

India says EU tax a 'deal breaker' for climate talks

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Indian Minister of Environment Jayanthi Natarajan addresses a press conference in New Delhi in 2011. India's environment minister said Wednesday that a European Union scheme to tax airlines for carbon emissions was "a deal breaker" ahead of global climate change talks, a warning rejected by the EU.

India's environment minister said Wednesday that a European Union scheme to tax airlines for carbon emissions was "a deal breaker" ahead of global climate change talks, a warning rejected by the EU.

"I shall stick my neck out and say, for the environment ministry, yes the unilateral measure by the EU... is a deal breaker for the talks," Jayanthi Natarajan said in New Delhi.

"I strongly believe that as far as climate change discussions are concerned, this is unacceptable," said the environment minister, who is

India's negotiating leader at [global climate change](#) talks.

Natarajan, speaking at a function organised by the Energy Resources Institute, said she had written a letter to EU Commissioner for Climate Change Connie Hedegaard demanding a reversal of the carbon tax on airlines.

Her statements were the toughest by India so far on the EU plan.

The European Commission, the EU's executive arm, dismissed the minister's warning and stressed that the system in place since January 1 seeks to encourage others to do the same in their countries.

"We do not share this opinion," Isaac Valero Ladron, Hedegaard's spokesman, said in Brussels.

"We do not see how the European initiative is a deal breaker. We believe that it aims to encourage similar systems to include aviation in efforts to reduce [greenhouse gas emissions](#)," he said.

He noted that the scheme will force the entire European aviation sector to reduce emissions but only affect Indian airlines that use airports in the 27-nation EU.

"Everybody says they want to reduce greenhouse gas emissions, but some do not share this desire," the spokesman said.

"We know the Indian minister's position. It is not new," he added.

India last month barred its airlines from complying with the EU carbon tax scheme, joining China in resistance to plans that have caused a backlash among the EU's trading partners.

The EU imposed the carbon levy on air travel with effect from January 1, but no airline will face a bill until 2013 after this year's [carbon emissions](#) have been tallied.

The 27-nation EU has said the tax will help it achieve its goal of cutting emissions by 20 percent by 2020 and has vowed not to back down.

India has already said "the imposition of [carbon tax](#) does not arise" because Indian airlines will refuse to hand over their [emissions](#) data. China has also stopped its airlines from complying with the EU directive.

The two Asian giants have attacked the EU scheme, calling it a unilateral trade levy disguised as an attempt to fight climate change.

The EU asserts the cost for the [airlines](#) is manageable, calculating that the scheme could force the carriers to add between 4.0 euros (\$5.50) and 24 euros to the price of a long-haul round-trip.

But industry insiders have expressed concern that the scheme could spark a trade war between the EU and the countries opposed to the tax.

At UN climate talks in Durban in December, countries set their sights on a new all-encompassing pact to slow [climate change](#) that for the first time would bring all major greenhouse-gas emitters under a single legal roof.

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