

EU stands firm as polluting tax row threatens Airbus sales

June 25 2011



EU climate action commissioner Connie Hedegaard is pictured on June 21. The EU refused Saturday to back down on a planned pollution tax on airline companies after reports China has put an Airbus order on ice and growing discontent in the United States.

The EU refused Saturday to back down on a planned pollution tax on airline companies after reports China has put an Airbus order on ice and growing discontent in the United States.

Expectations that Hong Kong Airlines would announce a contract to buy billions of euros worth of [Airbus](#) aircraft failed to materialise this week at the Paris air show, prompting fears Beijing may have blocked the order.

A source close to the matter who asked not to be identified told AFP he was aware of "the possibility that China could put the deal on ice."

He said it is well known that "the Chinese government is very unhappy" about legislation bringing airlines operating in Europe into the EU's [emissions trading](#) system.

That comes as US companies fine-tune their legal challenge to the European Union in a Luxembourg court -- a hearing is set for July 5 -- and follows concerns expressed this month by Airbus.

Isaac Valero Ladron, spokesman for EU climate action commissioner Connie Hedegaard, said the row has resurfaced because companies are looking at the award in September of emissions allowances post-2012 based on past pollution data forcing airlines to pay for their pollution.

"I cannot comment on internal dealings between Chinese authorities and companies," the spokesman said, indicating that the [European Commission](#) anticipated political pressure from Beijing over commercial plane-buying decisions.

"Whatever the Chinese or the Americans are saying, there is no Plan B -- we don't intend to back down," he said.

The legislation, adopted in 2008, is to enter into force on January 1, 2012.

Based on figures from 2004-6, companies get a set emissions allowance and then bid to buy the remaining 15 percent of the available polluting rights -- the equivalent of 200 million tonnes of [carbon dioxide](#) annually.

The spokesman said "the only other possibility open to the Chinese or the Americans" is a provision to exempt companies where their

countries have implemented "equivalent measures" to reduce carbon emissions.

He added that Airbus planes are considered "fuel-efficient, meaning lower emissions."

China earlier this year announced reductions in its emissions targeted for 2020, which is "something we're analysing," the commission spokesman said.

While the commission is "confident" its case will stand up in court, Chinese airlines have also indicated they plan to lodge legal action alongside the China Air Transport Association.

They fear the country's aviation sector will have to pay an additional 800 million yuan (\$122 million) a year on flights originating or landing in Europe, and that the cost could be almost four times higher by 2020.

(c) 2011 AFP

Citation: EU stands firm as polluting tax row threatens Airbus sales (2011, June 25) retrieved 14 May 2024 from <https://phys.org/news/2011-06-eu-firm-polluting-tax-row.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.