

## Pressing ahead with global emissions trading in aviation to achieve effective climate protection, creating legal and planning security, preventing trade conflicts.

### Recommendations by the BDI for a sustainable approach to framing the European emissions trading scheme (ETS) for aviation

#### I. Basic principles

- Air transport has great economic importance – and bears great responsibility for climate protection. The BDI is convinced: flying must become even more efficient and even better at conserving resources. At the same time, European civil aviation as an industry operating globally needs competitive conditions to be fair. German industry is export-oriented and consequently dependent on strong air transport as well as on good international relations. Air traffic is also of crucial importance for tourism. Also for the one very good reason that the cost of kerosene accounts for around a third of operating costs, the aviation industry today is investing sums running into the high billions in equipment that is becoming ever more efficient. Yet only a strong aviation industry can afford to pay for innovations.
- The BDI supports ambitious climate goals and efficiency incentives in aviation – if they are framed sensibly. The goal must be to achieve a strong impact on climate policy without distorting competition. Regional go-it-alone initiatives such as the EU-ETS for aviation, and to an even greater extent isolated national provisions such as the German air traffic tax, have the effect of achieving the exact opposite: a minor or non-existent contribution to climate protection but massive distortions of competition. A policy of purely symbolic gestures jeopardizes jobs in Europe.
- Effective climate protection in air transport can only be brought about by global solutions. This is where the EU must provide the momentum. The BDI advocates global emissions trading which encompasses all airlines worldwide. Last autumn the ICAO agreed that by 2016 global market-based measures for lower CO<sub>2</sub> emissions in aviation are to be concluded which will then come into force from 2020 onwards. This is significant progress.
- The EU Commission has recognized the indefensible international impact of the original EU-ETS draft and has submitted a new legislative proposal for discussion.

#### II. Recommendations

- As a preferred approach, the BDI recommends that the EU-ETS should be totally suspended until 2020. Pressing ahead with solutions in the ICAO – that is the right approach for climate and competition policy.
- As a make-shift remedy, the BDI recommends that there must be success in achieving a reliable extension of the “Stop the Clock” with an intra-EU solution – up to and including 2020.  
  
Because:
  - » Business enterprises require legal and planning security. A reliable path up to 2020 is of vital importance here.
  - » A European agreement needs international acceptance. That is why only an inner European system (intra-EU) can be realistic, yet this also distorts competition. While the airspace approach proposed by the Commission and the ENVI is theoretically comprehensible, it comes up against clear rejection internationally. There must not be any EU provisions which once again provoke conflicts with third states and trading partners.
  - » Any revision must be effected with circumspection. A return to the old full EU-ETS from 2016 would be reckless, would mean new uncertainties and isolate the EU at the international negotiating table at the ICAO. That cannot be an option. Moreover, a revision must not be allowed to set in stone any scenarios from 2016 onwards or prematurely anticipate the consultations at the 39th ICAO assembly. Any tighter measures such as reducing the cap would mean continuing to penalize European enterprises in global competition and would contribute little to reducing emissions.
  - » In the BDI's view, earmarking the funds from the ETS, if framed sufficiently flexibly, could be sensible.