



## **European political and public opinion by Peter Liese, MEP**

Rapporteur of the European Parliament, including Aviation in the Emission Trading Scheme.

Ladies and Gentlemen,

Thank you very much for the invitation to this very important meeting. I am happy to give you an overview about the discussions in the European Institutions and in the European Public Opinion. And even though the decision on the inclusion of Aviation in the EU ETS has been made, I would also like to discuss with you the details of the proposal and possible compromises at international level. Maybe this is surprising for some of you but I will come back to this point later on.

As I said, the decision has been made. The EU Institutions agreed on the details of a compromise at the end of June this year. The European Parliament has agreed to the compromise in July with a huge majority (the Parliament voted 640 to 30 in favour of the proposal with 20 abstentions). The European Council of Ministers has formally agreed on the text after translating it into the 21 official languages of the European Union on Friday last week. The decision of the European Institutions and especially some aspects of the decision have been heavily criticized mainly by stakeholders from outside the European Union but even though I think it is absolutely necessary and it was without alternative. Greenhouse gas emissions from aviation have dramatically increased since 1990.

Scientists are telling us that we have to stop the increase of greenhouse gas emissions as soon as possible, by 2020 at the latest. This target was agreed on by the international community at the UNFCCC Conference in Bali in December last year. In the long run, greenhouse gas emission has to be reduced by 50% till 2050. If we don't succeed in first limiting and then reducing greenhouse gas emissions, the world and especially our children will suffer severely. The former chief economist of the World Bank, Sir Nicholas Stern, has calculated that the effect of an unlimited increase of greenhouse gas emissions will cost 5-20% of the gross domestic product of the world, which means that the effect of the uncontrolled climate change can economically only be compared with the two world wars. That's why we have to act.

The French President Nicolas Sarkozy, at present President of the European Council of the Heads of States and Heads of Governments, gave a speech last week in the European Parliament and pointed out that our generation is the last generation that is able to stop an

uncontrolled climate change. If we don't do what scientist ask us to do now, future generations will no longer be able to control the issue. And it is unjustifiable to just accept that one important part of the economy like aviation is growing as fast as it has been doing since 1990. The ETS is in principle a very good instrument to achieve cost-efficient greenhouse gas reductions. This is not only accepted by policy makers in the European Union. It is also the position of the two candidates for the US presidential elections. Both, Obama and McCain supported the Lieberman-Warner Act in the Senate which seeks to introduce ETS System which also includes aviation in the US. McCain explicitly referred to the EU-ETS.

ETS is not a tax and it has a lot of advantages compared to a tax. While a tax is not guaranteeing greenhouse gas reduction, the ETS does. We have a cap and either the airlines can achieve the cap on their own or they buy certificates so that somebody else who could do this maybe more cost-efficiently invests in reduction of greenhouse gas emissions. As a Member of Parliament I am directly elected and so are my 784 colleagues. That's why the expectation of our voters are undisputedly of major importance for us. From the outside of the European Union, it looks for some people as if the EU exaggerates with the policy for mitigating climate change. The public in Europe, and that's our voters, think the opposite. It has been a very intensive survey about the expectation of European citizens concerning climate change and the outcome is that even after the decision of including aviation in the ETS and after the presentation of the very ambitious European Climate and Energy Package, the majority of the citizens think the EU does not enough to mitigate climate change. According to a survey revealed in September this year, approximately 76% of the interviewees are of the opinion that the industry and companies are not doing enough in the fight against the climate change. Two thirds (67%) of the interviewees believe that the citizens themselves don't do enough. Only a smaller part (64%) of the interviewees reckon that the national government does not enough against the fight and 58% state that the EU is not doing enough in this issue.

The second survey, also revealed by the Eurobarometer 300 in September this year, shows the answers to the question: Which of the following do you consider to be the most serious problem currently facing the world as a whole? The most serious problem for the interviewees with 68% is poverty, lack of food and drinking water. 62% state that they fear global warming / the climate change. 53% see the international terrorism as a serious problem. 38% find armed conflicts to be a fear factor in their daily lives. 24% are afraid of a major global economic downturn. 23% hold the spread of an infectious disease as well as the proliferation of nuclear weapons to be the most serious problem whereas 19% find the increasing world population as frightening.

Of course we would prefer to achieve our target together with all other relevant states and groups of states but we had to learn that this is almost hopeless. I have been present at the COP-1, the first conference of the parties from Rio convention 1995 in Berlin. At this meeting it has in principle been agreed that greenhouse gas emissions by aviation should not be addressed under UNFCCC but under the ICAO. This has been fixed in the Kyoto Protocol in 1997. Since that date, that means 11 years later, ICAO has completely failed. We haven't seen any concrete outcome for more than 10 years of work. In the view of our voters as well as in the view of the European Parliament this is a shame and it is even more a shame that some members of ICAO try to block any kind of activity for states or groups of states to mitigate climate change. This is at least how we in the European Parliament perceive the attempts to adopt a resolution that would impose the necessity of consent from third states before introducing emission trading, for example in the European Union. We didn't include intercontinental flights that start and land in Europe to tease industries from third countries. We included them because two third of the emissions from flights that start and land in Europe come from intercontinental flights. That's why ETS only for internal European flights would be not effective. Our decision is based on a very careful legal assessment. Independent lawyers as well as the European Commission's legal service came to the conclusion that we are allowed to do so under ICAO rules and therefore we would be optimistic even in case a third state or group of third states would challenge our decision.

On the other hand, of course, I would be much happier if we could avoid legal conflicts at ICAO or any other level. However, I have to say that I am very disappointed that all the representatives from third countries that can came to see me before we adopted the final text were very superficial and didn't address the details of our proposal. If a major player from outside the European Union would have told that they could accept our proposal under certain conditions which would not have undermined the environmental integrity of the proposal, I would have been more than ready to accept these proposals. However, all the representatives from third countries said: "You shouldn't do this at all." This is not an answer which we could sell our voters. Until now I have the feeling that third countries and especially the representatives of third countries in ICAO are in principle not constructive but want to oppose and delay any kind of action to mitigate climate change. I would be more than happy if you could convince me today, in the coming weeks or months or even later from the opposite.

You may have heard that the final compromise which we have agreed and which was now formally adopted by the Council of Ministers is much less ambitious than the original position of the European Parliament. We have not included a multiplier. In the scheme, so it is a CO2-only-scheme. It is an open scheme. Any kind of restriction that has been proposed by colleagues in the European Parliament are not adopted in the final deal. Moreover, concerning the cap in the level of auctioning, the compromise is less ambitious than the original position

of the European Parliament. In this issue, cap and the level of auctioning we have to discuss a compromise for the second period which begins in 2013 during the general review of the ETS. The cap for the aviation sector foresees only 5% reduction compared to the base period 2004 to 2006. This is not a lot if you compared it with targets for the other ETS sectors which is according to the commission proposal minus 21% until 2020. The same applies to auctioning. Auctioning was fixed until 2020. The level of auctioning has been restricted to 15% until 2020. Almost all over industries will be covered by 100% in 2020. Some already as from 2013. That's why the European Parliament and especially the Committee for Environment has decided to reopen this discussion as I said for the second period. Some colleagues argue that third countries will be very challenged by this discussion. That's why I would like to hear from you: Is there a representative of a third country here at the conference that accepts the European Union ETS for aviation as it stands now and would not accept it when we increase the level of auctioning and adopt a more stringent cap. If this is the case, we definitely have to take it into account but as long as representatives from third countries are against the ETS in principle, why should we be less ambitious and why should we treat aviation more generously than all the other industries.

I think we all share the conviction that the best option would be a global solution and for the European Parliament this option is still on the table. I personally as the rapporteur insisted that we keep the door open for an agreement with third countries and of course preferably an agreement with all third countries based on an international agreement. Furthermore, I managed my colleagues and the Council to accept the clear message in the final agreement. In recital 17 we agreed: "The Community and its Member States should continue to seek an agreement on global measures to reduce greenhouse gas emissions from aviation..."

The Community and its Member States should continue to be in contact with third parties during the implementation of this Directive and to encourage third countries to take equivalent measures. If a third country adopts measures, which have at least the equivalent environmental effect as this Directive, for reducing the climate impact of flights to the Community, the Commission should consider the options available in order to provide for optimal interaction between the Community scheme and that country's measures, after consulting that country...

Bilateral agreements on linking the Community scheme with other trading schemes to form a common scheme or taking account of equivalent measures to avoid double regulation could constitute a step towards a global agreement. Where such bilateral arrangements are made, the Commission may amend the types of aviation activities included in the Community scheme."

That means for us, the decision under the EU ETS is not the end of the debate with other states. We are in favour of bilateral agreements and of course in favour of a global

agreement and we are ready to amend our legislation if it is necessary to come to an agreement with third countries. But please don't ask us to do nothing. Our voters would not accept this and what is more important, future generations would blame us for having uncontrolled effects of climate change. It is high time to come from talks to action. If ICAO is ready for this, ICAO is a very welcomed partner for the European Parliament.

Thank you for your attention.

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