of aviation, and the need to drive innovation in the aviation sector itself by restricting access to credits from other sectors in the scheme.

We would therefore ask that you, on behalf of the Norwegian Government:



- **Support a start date of 2010 for all flights.** Since aviation is the fastest-growing source of emissions and is currently outside the scope of any policy control, it is essential that the scheme starts as soon as possible. Moreover, there is no legal, practical or environmental reason to start with EU flights only – hence all flights to and from the EU should be included from the start. It is clear from the Commission impact assessment that the European aviation industry will not suffer competitive disadvantages and that economic impacts will be limited or even negligible if all carriers (EU and non-EU) are treated in the same way.
- **Strengthen the cap on emissions.** This is currently set at a level, which is about 90% above 1990 levels – clearly out of line with the 20 to 30% below 1990 levels agreed by heads of state earlier this year. Moreover, provisions for future downward revisions of the cap should be introduced based on the outcome of negotiations for the post-2012 global climate deal. In the meantime, to align aviation effort with other sectors and with the Kyoto agreement, the cap should be 50% of average emissions in 2004-2006.
- **Adopt auctioning - as the best way to allocate allowances from an environmental, social and economic point of view.** The Commission proposal clearly states that airlines will be likely to pass through the value of allowances. Therefore anything but 100% auctioning may lead to windfall profits. Indeed, the recent study for the UK government published this month concluded that a high level of free allocation would generate windfall profits¹. Other research has shown that full auctioning would not unduly damage the profit margins of airlines and would result in an extremely modest rise in ticket prices. Full auctioning would also generate billions of € in revenues which could be used for climate change mitigation and adaptation measures both within and outside the EU.
- **Support a proposal, which addresses the full climate impact of aviation.** This should be through the introduction of a temporary multiplier on CO₂ emissions from aviation that guarantees the environmental integrity of the scheme until other legislative measures to address NO_x emissions and aviation-induced cloud formation are implemented.
- **The sectors' access to project credits and allowances from other sectors should be limited to maximise the effort that the aviation sector takes to comply with the scheme.** For a balanced development of the EU ETS it is crucial that the scheme incentivises effort by the aviation sector to meet its emissions cap and the technological innovations, which will contribute to this. However, in the absence of a robust limit on access to non-aviation allowances it is very likely that the aviation sector will simply buy up allowances, thereby continuing with its rapid growth in emissions.

We feel that Norway's voice should be heard in these EU related matters and hope you can bring

¹ *A study to estimate ticket price changes for aviation in the EU ETS*, a report for Defra and DfT, November 2007. <http://www.defra.gov.uk/environment/climatechange/trading/eu/future/pdf/ticketprices-report.pdf>



the considerations above into the negotiations, both in connection with the EU Council meeting and the ongoing United Nations Climate Change negotiations. On behalf of the four cooperating networks of European environmental organisations we urge you to contribute to decisive action on the fastest-growing source of CO₂ emissions in the Europe.

Yours sincerely,

A handwritten signature in black ink that reads "Holger Schlaupitz".

Holger Schlaupitz
Transport Campaigner
Friends of the Earth Norway / Norges Naturvernforbund