

Airlines turn profit from EU freeze on carbon tax, environmentalists say

January 22 2013



An Airbus A320 airplane takes off at Paris Roissy Charles de Gaulle airport in Roissy-en-France, north of Paris on October 5, 2012. Airlines made up to half a billion euros in windfall profits last year by passing on a carbon surcharge to travellers despite an EU decision to freeze its controversial carbon tax, environmentalists said on Tuesday.

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Green group Transport and Environment said airlines chalked up extra revenues estimated at 486 million euros (\$650 million) even though EU climate commissioner Connie Hedegaard in November decided to "stop the clock" on an EU [carbon tax](#) angering the global aviation industry.

She offered to freeze the measure for a year on flights to and from non-European nations amid hopes of negotiating a [global CO2 emissions](#) in the framework of the International Civil Aviation Organization (ICAO).

But Transport and Environment said that airlines throughout the year had passed on the cost of their permits to pollute to passengers even though 85 percent of the permits were allotted free, enabling carriers to make up to 1.3 billion euros in windfall profits in 2012.

And the EU freeze had enabled them to make extra profits, the group said.

"The "stopping of the clock" proposal turns revenues raised by airlines to cover the costs of their CO2 permits into additional windfalls," it said.

Asked for comment, Hedegaard's spokesman said "all we can do is ask for greater transparency in tariffs," said Isaac Valero, spokesman for Hedegaard.

The EU imposed the scheme on January 1 last year, but 26 of ICAO's 36 members, including India, Russia, China and the United States, opposed the move, saying it violates international law.

The EU tax forces airlines operating in the bloc, whatever their flag, to buy 15 percent of their [carbon emissions](#), or 32 million tonnes, to help battle [global warming](#).

Pay-up time however was due only from 2013, once billing for 2012 had been completed.

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Citation: Airlines turn profit from EU freeze on carbon tax, environmentalists say (2013, January 22) retrieved 3 May 2024 from <https://phys.org/news/2013-01-airlines-profit-eu-carbon-tax.html>

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