

China bans airlines from paying EU carbon charges

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China Southern Airlines' Airbus A380, pictured after taking off from the Airbus delivery centre in Colomiers, southwestern France, on its delivery day, last October. China said on Monday it has banned its airlines from complying with an EU scheme to impose charges on carbon emissions opposed by more than two dozen countries including India, Russia and the United States.

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Beijing has said repeatedly that it opposes the new European Union plan, which was imposed with effect from January 1, and which Chinese state media have warned would lead to a "trade war" in the sector.

A statement on the website of China's State Council, or cabinet, also said

[airlines](#) were barred from using the EU's [emissions trading scheme](#) (ETS) to increase fares or other passenger charges.

"The Civil Aviation Administration of [China](#) recently issued a directive to Chinese airlines that without the approval of relevant government departments, all transport airlines in China are prohibited from participating in the EU ETS," said the statement.

The EU's ambassador to China said he hoped the stand-off, which comes a week before Chinese and EU leaders meet in Beijing for a summit, could be resolved through negotiations.

"There are a number of avenues to be pursued -- bilateral, multilateral and possibly legal," Markus Ederer told journalists in [Beijing](#).

"The EU would like to have an international solution to this... That's the way forward, hopefully through negotiations, (to) find an agreement between all [stakeholders](#)."

China has said it fears its aviation sector will have to pay an additional 800 million yuan (\$125 million) a year on flights originating or landing in Europe, and that the cost could be almost four times higher by 2020.

The [European Commission](#) argues that the cost for airlines is manageable, estimating that the scheme could prompt carriers to add between 4.0 and 24 euros (\$32) to the price of a two-way long-haul flight.



An airliner is seen flying into Hongqiao International airport in Shanghai. China's airlines are banned from paying charges on carbon emissions imposed by the European Union, the official Xinhua news agency reported on Monday, quoting the Civil Aviation Administration of China.

Nonetheless, some airlines have announced new ticket fees since the EU's rules came into force.

US carrier [Delta Air Lines](#), one of the world's biggest airlines, added a \$6 [surcharge](#) for two-way flights between the United States and Europe.

Germany's Lufthansa indicated it would raise its fuel surcharge, a move taken by Belgian carrier Brussels Airlines, which increased it by 10 euros to 135 euros for international flights and by three euros to 39 euros for EU routes.

Airlines denounce the system as a new tax and warn that it would cost the industry 17.5 billion euros (\$23.8 billion) over eight years.

The system went ahead despite a plea by US Secretary of State Hillary Clinton for the EU to halt or delay its application.

The Airlines for America association grudgingly indicated that its

members would abide by the EU law, but "under protest" while pursuing legal options.

The China Air Transport Association, which represents the country's airlines, said last month the government was considering "countermeasures" against the EU scheme, without giving any details.

It has said the charge would affect all of China's major airlines, including Air China, China Eastern and China Southern. The last two refused to comment when contacted by AFP, and Air China was not immediately available.

Ederer said the EU was ready to exempt any airline from the carbon charges if their country decided to slap "equivalent" levies on their carriers in a bid to offset their own emissions.

"We are ready to engage in discussions on recognising equivalent measures which would exempt those airlines of those countries from the necessary dues which would have to be paid," he said.

But Chinese airlines are unlikely to be penalised immediately as carriers have until April 30 next year to calculate their annual emissions and buy polluting rights for 2012.

The European Union launched the ETS in 2005 in a bid to reduce [carbon emissions](#) of power stations and industrial plants.

It decided to include airlines, responsible for three percent of global emissions, in the system in the absence of a global agreement to cap aviation emissions.

Airlines will only have to pay for 15 percent of their emission allowances in 2012, amounting to 256 million euros under current

market prices. They will have to pay for 18 percent from 2013.

Airlines that refuse to comply could be fined and denied the right to land in the 27-nation EU in extreme cases, the bloc has said.

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