Environment

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Won't ban airlines, but impose penalty: EU

Nayanima Basu, Business Standard

June 19, 2012, New Delhi: The European Union (EU) has decided it would not ban foreign airlines that have refused to share their carbon emission data from entering EU airspace. However, it said stringent financial penalties would be imposed if these failed to comply with the laws by January 2013.

Refusal to share carbon emission data is a violation of the EU's emissions trading system (ETS) laws. In January, the 27-member EU bloc had decided to include the aviation sector under the EU ETS. Since then, it has asked all domestic, as well as foreign airlines, to comply with the changed laws and share their carbon emission data with Brussels. The airlines would now need to follow a specific benchmark on carbon emissions or pay a carbon tax, along with a penalty.

However, India and China have refused to share the data. The two nations also indicated severe implications if the EU banned their airlines from entering its airspace.

"In the case of 2011 data, the penalties were not the same throughout the EU, but were determined by each member state. These apply to airline operators administered by the respective member state. Overall, however, it can be said the penalties for this violation of EU law take the form of financial penalties. No airline will be banned from flying to the European Union because it did not submit their 2011 data," Valero Ladron, EU spokesperson for climate action, told Business Standard.

He added airlines that would continue to emit more than the prescribed cap on emission would be asked to either reduce emissions or pay for the emission. Airlines can either make the payments on their own, or pass on the costs to passengers. This would mean a one-way ticket from Brussels to Delhi would cost an additional € 1.55.

"The EU legislation, like all other legislation, is very clear. If a company breaks our law, penalties would apply. We all have to take action as quickly as possible to address this source of emissions," Ladron said, adding emissions from international aviation in Europe had doubled since 1990. These, he said, may even triple by 2020.

Officials in the Ministry of Commerce & Industry have said India would not follow any unilateral decision by another country, only adhere to laws currently being worked out by the United Nations'

International Civil Aviation Organisation (ICAO). The civil aviation ministry had said no airline would share emission data with the EU. Civil aviation minister Ajit Singh had earlier stated in case the EU imposed any restriction on Indian carriers, India would respond strongly to this.

At present, only two Indian carriers — Air India and Jet Airways — fly to Europe. A query sent to Jet Airways went answered.

“For more than 15 years, the ICAO has tried to tackle the aviation sector’s increasing contribution to greenhouse gas emissions. But after years of little progress at the international level, the European Union has decided to act. We are, however, still pushing for a global agreement under ICAO. The day ICAO succeeds, we will modify our legislation accordingly,” said Ladron.

The EU ETS, introduced on 1 January 2005, earlier covered sectors such as energy-intensive industrial installations. Following the EU legislation adopted in 2009, air operators would also be covered.

According to the new laws, every year, airlines would receive tradeable allowances covering a certain level of carbon dioxide emissions from their flights. At the end of every year, operators must surrender a number of allowances equal to their actual emissions during that year.

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Indian Govt announces steps in FTP to boost green products

Press Trust of India

New Delhi, June 5: Coinciding with the World Environment Day, the government today announced various steps to encourage exports of green products.

According to the annual supplement to the Foreign Trade Policy (FTP), exports of items like solar cells, wind turbines, water treatment plants and electrically-operated vehicles will be entitled to additional benefits under the Export Promotion Credit Guarantee (EPCG) scheme.

"In order to promote manufactured exports of green technology products, export obligation under EPCG scheme is being reduced to 75 per cent of the normal export obligation for 16 identified products like solar cells," Commerce and Industry Minister Anand Sharma said while announcing the FTP.

The decision to encourage export of green products was part of the seven-point strategy to boost shipments amid global slowdown and weak demand in the US and Europe.

Export Promotion Capital Goods (EPCG) is an export promotion scheme under which an exporter can import certain amount of capital goods at either zero or three per cent customs duty, for upgrading technology related with exports.

However, to avail the scheme, the exporter has to meet a pre-determined export obligation over a certain period.

"Provide incentives for manufacturing of green goods recognising the imperative of building capacities for environmental sustainability," he said.

Faced with uncertain global environment, the government today announced a slew of measures, including extension of 2 per cent interest subsidy by one year, as part of 7-point strategy to achieve 20 per cent increase in exports to USD 360 billion in the current fiscal.

In 2011-12, India's exports grew by 21 per cent to USD 303.7 billion.

World Environment Day, which was initiated in 1972, is a celebration of global awareness on environmental issues celebrated on June 5th every year.

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

AFP

NEW DELHI, April 11, 2012: 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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India Expected to Ask Airlines Not to Comply with EU Emissions Rule

Bridges Weekly Trade Digest

The ongoing controversy over the EU's plan to include aviation in its Emissions Trading System (ETS) ramped up another notch this week, with India reportedly planning to urge its airlines to boycott the scheme. Brussels, meanwhile, continues to stand firm in support of the ETS in the absence of a global agreement on aviation emissions.

India will soon ask local airlines not to buy carbon credits from or share emissions data with the 27-member bloc, an unnamed senior Indian government official told Reuters.

According to the news agency, New Delhi will implement the order on its airlines upon receiving formal approval from various ministries.

Should the dispute continue to escalate, New Delhi could also pursue additional options, such as asking airlines to cancel purchases of jets from European manufacturer Airbus, the government official said.

"We have lots of measures to take if the EU does not go back on its demands," the official noted.

"We have the power of the economy; we are not bleeding as they are."

The EU rule, which requires airlines to surrender carbon permits for the emissions they produce during all flights taking off or landing in the 27-country bloc, has been criticised by various non-EU governments, which argue that Brussels is exceeding its legal jurisdiction by charging for aviation emissions over an entire flight, rather than just those in EU airspace.

Just last month, over 20 countries - including the US, China, India, and Russia - met in Moscow to agree on a basket of possible countermeasures against the inclusion of aviation in the EU scheme. The announcement fuelled fears that the EU could soon find itself in a trade war.

To date, China is the only country that has already taken action against the plan, barring its airlines from participating in the EU scheme without government approval.

Beijing has also reportedly halted the purchase of US$14 billion in jets from Europe's flagship airplane manufacturer, Airbus, according to recent claims made by the company.

Fear of a global trade war has also prompted various European airlines to criticise the plan, with a group of industry CEOs issuing a letter to the bloc's political leaders last week citing concerns over the effects that the row could have on the European aviation industry.

Under the EU Emissions Trading System, which entered into force on 1 January, airlines are required to buy permits for 15 percent of the carbon they emit; permits for the remaining 85 percent will be provided to them for free. Carriers will have to surrender permits for 2012 carbon production by 30 April 2013.

Airlines that fly to and from the EU bloc without complying with the scheme will face a fine of €100 for each tonne of carbon dioxide emitted and for which they have not paid allowances. Persistent offenders could face a blanket ban from all EU airports.

EU holds its ground, reiterates call for global aviation emissions agreement

Many opponents to the inclusion of aviation in the EU scheme have also argued that Brussels' decision to proceed unilaterally on tackling aviation emissions could interfere with future plans for a global aviation emissions agreement.

Speaking to the Financial Times this week, EU Climate Commissioner Connie Hedegaard rebuffed those claims, noting that Brussels is willing to work with other governments in order to reach a global agreement regarding aviation emissions.

"We are working as hard as we can to make progress in [the International Civil Aviation Organization]," Hedegaard said.

However, Hedegaard noted that speculation of a possible trade war would not cause Brussels to abandon the scheme. "I understand very well that if you are a CEO of a European company, you get concerned," she said.

"We are taking things seriously, but we have to make clear that you can't threaten a trade war just because you don't like European legislation," she added.

Brussels has said that it would only consider changing its legislation should the 191-member International Civil Aviation Organization (ICAO) come up with a sufficiently ambitious global aviation emissions agreement.

The Montreal-based ICAO, which met last week, is currently examining four possible mechanisms in this area, and has directed a working group to continue studying the options and report back in June. However, disagreements at last week's meeting over the role of developing countries in helping curb aviation emissions could end up slowing down progress in the talks, sources told Reuters.

The UN civil aviation body has said that it plans to have a proposal of measures to address aviation emissions by the end of the year.

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Countries Opposing EU Emission Norms to Meet Next Week

Anindya Upadhyay, The Economic Times

23 January 2012: Nations opposed to the European Union's new ruling on carbon emissions are meeting early next month to discuss retaliatory action, a top Indian government official has said.

The meeting may take place either in Delhi or in Moscow and will discuss a joint plan against the EU measures which have angered most countries of the world.

Last year, the European Union imposed a carbon emissions tax on all airlines flying into the continent in an effort to control carbon dioxide emissions that are blamed for an increase in global temperatures.

The proposal makes it mandatory for airlines flying into its airspace to buy carbon credits equivalent to the carbon dioxide emitted by their aircraft starting January 2012.

Airlines don't have to pay on a daily but an annual accumulated basis."All nations opposed to the tax may plan to respond in phases or a graded manner.

However, this joint action has the potential to develop into a trade war.

It is bound to have repercussions on the WTO as well," the government official said.

He declined to give details but one of the retaliatory measures could include curbs on European airlines flying out of their home countries to destinations in the east.

The Emission Trading System (ETS) has been criticised by a lot of government's across the globe, who say it is unfair to unilaterally impose a tax without taking the consent of the rest of the world, making the move inconsistent with international law.

Industry experts do not think that the ETS is an effective way to keep emissions caused by airlines in control and are opposed to the measure."It is not the only way to keep emissions in control.

Many serious problems with EU ETS are that they cover only one region, would distorts completion by diverting passengers away from Europe and divert emissions elsewhere.

It won't bring emissions down so it doesn't solve the problem but raises cost of traveling," global airline body International Association of Air Transport (IATA) Chief Economist Brian D Pearce said.

Even the European airlines are worried about the competitive impact of this policy and they think it is a very bad policy for them, besides being a bad policy for the environment, Pearce added.

The annual outgo for the Indian airline industry towards the EU emission trading system is pegged at.400 crore, which could very well rise in the future if the domestic carriers expand in the region.

The cost for airlines for flying to Europe will increase and air tickets will become more expensive.

The UN aviation body ICAO has adopted a declaration in Delhi in September saying the EU's move is inconsistent with international law.

The participants,26 countries in all, also said that the EU-ETS measures were in violation of the Chicago convention governing aviation.

USA, Canada, UAE, China, Japan, Russia, Singapore and Thailand are some of the signatories to this convention.

Carbon Agenda

The meeting will be attended by 26 countries and may take place either in Delhi or in Moscow and will discuss a joint plan against the EU's Emission Trading System.

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Back to BASIC with 3-point agenda

Subodh Ghildiyal and Nitin Sethi, TNN

India To Work With Emerging Economies On Equity,IPR,Trade Barriers

December 1, New Delhi: India will work closely with BASIC group and other like-minded countries at Durban climate talks to ensure that its three agenda issues equity,intellectual property on green technologies and unilateral trade barriers become central to the UN climate negotiations after having fallen off the talks table at the Cancun meet last year.

The government wants the negotiating team,headed by Jayanthi Natarajan,to hinge Indias stance with the BASIC group in case of a split in the larger developing world bloc,G77+China.Else,Natarajan is to partner closely with the 137 country grouping.
The BASIC group comprises four emerging economies Brazil,India,South Africa and China.In a first in their recent partnership,the four formally placed their demands before the global community at the ongoing climate talks.

India will push for an unconditional acceptance of the second phase of Kyoto Protocol by rich countries,which the EU has opposed vehemently.It requires the developed world to commit to binding emission reduction targets under the Kyoto Protocol II after the first phase of the pact expires next year.It will not accept any quid pro quo for rich countries to undertake such targets.The EU has demanded that India and other emerging economies kick- start discussions for a new single legal binding treaty before they even politically pledge to the Kyoto Protocol beyond 2012.

The Cabinet is likely to clear Indias stance on Thursday,including the non-negotiable elements that remain unchanged,ahead of Natarajans departure for Durban to head the ministerial round of the two-week talks.

If push comes to shove from the developed world,India would agree to do so only after 2015,when the results of a review of the achievements under the UN convention are expected. IPCC,the United Nations climate science panel,is also expected to present its fifth comprehensive report at that time.

There has been no change in New Delhi's stance since Cancun. India had decided that the country would not undertake any legally binding targets at this stage of its development. Even under the review slated for 2015,India will not accept the proposal of some countries to rework the existing UN compact. It will insist that a fair burden-sharing formula among countries be built into any decision on capping global emissions. It seeks to incorporate past emissions,which are higher for rich nations, to become the yardstick for such a formula.

The principle of equity ensures that any new deal is fair to developing world. India wants the IPR regime to be tweaked to ensure costly green technologies are provided to poor countries sans the exorbitant proprietary price tag.It also wants to ensure that the EU moves like unilateral imposition of carbon tax on aviation is blocked in future.

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India plans to retaliate against EU emission cap for airlines

Arun S, Business Line (The Hindu)

24 November 2011: India is considering taking multi-pronged retaliatory measures against the European Union over the latter's carbon-emission-cap norm from January 1, 2012, for all airlines operating within and into the EU.

This is because the new emission caps would result in increased costs for airlines, including those from India such as Jet Airways, Kingfisher Airlines and Air India that have flights to the EU, leading to increased airfares. Besides, if the airlines pass on the compliance costs (including costs incurred on more fuel-efficient planes) by pushing up transportation prices of goods taken from India to Europe and vice-versa, it could make Indian exports uncompetitive.

Incidentally, the norm comes at a time when most Indian airline companies are struggling financially.

The proposed retaliatory measures by India could include litigation over the issue, annulment of some bilateral agreements, challenging the issue at the World Trade Organisation and raising the issue during the talks on the United Nations Framework Convention on Climate Change, official sources told Business Line.

Some kind of retaliatory measure can be taken concerning any sector that is of interest to the EU, including airlines, they added.

NOT TO IMPACT INDIA-EU FTA

However, they said, the new EU norm is not likely to impact the ongoing India-EU Broad-based Trade and Investment Agreement as the issue is being taken up with the EU separately on a bilateral level by the Civil Aviation Ministry by co-ordinating with the Commerce Ministry.

The International Civil Aviation Organisation had reportedly asked the EU to exempt non-EU airlines in its emissions trading system (ETS).

This was on the lines of what India and many other countries had sought. Around 35 countries, including India, have opposed this EU norm on carbon-emission cap and have requested the EU to withdraw it, the sources said.

“They (EU) can impose any measure on their (EU-based) airlines. But when the same is being extended to companies from other countries also, it will affect their obligations with their trading partners,” an official said, adding, however, that the new norm is not India-specific and has affected even countries such as the US and China.

According to reports on the EU's ETS regulation, airlines from all nations would be taxed (they will have to buy extra carbon-emission allowances), if they exceed the specified emission cap while operating to and from the EU.

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India, 25 others oppose EU airline carbon charge plan

Reuters News

NEW DELHI/LONDON, Sept 30 - European Union plans to charge airlines for carbon emissions are "discriminatory" and violate global laws, a group of 26 countries including the United States and China said in a joint declaration released by the Indian government on Friday.

India, which hosted a two-day meeting in New Delhi this week, said delegates from the non-EU countries, which are also members of the U.N.'s International Civil Aviation Organization (ICAO) executive council, agreed to lodge a formal protest against the EU's new rules at the council's next meeting.

"There was wide concern expressed by all countries present, without exception, that the unilaterally imposed EU (emissions trading scheme) measures were inconsistent with the international legal regimes," the statement said.

"The legal infirmities in the EU laws were pointed out. It was stated by the various delegates that they were also discriminatory (to) carriers."

The EU says it needs to put a price on carbon dioxide (CO_2) emissions to guard against future climate impacts such as crop failures, droughts or flooding.

It has launched an emissions trading scheme (ETS) to help it cut carbon dioxide emissions, which it has pledged to reduce by 20 percent below 1990 levels by 2020.

From January 2012, airlines flying into or out of EU airports will have to surrender permits to cover all the CO_2 they emit during the entire flight. They join some 11,000 factories and power plants already in the $100 billion market.

ICAO said the issue of aviation in the EU ETS is on the agenda for the 190-nation body's next meeting in November, where the group of 26 countries said they will submit a working paper along with their joint declaration in opposition of the scheme.

Critics including the 26 opposing governments have called the "unilateral" scheme illegal, saying it violates the Chicago Convention on international aviation as well as some provisions under the World Trade Organisation (WTO).

Three U.S. airlines are currently challenging the EU plans in Europe's highest court, which is due to give its first opinion on the case on Oct. 6.

NOT BACKING DOWN

Although opposition to the EU's aviation rules is getting more vociferous, the bloc's executive shows no signs of yielding.

"The EU is not considering backing down," an EU spokesman told Reuters, adding that the bloc's executive encourages other countries to instead adopt similar emissions reduction goals.
The EU maintains that it could exempt airlines from countries that have adopted climate policies deemed equivalent to Europe's targets.

But some nations have scoffed at the offer and retaliated instead through other means, saying aviation should be regulated on a global level through measures approved by all ICAO members.
China blocked a $3.8 billion aircraft purchase by Hong Kong Airlines from France-based Airbus at the Paris air show in June, sources said, adding to fears of a brewing trade war.

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India Proposes Discussion of Trade Issues for Durban Climate Meet

Bridges Weekly Trade News Digest

3 October 2011:On 21 September, the Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) added three items to the provisional agenda for the 17th session of the Conference of the Parties (COP 17), being held in Durban, South Africa from 28 November to 9 December. This move was sparked by India's request on 26 May to include 'intellectual property rights,' 'equitable access to sustainable development,' and 'unilateral trade measures' as additional issues for discussion at this year's climate conference - a suggestion that has already caused tension between some developed and developing countries.

All countries will need to agree during the opening session of the COP whether to keep the issues on the agenda and thus give them a formal space for discussion during the meetings.
India has made clear that it would like to see these issues addressed under broader headings within the current COP agenda. In its request, India suggested including the subtheme 'Accelerated access to critical mitigation and adaptation technologies and related intellectual property rights,' which would fall under the topic of 'Development and transfer of technologies.' In addition, India proposed that 'Equitable access to sustainable development' as well as 'Unilateral trade measures' come under the topic of 'Review of implementation of commitments and other provisions of the Convention.'

IP, trade, sustainable development issues spur debate

The agreement to create a new Technology Mechanism at last year's COP in Cancun, Mexico raises the question of how or whether such a mechanism will address the intellectual property rights (IPRs) developing countries need to access technologies that will help them address climate change. India suggested that the Technology Mechanism should include the removal of constraints on the development and availability of climate friendly technologies. These technologies and their IPRs should be treated as public goods, India said, to help countries reach the Convention's climate change goals.

On the issue of equitable access to sustainable development, India highlighted the decision under the Cancun agreement to limit the rise in world temperatures to 2 degrees Celsius above pre-industrial levels. According to India, the principle of equity contained in the Convention implies that the sustainable development of developing countries should not be compromised by the global goal for climate stabilisation. A formal discussion could consider possible means and measures to ensure, through the multilateral system or beyond, a country's sustainable development in practice.

Another issue on the table is the question of the use of unilateral trade measures (UTMs) by rich countries in the name of climate mitigation. The climate Convention and last year's Cancun agreement both stress "that measures taken to combat climate change including unilateral ones should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade." India urged Parties to prohibit UTMs on any grounds related to climate change. Such measures, it said, would simply pass the mitigation burden onto developing countries.

Several developed countries have opposed the inclusion of such topics in the Durban agenda, claiming that they have been sufficiently addressed at the 2010 climate talks in Cancun. The US has stressed that there has been no agreement on these issues in the past and that there is no prospect for any agreement on them in Durban, according to reports from the Third World Network, a development-focused NGO.

However, the majority of developing countries believe that the suggested items remain unresolved and therefore see a need to allocate time for discussion during the Durban meetings.
Parties will meet for a final round of negotiations prior to the Durban COP next week in Panama City, Panama. These final talks will provide a temperature reading on what to expect in Durban, including on the increasingly contentious trade topics. Bridges will report on the meetings in next week's issue. *ICTSD reporting*

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India threatens to move WTO against EU's carbon tax

Chetan Chauhan, Hindustan Times

New Delhi, July 28, 2011: India has threatened to move World Trade Organisation (WTO) against the European Union if it fails to withdraw carbon tax to be imposed on flights landing or taking off from European airports from January 2012. Even though the additional per passenger cost would be around six US dollars, Indians would be paying approximately about one billion US dollars a year to Europe. Similar cost for China would be about four billion US dollars.

Money is not the worrying factor for India, as a senior environment ministry official puts it. But, the concern is that the tax will give kick-start similar unfair trade practices in the name of fighting climate change. Europe is already talking about imposing a similar carbon tax on imported high carbon emitting fuels from 2013-14.

In the world's first, the European Union earlier this year decided to bring aviation sector from January 2012 under EU Emission Trade Scheme, which imposed a penalty for failing to keep carbon emissions within 10,000 tonnes a year.

It would mean that a Boeing 747 flying from Delhi to London will exhaust this quota within a month and thereafter, will have to pay the environmental degradation tax for landing on European airports. The decision was taken after EU found that aviation sector was spewing 20 % more carbon dioxide into the environment than previously estimated.

India has not bought the European claim and Indian environment minister Jayanthi Natarajan lodged a formal protest with the European Union this week terming the decision as "unfair" trade practice. Natarajan in a letter urged Europe to withdraw the unilateral tax till a consensus is built on the issue at United Nations Framework Convention on Climate Change.

"We believe European carbon tax is just a start of a new global tax regime to adversely hit business of emerging economies such as India and China…We will have no option other than to approach WTO if it is not withdrawn," a senior government functionary said.

The issue would be discussed at a meeting called by Cabinet Secretary Ajit Kumar Seth on Friday, where officials from ministries of civil aviation, commerce and environment will participate. "We are seeking legal opinion on how we can approach WTO," the functionary said, while explaining that aviation is not trade but service sector. WTO covers only trade sector.

The issue of carbon tax came up at a recent UNFCCC meeting in Bonn, Germany, where India along with the biggest group G-77 plus China opposed it. They termed it as an unfair practice against the developing world as under UN protocol to flight change the historical polluters --- rich countries --- have obligation to reduce carbon emissions and pay to the developing world to adapt to adverse implications of climate change. “By levying carbon tax, developing countries would be paying to rich nations,” a government official said.

Environment ministry officials said India will also raise the issue at the next meeting of Basic countries --- a group of India, China, Brazil and South Africa – in August to garner more support against the decision.

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Cabinet to back airlines' no to EU carbon tax

Nayanima Basu, Business Standard

11 July, New Delhi: The Union Cabinet is likely to soon pass a resolution endorsing the fact that Indian airliners would not share their specific carbon emission data with European Union (EU) authorities. This will be the first time since the imbroglio began over the buzz that government was going to officially communicate to the EU that it would not adhere to the latter's changed emission trading system (ETS) laws.

While around 35 countries have refused to follow the EU's new directives on carbon emission, only India and China have even refused to share their carbon emission data with Brussels. The government is also likely to indicate it is open to the idea of reviewing all the separate bilateral agreements on civil aviation that India has with each of the 27 member-states of the EU, a senior official involved with the issue told Business Standard.

The government has also hinted at strong retaliation if the EU imposes severe penalties on Indian air carriers. The official noted the number of flights European airlines operate in India are more than thrice the number that India operates to Europe. Also not ruled out is taking the issue to the World Trade Organization's (WTO) dispute settlement body, as the "last resort".

"The Cabinet will endorse the decision that India will not share its data. If need be, we are also open to the idea of reviewing the bilateral arrangements on aviation with each of the member-states and find an amicable solution to this problem. We are open to sit on the negotiating table and explore ways to mitigate the issue," the official, who refused to be identified, said.

The cabinet will also officially communicate to the EU that it would not be party to any sort of "extra territorial imposition". Only the guidelines being worked out under the United Nations' International Civil Aviation Organization (ICAO) would be followed. The latter talks, to put a cap on carbon emission by international airliners, have been on for the past 15 years at the ICAO and remain inconclusive. As a result, the EU had come up with its own rules to check the emission targets of all airlines polluting the European skies.

Earlier, the EU had threatened India and China with a ban on their airlines from European skies. However, last month, the EU spokesman for climate action, Isaac Valero Ladron, had told Business Standard that it would impose financial penalties, not ban the airlines.

The 27-member bloc had decided to include the aviation sector under the EU ETS in January this year. Since then, it has asked all domestic and foreign airlines to comply with the changed laws and share their respective carbon emission data with Brussels. These airlines would now need to follow a specific benchmark on carbon emission or pay a carbon tax, as well as face penalties. While other countries have shared their data, India and China have refused to do so.

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After aviation, India to oppose EU’s maritime carbon levies

Tarun Shukla & Neha Sethi, Mint

New Delhi, 23 July, 2012: India plans to oppose at an environment conference in Washington later this month the European Union’s (EU’s) proposal to levy carbon emissions taxes on aircraft and ships.
The aviation ministry will present India’s opposition to the EU’s emission trading scheme (ETS), said two government officials who declined to be named.

Consultations with the environment ministry on the matter ended last week.

The European Union earlier this year began considering a proposal to bring the maritime sector under the purview of its carbon emissions levy, though it has been facing resistance from several nations, including India, to a similar levy for airlines using its airspace.

The EU “proposes to regulate emissions arising from all ocean-going ships which touch their boundaries or ports by including their emissions in the EU-ETS,” said one of the officials mentioned earlier.

“This is a dangerous trend since while inclusion of aviation in the EU-ETS remains contentious, the EU is going ahead with the inclusion of the maritime sector also in the scheme,” the official said.

India’s shipping ministry has already written to the EU opposing its proposed emissions levy on ships entering EU waters, a ministry official said, also declining to be named.

The likely impact of the proposed new levy on Indian ships couldn’t be ascertained immediately.
The EU spokesman for climate action, Valero Ladron, said the EU is pursuing an international agreement on global measures to reduce greenhouse gas emissions from international maritime transport. Considerable efforts are being made primarily in the International Maritime Organization (IMO) and the United Nations Framework Convention on Climate Change (UNFCCC), he said.“In the light of these efforts, the EU is considering all the options to address maritime emissions. Bringing maritime into the EU-ETS is just one of the options that are being assessed. No decision has been taken yet,” he said.

The EU has maintained that the levy under its emissions trading scheme is not a tax and is challenging countries opposing its proposals.

An environment ministry official, who, too, did not want to be identified, said India will oppose in the IMO if the EU includes the maritime sector for emissions taxation. “It is not clear yet as to when they plan to put it in place. They have only started consultations. It hasn’t come to a stage where we need to think of steps to be taken, though just like the aviation sector, there are a series of steps which are possible,” this official said. “The EU is trying to take it out of the negotiations in UNFCCC by taking it to the IMO and they are trying to force it through that route,” the official added.

Prodipto Ghosh, distinguished fellow with New Delhi-based non-profit The Energy and Resources Institute, said the EU is setting a bad precedent. “The EU-ETS has already been very strongly resisted.

Thirty five countries have agreed on countermeasures to be taken and to put sanctions on the EU.... If we allow them to do this in these sectors, then EU can propose to do this in other sectors such as mining, power, land transport, steel, etc., which are all energy-intensive sectors," he said.

R.S. Vasan, head of strategy and security studies at the Centre for Asia Studies, said the EU's proposal for the maritime sector is a concern for India because a lot of the country's exports and imports are dependent on the sea. "But unlike China, the number of ships owned by India is a small percentage. So China is more at risk because it has more number of ships. Developing countries should come together and look at some precedents of instances where India and China have resisted before. They should resist this in organized forums and take their time to first upgrade technology," Vasan said, adding that more often than not clean technology from the developed world is denied to the developing world.

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India Proposes Discussion of Trade Issues for Durban Climate Meet

Bridges Weekly Trade News Digest

3 October 2011:On 21 September, the Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) added three items to the provisional agenda for the 17th session of the Conference of the Parties (COP 17), being held in Durban, South Africa from 28 November to 9 December. This move was sparked by India's request on 26 May to include 'intellectual property rights,' 'equitable access to sustainable development,' and 'unilateral trade measures' as additional issues for discussion at this year's climate conference - a suggestion that has already caused tension between some developed and developing countries.

All countries will need to agree during the opening session of the COP whether to keep the issues on the agenda and thus give them a formal space for discussion during the meetings.
India has made clear that it would like to see these issues addressed under broader headings within the current COP agenda. In its request, India suggested including the subtheme 'Accelerated access to critical mitigation and adaptation technologies and related intellectual property rights,' which would fall under the topic of 'Development and transfer of technologies.' In addition, India proposed that 'Equitable access to sustainable development' as well as 'Unilateral trade measures' come under the topic of 'Review of implementation of commitments and other provisions of the Convention.'

IP, trade, sustainable development issues spur debate

The agreement to create a new Technology Mechanism at last year's COP in Cancun, Mexico raises the question of how or whether such a mechanism will address the intellectual property rights (IPRs) developing countries need to access technologies that will help them address climate change. India suggested that the Technology Mechanism should include the removal of constraints on the development and availability of climate friendly technologies. These technologies and their IPRs should be treated as public goods, India said, to help countries reach the Convention's climate change goals.

On the issue of equitable access to sustainable development, India highlighted the decision under the Cancun agreement to limit the rise in world temperatures to 2 degrees Celsius above pre-industrial levels. According to India, the principle of equity contained in the Convention implies that the sustainable development of developing countries should not be compromised by the global goal for climate stabilisation. A formal discussion could consider possible means and measures to ensure, through the multilateral system or beyond, a country's sustainable development in practice.

Another issue on the table is the question of the use of unilateral trade measures (UTMs) by rich countries in the name of climate mitigation. The climate Convention and last year's Cancun agreement both stress "that measures taken to combat climate change including unilateral ones should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade." India urged

Parties to prohibit UTMs on any grounds related to climate change. Such measures, it said, would simply pass the mitigation burden onto developing countries.

Several developed countries have opposed the inclusion of such topics in the Durban agenda, claiming that they have been sufficiently addressed at the 2010 climate talks in Cancun. The US has stressed that there has been no agreement on these issues in the past and that there is no prospect for any agreement on them in Durban, according to reports from the Third World Network, a development-focused NGO.

However, the majority of developing countries believe that the suggested items remain unresolved and therefore see a need to allocate time for discussion during the Durban meetings.
Parties will meet for a final round of negotiations prior to the Durban COP next week in Panama City, Panama. These final talks will provide a temperature reading on what to expect in Durban, including on the increasingly contentious trade topics. Bridges will report on the meetings in next week's issue. *ICTSD reporting*

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