



July 31, 2012

Dear Senator:

On July 31, the Senate Commerce Science and Transportation Committee will mark up S. 1956 – The European Union Emissions Trading Scheme Prohibition Act of 2011. This legislation allows the Secretary of Transportation to prohibit U.S. aviation operators from complying with the application of the European Union Emissions Trading Scheme should he determine that compliance with the scheme is not in the public interest. The scheme – which imposes a significant tax on U.S. aircraft operators and consumers for the benefit of EU treasuries –violates U.S. sovereignty, international law and the Chicago Convention. We urge strong bipartisan support for this legislation.

The EU ETS is opposed by consumers, the aviation trade associations, airlines and other operators, travel-service providers, manufacturers, labor unions and many large foreign governments. Secretaries Clinton and LaHood sent a stern warning to their EU counterparts to cease and desist to no avail. The EU ETS will do nothing to decrease aviation emissions. The solution to decreasing aviation emissions lies in an international agreement currently progressing through the International Civil Aviation Organization (ICAO). We support this process. Contrary to what some have said, the EU ETS is hindering this process; not expediting it.

The aviation industry has committed to measurable targets for fuel efficiency and emissions improvements, including a 1.5 percent annual average fuel-efficiency gain through 2020, carbon-neutral growth from 2020 and a 50 percent net reduction in emissions by 2050. Aviation is the only industry in the world that has come together under clearly defined targets to reduce its dependence on oil and reduce its carbon emissions. These targets have been hailed by world leaders as the model for all industries. With fuel as the airlines' and other operators' highest and most volatile operating cost, we are highly incentivized to reduce fuel consumption and resulting emissions as our strong record of fuel efficiency and emissions savings attests.

With the EU ETS obligation for U.S. airlines and aircraft operators to have “allowances” to cover their emissions for all flights to, from and within the EU since January 1 of this year, this obligation appears on their balance sheets as a liability. Thus, even though the airlines and aircraft operators do not have to surrender these allowances to EU officials until 2013, the EU ETS already is causing operators to pay higher interest rates on loans and decreasing the operators' ability to make major capital investments in

new aircraft, engines and other investments that will reduce fuel consumption and bring real emissions reductions.

The EU ETS will impose significant costs on U.S. airlines, aircraft operators and consumers over the next few years, costing more than \$3 billion dollars and tens of thousands of jobs in the aviation, manufacturing, travel and hospitality industries. Civil aviation is responsible for 5.2 percent of U.S. gross domestic product and 10 million U.S. jobs. Airlines and other operators have operated with a razor-thin profit margin over the last 40 years and have lost more than \$55 billion and 160,000 jobs since 9/11. The most current estimate is that aviation contributes about 2 percent of global CO<sub>2</sub> emissions. The last thing our industry needs right now is this extraterritorial EU tax.

Your support of S. 1956 will help ICAO reach our mutual goal of decreasing fuel consumption and emissions. Instead of negotiators being forced to accept a unilaterally imposed system by the EU, your support will allow negotiators to focus on the task at hand and actually address our challenges through ICAO. ICAO is a proven leader for addressing global aviation challenges, having adopted seminal agreements on aircraft noise and local emissions and key elements of a global framework on aviation and climate change.

While we have seen unfounded hyperbole about aviation and climate change from those who oppose S. 1956, we respectfully ask that you focus on the facts, the successful track record of ICAO, and our unwavering support of decreasing our fuel consumption through a global approach that will actually yield the results we all desire.

Aerospace Industries Association  
Aircraft Owners and Pilots Association  
Air Line Pilots Association  
Airlines for America  
Airports Council International - North America  
American Society of Travel Agents  
Cargo Airline Association  
Consumer Travel Alliance  
Interactive Travel Services Association  
International Brotherhood of Teamsters – Airline Division  
General Aviation Manufacturers Association  
National Air Carrier Association  
National Air Transportation Association  
National Business Aviation Association  
Regional Airline Association  
U.S. Travel Association