

MEPs keep up pressure for meaningful aviation deal

The European Parliament has challenged the Commission not to weaken the terms on which aviation enters the EU's Emissions Trading Scheme in a vote that calls for the existing proposals to be made stricter.

Last month's vote of the full Parliament represents a mild watering-down of the position taken by its environment committee in October, but it still prompted the rapporteur Peter Liese to say: 'The Parliament has made the plans more ambitious in environmental terms as well as more realistic as far as competition aspects are concerned.'

Among the deviations from the Commission's original proposal, MEPs

- rejected the two-date entry of airlines and called for all flights into and out of the EU to be included from 2011 (the environment committee had wanted 2010 for both)
- voted to set airlines' emissions at 90% of 2004-06 levels (EC wanted 100%, committee wanted 75%)
- supported the idea that 25% of all allowances in the first phase must be paid for by airlines via an auction process (EC wanted 3-5%, committee wanted 50%)
- included a 'multiplier' of 2.0 to address the non-CO2 impacts of aviation until NOx measures are implemented
- called for trading restrictions to ensure aviation will really work towards reducing its emissions rather than just buying emission permits from other sectors.

CLIMATE TARGETS

T&E policy officer João Vieira said: 'MEPs are saying clearly that the Commission's proposals were too weak, and they have sent a strong signal to ministers that any weakening won't be tolerated.'

In a letter to the *Financial Times* newspaper, T&E and five other Brussels-based NGOs said failure by MEPs and environment ministers to strengthen the Commission's proposals would 'be to risk the EU's credibility on the issue at

a time when leadership is needed more than ever.'

The MEPs' vote was greeted with anger by the airlines' umbrella organisation AEA. It said the scheme would 'have a devastating effect, not only on financial stability but also on

economic growth and tourism, while resulting in a barely measurable reduction in CO2 emissions globally.'

The Parliament's position will now be debated by EU environment ministers just before Christmas. ♦

T&E survey makes case against weight standards

The latest T&E survey of maker-by-maker carbon dioxide reductions from new cars makes a strong case for avoiding weight-based future standards.

The survey was published last month and is based on official EU monitoring data obtained by T&E under laws granting access to official documents.

In sporting terms, Peugeot-Citroën has jumped ahead of Fiat at the top of the league for car companies reducing CO2 emissions from new models in 2006, but the differences between the French and Italian makers are slim. Peugeot-Citroën improved its average emissions from 146 grams per kilometre to 142, while Fiat's improved from 145 to 144.

Of greater significance is that French, Italian and Japanese makers extended their lead over German rivals. In 2006 German makers increased CO2 emissions overall: while BMW reduced its average by 2.5% from 188 to 184 g/km, Volkswagen's went up by 0.9% to 166 and DaimlerChrysler's by 2.8% to 188 g/km.

T&E director Jos Dings said: 'It is ironic that the country that did so much to get a European consensus on new climate targets earlier this year is also home to the car makers that are holding back progress on



A new Maserati undergoing an emissions test. Fiat, which owns the brand, was second-best in the study after PSA Peugeot Citroën.

German cars faulted on pollution

French and Italian automakers making cleaner cars, study says

by James Kanter

the measures should be delayed until 2015, in part, said members of the Parliament, because of intense lobbying by the German automotive industry.

So far the European Union has not made public how its plans to cap emissions will work across national industries, which sharply different in size.

PARIS: Germany already is clashing with the European Union over a regulatory system under which makers of heavy-polluting cars could face extra costs, and a study to be issued Thursday

their emissions by 2.8 percent and 0.9 percent respectively, the study showed.

Cars made by PSA Peugeot Citroën of France were the cleanest, with average emissions of 142 grams per kilometer, followed by Fiat of Italy and the French carmaker Renault, which emitted 144 grams per kilometer and 147 grams per kilometer respectively.

T&E's survey was widely covered in the media. This article is from the *International Herald Tribune* newspaper

one of the most important ways of achieving them.

'Germany's fine automotive engineers should be focusing on making cars leaner and more fuel-efficient. Sadly, they mostly seem intent on building ever heavier, larger and more gas guzzling cars that just don't belong in the 21st century.'

Encouraged by its car industry, the German government is currently involved in a powerful lobbying effort to get the next round of CO2 standards – which for the first time will be obligatory – differentiated according to the weight of a vehicle. Under such a differentiation, the heavier a vehicle is, the less stringent its CO2 standard would be.

But T&E says its latest survey shows that a weight-based

system would remove the incentive for CO2 reductions.

The companies that did best in reducing emissions cut their average weight, while those that did worst produced heavier vehicles.

Dings added: 'Our figures show that the failure to cut the weight of cars is one of the main reasons why CO2 emissions and fuel consumption are not going down. Basing CO2 limits on weight punishes lighter vehicles with tougher standards. If the EU wants different limits for different types of car, it should opt for smarter 'footprint'-based standards.'

T&E's study covered companies selling 200 000 or more vehicles in Europe in 2006. ♦

• *Japanese fleet, page 2*

Legislation on fuel production emissions should have sustainability criteria, say MEPs

The European Parliament's environment committee has given its support to the idea that sustainability criteria should be included in any legislation on reducing lifecycle greenhouse gas emissions from fuels in transport.

In the first formal response from MEPs to the Commission's proposals for cutting down the climate impact of fuel production (Article 7a of a proposed revision of the EU fuel quality directive), the committee supported the idea of obliging fuel producers to make a 10% cut greenhouse gases by 2020, and said only biofuels that deliver lifecycle emission savings of at least 50% compared with fossil-based fuels can be counted towards this requirement.

The committee's vote could be significant if backed up by the full Parliament. The Commission is currently working on its own specific biofuels direc-

tive, which aims to get biofuels up to a 10% share of Europe's transport fuels market. That legislation is expected to have sustainability criteria, and because of that, some centre-right MEPs have been saying sustainability criteria are not necessary in the revised fuel quality directive.

In recent months, the political acceptability of biofuels as an environmental tool has become dependent on assurances about the wider social and environmental impact of how they are produced. MEPs have therefore insisted that biomass production or extraction must not lead to deforestation or loss of other carbon stocks,

and must have 'no significant negative impact' on natural resources. In addition, all companies in the production chain must be certified and all fuel feedstocks must be traceable to their source.

On the question of how to calculate the carbon emitted in the lifecycle of the fuels produced, MEPs said the method used to measure the greenhouse gas impact of fuels should also include the impact of land-use changes (such as deforestation) which can result for instance from displacements of farming.

MEPs also voted to delete exemptions for air quality limits for fuel containing ethanol. ♦

France heads CO₂ coalition to defend smaller cars

France is heading a coalition of EU nations threatening to veto any Commission proposals for reducing carbon dioxide emissions from new cars if they penalise smaller cars.

In a growing difference of opinion between France and Germany, the French environment minister Jean-Louis Borloo told the *Financial Times*: 'By virtue of the polluter pays principle, those with the big-

gest pollution should make the biggest progress.'

The European news service *Ends Daily* said the message was reinforced by France's president Nicolas Sarkozy in a letter to Germany's commissioner Günter Verheugen, who as enterprise commissioner has been accused of favouring German car makers despite the requirement of his position for neutrality on national grounds.

Borloo said France has the

support of Italy, Spain, Romania and Slovenia for its stance, which is also supported by T&E. 'Any EU regulation that constrains small vehicles, on which margins are very weak today, would evidently not encourage their development or commercialisation,' he said.

In February, the Commission published its proposals for the EU's first mandatory targets for average emissions from new cars, and the draft legislation that follows the consultation process is expected later this month.

• Portugal has brought back to EU discussion the idea that member states should be obliged to base at least half their national car taxation on CO₂. The idea was proposed by the EC in 2005, but disappeared from debate when ministers showed little interest. Last month several EU finance ministers again expressed opposition, and as the measure needs all 27 states to approve it, it is effectively dead. ♦

Commission not listening to noise

The Commission has once again postponed proposals on limiting road noise from tyres by six months.

The existing directive, which dates from 2001, was only supposed to be an introductory measure, with new proposals to be presented by the end of 2004. The latest deadline for the revision was the end of this year, but last month the Commission announced there would be no new proposals until June.

T&E policy officer Nina Renshaw said: 'It's hard to know what we can do to get noise taken seriously in Brussels. The existing directive was so weak when it came into force that it did nothing to encourage improved noise-reduction technology, and now the Commission is clearly in no rush to update it. It's a kick in the teeth for all those who suffer from excessive noise who had hoped the EU would offer them some help.' ♦

Japanese fleet gets heavier with weight-based standards

T&E has updated its briefing on why it is opposed to weight-based standards for the imminent CO₂ standards for new cars, as evidence from Japan shows that weight-based standards have failed to stop the trend towards heavier cars.

Japan introduced a system in 1998 that offered less stringent emissions limits to heavier vehicles. Supporters of the idea say it has not led to a heavier fleet, but research by T&E shows that this is for other reasons, such as parking and tax benefits for owners of the smallest 'kei' cars.

The briefing paper 'Danger ahead – why weight-based CO₂ standards will make Europe's car fleet dirtier and less safe' shows that if market share is left out, the Japanese vehicle fleet has got heavier by more than 6% in the first eight years after the weight-based system was introduced. In addition, the average Japanese petrol car increased in weight by 8.4% between 1995 and 2005, 1.2% more than the average European petrol car.

In America, the latest fuel economy limits have got away from the weight-based CAFE standards introduced in 1975 as those led to a 28% increase in average vehicle weight.

T&E is recommending the same standards for all cars, but says if there has to be a differentiation it should be based on 'footprint' (track width multiplied by wheelbase) and not weight. ♦

SAVE THE DATE – THE RIGHT ONE!

The T&E general assembly will take place on 4 & 5 April and not two weeks earlier as advertised in some places.

Why do climate-conscious EU ministers go soft on aviation?



Jos Dings
T&E Director

Last month a British Airways-led consortium pulled out of a takeover bid for the Spanish flag carrier Iberia following 'political interference' in the words of *The Economist*. While, on the face of it, that bit of news may be of little concern to environmentalists, the continuing close relationship between formerly state owned airlines and national governments also appears to be spilling over into ministers' negotiations on the entry of aviation into the EU's emissions trading system.

Last month saw the European Parliament vote on the terms. While the vote leaves plenty to be desired, it also carries a couple of strong points. Three examples: MEPs voted to include a 'multiplier' for the non-CO₂ effects of aviation; they said that aviation should improve its own envi-

ronmental efficiency first before getting the right to buy permits from other sectors; and they want the cap to be gradually tightened over time. This reflects a political will to tackle climate change that we also saw in last month's vote on the fuel quality directive (see page 2).

Let me stress that T&E has always had a somewhat reserved position on aviation's inclusion in the ETS. From the very beginning it has been clear the expected carbon prices in the ETS – some €30 per tonne at most – might be quite significant for some industries in the scheme, but are only equivalent to a couple of cents per litre of kerosene, and would therefore not achieve great emissions cuts in the aviation sector. But at least it's a start, and the MEPs seem keen to make the most of the limited potential.

Now it's the ministers' turn, and the discussions so far have been very discouraging. No multiplier, unlimited and un-

conditional purchase of rights from other sectors, hardly any auctioning of permits, a looser cap than MEPs want, and so on. All in all, if ministers get their way, the result will be a highly ineffective system with tremendous windfall profits for airlines. Why it is that national governments are willing to adopt ambitious climate targets for the EU and appear willing to tackle emissions from oil companies, but take a softly-softly approach when we talk about aviation? Why is it that on many environmental issues the Council of Ministers and Parliament are quite close, but in this case the Council is so much more conservative?

Competition arguments cannot be the reason: every available assessment shows there will be no major economic distortions and that European airlines will benefit rather than suffer from the scheme. Tourism cannot be the reason either: the ETS's carbon prices are so mild that

traffic volumes are hardly affected. Fairness arguments also don't fly: air passengers are a wealthy bunch and don't pay VAT on their tickets or kerosene tax. Airbus is also not the reason: they know that the higher fuel and carbon prices are, the more eagerly airlines will want to replace old planes with shiny, more efficient new ones.

One can only assume that, for many member states, aviation is still something special, rather than just a normal economic activity. Is it a coincidence that Spain is one of the Member States fighting for a weak scheme and at the same time interfering in the Iberia takeover wrangling?

In the old pre-liberalisation days, flag carriers were sources of national pride, and that sentiment has still not completely disappeared in the minds of regulators. Let's hope that the ETS will be the first step in a march towards normal treatment of the sector. ♦

What is the Dutch 'kilometre price', and will it really happen?

The Dutch government has announced it wants to have a fully operational distance-charging scheme for lorries by 2011.

Chris Nobel of T&E's Dutch member N&M looks at what the scheme involves and whether it is likely to happen.

The process that has led to the Dutch government's announcement has been going on for 20 years, and people are entitled to wonder whether this is just another wonderful idea that will not quite make it into reality. What is different is that all past Dutch initiatives have been for the *next* government to deal with – this one is supposed to be completed in legislative terms by the time the centre-left government's current term ends in 2011.

The 'kilometre price' is to be differentiated by location,

environmental properties of the vehicle, and time of day (effectively a peak/off-peak or congestion charge). It is to be introduced for all vehicles on all roads in the entire country, starting with lorries in 2011 and phasing in a scheme for cars from 2012 to 2016.

The government's aim has been to take a substantial and irreversible step, but knows that to do this it needs to keep broad support. That explains why the system will be cost-neutral for the average driver, so the current fixed road tax and the purchase tax for new cars will be abolished so that drivers in general will not pay more under the new system than they do now. The system will also use satellite tracking technology, thereby avoiding unpopular eyesores such as GSM devices and arches over

roads.

The news is obviously good, and if political feasibility requires a cost-neutral scheme in the kilometre price's first phase, we will have to accept that. But if the current fixed costs of road freight are converted into a cost-neutral flexible kilometre price, it will mean a charge for hauliers that is far too low and contravenes the polluter pays principle. The best idea is probably to raise these costs the moment the kilometre price is introduced.

Starting with road freight is good, as it uses the technological systems that will ultimately be used for the entire scheme. But the decision not to have a pilot congestion charge around Amsterdam is a pity, as this would have had a positive short-term effect. And while abandoning the fixed costs in

return for distance-based charging is a good idea, it would be better to reduce purchase taxes on new cars to 75% of their current level (rather than abolish them) so there is still a consumer incentive to buy the cleanest vehicles.

The freight charge will almost certainly happen, as lorries don't carry many votes and this part of the scheme can be completed by the current government.

The period of 2012-16 for phasing in the kilometre price for cars looks a little shaky. But we at N&M are confident the scheme will happen for cars eventually. There is broad support among transport users and the many benefits are widely accepted. In short, the government can't really afford *not* to introduce the kilometre price. ♦

EU close to first standards on microparticles

The EU's first-ever limits on fine particles moved a significant step closer earlier this month when ministers reached agreement with MEPs on maximum permissible concentrations of the soot particles known as PM2.5.

The new limit for ambient air quality will be 25 micrograms of PM2.5 per cubic metre by 2015. MEPs had called for 20µg/m³ by 2015 – this limit has been agreed as a binding target for 2020 subject to a feasibility review in 2013.

Up to now, PM2.5 has been unregulated, despite the EU having rules on larger particulate pollution (PM10), which will

remain unchanged at 40µg/m³.

The new PM2.5 limit, which forms part of a revised EU air quality directive, could widen the responsibility for regulating the use of old cars to national and regional authorities, rather than just cities which are more affected by PM10 pollution.

T&E policy officer Kerstin Meyer said: 'It's obviously good that there is a new limit for

PM2.5, especially as there were moves by some to delete all particle limits from the law, but let's not forget that this is mainly about weakening the existing directive. Member states who ignored air quality requirements they should have met by 2005 will now have until 2011 to meet them, but they won't have as much flexibility as some MEPs wanted.' ♦

COMMISSION CLAIMS SUSTAINABILITY IN TENS FUNDING LIST

The Commission has said which trans-European network transport projects will qualify for funding out of the TEN-T budget. It advertised the announcement as a boost for sustainable transport, but there are environmental questions hanging over many of the schemes.

With much less money available for TEN-T funding than the transport directorate wanted, the Commission says it is giving priority to rail and inland waterways schemes, plus cross-border projects. Yet many of the schemes due for funding have not submitted a proper environmental impact assessment (EIA).

Two transalpine crossings – the Brenner tunnel that will form part of the Berlin-Sicily rail link, and the Mont Cenis tunnel that is part of the Lyon-Ukraine rail line – are among the most controversial schemes, as are the Fehmarn Belt road/rail bridge connecting Denmark and Germany, and Lisbon's new airport.

The Commission points out that 74.2% of its TEN-T spending for 2007 will be on rail and 11% on inland waterways, thereby making EU funding a boost for sustainability.

Yet when MEPs questioned the EU transport commissioner Jacques Barrot last

month, they said some of the projects listed for approval do not have EIAs, so claims of sustainability were at best premature.

Among the projects that will get TEN-T funding are the Paris-Bratislava and south-west Europe high-speed rail links, and the Seine-Scheldt inland waterway. Among those getting little or no funding this time are the Greece-Bulgaria-Romania and Gdansk-Vienna motorways, although these will probably qualify for money from the EU's Cohesion Fund.

ACTION ON SHIPPING POLLUTION IS LEGAL

The EU is allowed to punish ship owners whose ships cause 'intentional, reckless or seriously negligent' pollution in EU waters, according to a preliminary opinion from the European Court of Justice. A group of shipping industry trade associations, among them the international oil tankers association Intertanko, had launched a legal challenge to the 2005 EU directive on ship pollution, saying it breaks rules set out in the 1973 Marpol Convention and affects shipping's 'right of innocent passage'. But the ECJ's advocate general Juliane Kokott said the directive's wording does not go beyond international law. The ECJ's full ruling comes next year, but it seldom differs from preliminary opinions.

• The secretary-general of the

International Maritime Organisation Efthimios Mitropoulos said he wants the IMO to speed up work to develop a global climate policy for the shipping sector. The IMO's slow progress on climate issues has caused the Commission to threaten unilateral EU action on ship emissions.

GDP TOO NARROW

The Commission is to publish a policy paper next year on using a more environmental system than just GDP to measure a country's wealth and well-being. The paper is expected to propose the use of indicators on air pollution in major cities, general air and water quality, and resource use. The Brussels-based NGO WWF says its own 'ecological footprint indicator' shows the EU currently consumes more than twice the amount of resources that its ecosystems can sustain.

BUSINESS ON TRACK

Taking the train may in most cases be an environmentally better option than flying, but it may also be better for business travellers, according to a report by T&E's member Transform Scotland. The report 'The Railways Mean Business' says trains are more reliable and more productive for people needing to travel for work. While the claims of reliability relate to British train services,

EU consultations

- **Preparation of an impact assessment on the internalisation of external costs**, DG Transport, runs until 31 December
- **Call for evidence of biodiversity loss**, DG Environment, runs until 31 December
- **Impact assessment to evaluate a potential legislative measure on the transport of radioactive materials**, DG Transport, runs until 21 January

the report also looks at the wider benefits of rail travel – better use of the working day, comfort, and low stress – which the authors say 'far outweigh the assumption that shorter travel time equates to greater productivity'.

AND FINALLY ...

The impact of photochemical smog is greater on fat people than on those whose weight is within recommended limits. That is the conclusion of a study at the University of North Carolina which looked at the breathing of healthy, non-smoking people aged 18-35. It is known that exposure to smog causes a drop in lung function, but this is the first evidence showing the drop to be greater in people of high body-mass index. The results are published in the journal *Inhalation Toxicology*. ♦

Bulletin

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T&E has 49 member organisations in 21 countries.

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