

3 March 2014

AmCham EU position on recent developments in aviation and shipping emissions

Key issues

The American Chamber of Commerce to the European Union (AmCham EU) has always been a proponent of technology neutrality and a level playing field for all industries.

AmCham EU believes that the **transport sector** must take part in efforts to reduce CO₂ emissions and tackle climate change. A long-term solution will rest on innovations in fuel, vehicles and infrastructure technologies as well as non-technical measures. Any solutions envisaged should first take into account the cost-efficiency associated with decreasing the impact of CO₂ emissions from the transport sector. Extending the Emissions Trading Scheme (ETS) to new sectors requires an in depth analysis on how the ETS would co-exist with existing sector-specific legislation

AmCham EU also welcomes the recognition¹ that transport is fundamentally international. We are therefore encouraged by the Commission's intention to **take actions in multilateral forums** to promote policies in line with the EU's energy and climate change goals.

However, the EU's **tendency to develop regional standards and approaches to address global issues**, including some transport issues, is a source of concern. Indeed, due to the international dimension of most transport modes, AmCham EU continues to recommend that **measures should be taken at an international level** rather than at a European level.

Only a **global resolution to the issue of aviation and maritime emissions** will lead to lower carbon emissions from international transport and meet the standards and conventions of existing international agreements. Recognised global organisations must lead the approach for a global solution to prevent a multi-layering of regulatory/market measures: the International Civil Aviation Organization (**ICAO**), for air transport, and the International Maritime Organization (**IMO**) for maritime transport.

Concerns over recent developments for air transport

The EU Decision² to temporarily 'stop the clock' on the enforcement of its aviation ETS for flights entering or leaving European territory represented a

¹ <http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0144:FIN:EN:PDF>

² Decision NO 377/2013

pragmatic step to allow a more constructive climate in the ICAO negotiations toward a global agreement on aviation emissions.

Last year, the ICAO adopted a resolution to address the impact of aviation emissions on climate change.³ AmCham EU continues to support the ICAO as the ideal and only proper platform to draft global solutions for aviation emissions.

However, on 16 October 2013, the European Commission proposed applying the aviation ETS to the portion of international flights to/from the EU within EU airspace. The ability to unilaterally impose a regional scheme on third countries was firmly voted down 97 to 39 during ICAO deliberations.

Am Cham EU is concerned about the legal uncertainty the European Commission's proposal caused. Legal certainty and a solution that is in line with the development at international level are important to provide clear stability for mid and long-term operating, financial and investment plans.

This proposal runs the risk of detracting the required focus and attention from the ICAO framework efforts to develop a global market-based measure for aviation emissions. We also believe that the proposal risks exposing the European aviation industry to retaliatory measures by third countries.

Am Cham EU urges all stakeholders to build on ICAO progress toward developing a global scheme and to maintain a spirit of constructive international cooperation ahead of the next ICAO Assembly in 2016 in order to achieve by 2020 a global solution to the global problem that aviation emissions pose.

Concerns over recent developments for maritime transport

In June 2013, the Commission proposed legislation to require owners of large ships using EU ports to monitor and report the ships' annual CO₂ emissions and other climate relevant information.⁴ The Commission also published a Communication setting out its strategy to address and reduce these emissions, preferably through measures at global level.

Am Cham EU is concerned that some elements of these proposals may run the risk of repeating issues encountered with the aviation ETS, placing the EU in conflict with its international partners and detracting the required focus and attention from the efforts⁵ in the IMO towards the development of market-based measures as a complimentary means of achieving the required target for emissions.

AmCham EU urges the European Commission, Council and Parliament to take into account the views expressed by industry, operators and international partners to avoid a scenario that could:

³ http://www.icao.int/publications/Documents/10022_en.pdf

⁴ IP/13/622 - COM(2013) 480 final

⁵ <http://www.imo.org/OurWork/Environment/PollutionPrevention/AirPollution/Documents/GHG%20Flyer%20WEB.pdf>

- Antagonise third countries;
- Create inflexible provisions incompatible with future agreements to be concluded in the framework of the International Maritime Organization (IMO);
- Disrupt the level playing field;
- Add to the administrative burden of companies and operators;
- Negatively impact the EU's competitiveness in a globalised market place; or
- Encourage third-country flagged ships to avoid EU ports.

European initiatives stemming from the Commission's proposals should initially be limited to data collection. The questions of determining how the existing global fleet can reduce its CO₂ emissions and considering whether a compulsory instrument for the existing fleet is the appropriate tool can only be efficiently determined within the IMO.

The proposed amendments recently adopted by the European Parliament Environment Committee could take the EU even further from a potential IMO solution, in particular by:

- Moving away from measuring the efficiency of transporting goods, which is a key metric by which to assess improvements in the shipping sector; and
- Broadening the scope to include NO_x emissions instead of concentrating on CO₂.

Maritime transport has a global dimension that cannot be disregarded. The main objective for European institutions should be the achievement of an agreement at global level through the IMO.

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AmCham EU speaks for American companies committed to Europe on trade, investment and competitiveness issues. It aims to ensure a growth-orientated business and investment climate in Europe. AmCham EU facilitates the resolution of transatlantic issues that impact business and plays a role in creating better understanding of EU and US positions on business matters. Aggregate US investment in Europe totalled €1.9 trillion in 2012 and directly supports more than 4.2 million jobs in Europe.

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