



*****Press Release: for immediate release*****

£76m potential emissions trading bill in 2012 for top 20 UK registered airlines tiny compared to fuel subsidies of £8.9bn.

The inclusion of aviation emissions into the EU emissions trading scheme (ETS) sees airlines paying for the green house gases emitted during flights. Starting from the 1st January 2012 all flights taking off from and landing at airports in the European Unionⁱ have to surrender emissions permits to match volume of emissions produced during the flight. In 2012 airlines will be given 85% of their allowances for free, falling to 82% annually from 2013 to 2020. The UK is a key European aviation hub and all airlines landing and taking off here will be affected by the new environmental legislation.

In a briefing released today climate group Sandbag have calculated that the potential cost to the top 20 airlines in the UK – accounting for 28% of total emissions captured in the trading scheme – will be around £76m in 2012. Aviation receives a subsidy by not having to pay any tax on their fuel which gives it a competitive advantage over for example rail. Sandbag estimates that this subsidy saves these same 20 operators around £8.9bn per annum.

Despite the scale of the financial impact being dwarfed by on-going subsidies resistance to the inclusion of aviation emissions into the ETS has been fierce. There is growing pressure on the EU from, airlines, aviation trade groups and countries – notably the USA, China and India – who object to the EU taking action unilaterally. Airlines and trade groups alike have reiterated the need for a global solution to dealing with growing emissions from the aviation sector, nevertheless, the International Civil Aviation Organisation's (ICAO) has failed to implement a global emission reduction framework for the sector. Voluntary commitments by ICAO to achieve a global annual average fuel efficiency improvement of 2% until 2020ⁱⁱ have been deemed insufficient by the EU.

The EU's inclusion of aviation in the ETS serves as a good framework for other countries to take action to curb rising emissions from the aviation sector. Care has been taken to protect rapidly growing airlines and those serving low volume routes. The ETS also contains provisions to exclude countries that are implementing 'equivalent measures'ⁱⁱⁱ.

Looking at the UK's top 20 emitting airlines it's possible to estimate how much the EU ETS will cost airlines in 2012 versus a theoretical tax on Kerosene:

- Top 20 UK registered airlines emitted 59.6m tonnes CO₂ in 2012.
- Top 20 UK registered airlines likely to face a 2012 ETS bill in the region of £76m
- An alternative tax on kerosene could cost up to £8.9bn in 2012 for the UK's top 20 emitting airlines

Rank	Airline	2010 Emissions Tonne/CO ₂ ^{iv}	2012 ETS Costs (£) ^v	2012 Kerosene tax Costs (£) ^{vi}
1	British Airways	14,865,507	30,882,323	2,225,693,463
2	Virgin Atlantic	4,462,964	6,032,645	668,203,903
3	Easyjet	4,438,790	5,064,172	664,584,523
4	Emirates	4,130,151	+1,346,596 ^{vii}	618,374,475
5	American Airlines	3,311,820	3,869,209	495,852,319

6	United Airlines	3,041,660	4,109,270	455,403,423
7	Cathay Pacific	2,936,700	3,818,182	439,688,602
8	Singapore Airlines	2,931,581	4,722,132	438,922,175
9	Continental Airlines	2,664,440	3,536,233	398,925,290
10	Thomson Airways	2,433,410	472,342	364,335,016
11	Air Canada	2,056,151	1,530,343	307,851,043
12	Thomas Cook Airlines	2,015,634	372,781	301,784,757
13	Qatar Airlines	1,608,681	462,213	240,854,939
14	Malaysia Airlines	1,565,415	2,328,183	234,377,067
15	Qantas Airways	1,479,862	3,140,058	221,567,901
16	Etihad Airways	1,158,781	992,283	173,495,011
17	Air India	1,144,082	1,505,885	171,294,247
18	Swiss	1,141,409	3,704,011	170,894,040
19	Monarch Airlines Limited	1,113,035	454,236	166,645,828
20	Jet Airways	1,109,568	452,959	166,126,742
	TOTAL	59,609,641	76,102,865	8,924,874,764

Sandbag Policy Officer Rob Elsworth says:

Airlines should welcome the inclusion of their industry into the EU ETS as a cost effective way to incentivise emissions reductions. The strength of their opposition is out of line with what they are being asked to do. The removal of fuel subsidies by comparison, by introducing a tax on kerosene, would be hugely more expensive and damaging to the industry.

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Notes to the Editor:

The Sandbag Climate Campaign is the NGO leading in research-led campaigning for effective emissions trading. Through expert analysis, hard hitting reports and targeted advocacy we aim to shine a light on what's working and what's not and campaign for changes that could save billions of tonnes of carbon emissions.

The UK [Air Passenger Duty \(APD\)](http://cdn.hm-treasury.gov.uk/2011budget_airpassenger.pdf) has a core objective of raising revenues for the Exchequer. http://cdn.hm-treasury.gov.uk/2011budget_airpassenger.pdf

ⁱ As well as EEA-EFTA countries (Iceland, Liechtenstein and Norway)

ⁱⁱ Set out in the Resolutions 37th ICAO Assembly: http://legacy.icao.int/icao/en/assembl/A37/Docs/a37_res_prov_en.pdf

ⁱⁱⁱ A *low route volume* is defined as an operator with fewer than 243 flights per period for three consecutive four-month periods, or flights with total annual emissions lower than 10,000 tonnes per year.

^{iv} Emissions data taken from the DECC figures for EU ETS aviation operations regulated in the UK:

http://www.decc.gov.uk/en/content/cms/emissions/eu_ets/aviation/aviation.aspx

^v €8.17 EUA price take from the 10th Feb 2012 www.pointcarbon.com

^{vi} 2010 emissions levels were used to estimate the amount of kerosene used by each airline using the DEFRA fuel conversion factors <http://archive.defra.gov.uk/environment/business/reporting/pdf/conversion-factors.pdf>

We assumed a kerosene tax based on the current UK AVgas duty of £ £0.377 per litre. Avgas or aviation gasoline (known as *aviation spirit* in the UK) is an aviation fuel used to power piston-engine aircrafts and commonly used for recreational light aircraft. <http://www.hmrc.gov.uk/tiin/tiin866.pdf>

^{vii} Emirates emissions in 2010 were 4,130,151, while their 2012 allocation is 4,327,310. Assuming Emirates' emissions are similar to their 2010 levels, they will have a surplus of just under 200,000 EUAs in 2012.