

Ladies and Gentlemen,

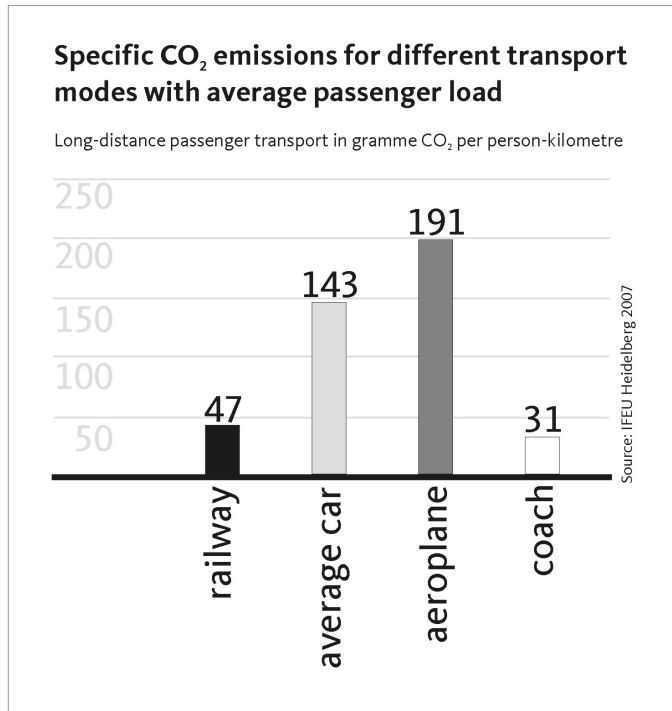
Thank you very much for your interest in this important topic. These days in Bonn the United Nations are trying again to make progress to address one of the biggest challenges of our time: the threat of climate change. I know how difficult your job is. To make real progress in this field is not easy. However, we all know that the outcome is not satisfactory until now and many people all over the world are losing trust in the process of international climate negotiations. But at least we are trying and even if the progress is slow, we can see some progress.

Unfortunately, in the area of aviation the picture is even worse. Already in 1997 it has been agreed that the question of aviation emissions should be addressed but nothing substantial has happened. One of the few instruments to address the fast growing emissions of aviation is endangered now and unfortunately is under threat by many countries that at least claim to be in favour of climate change mitigation. There are many formal, legal and technical arguments against the EU-ETS. I am fully convinced that they are all wrong. I think the main problem is that those in countries all over the world who are interested in climate change mitigation are not enough involved in the process of aviation. Otherwise the position of many third countries cannot be explained. Those that take good care about climate change have to be much more involved in this issue.

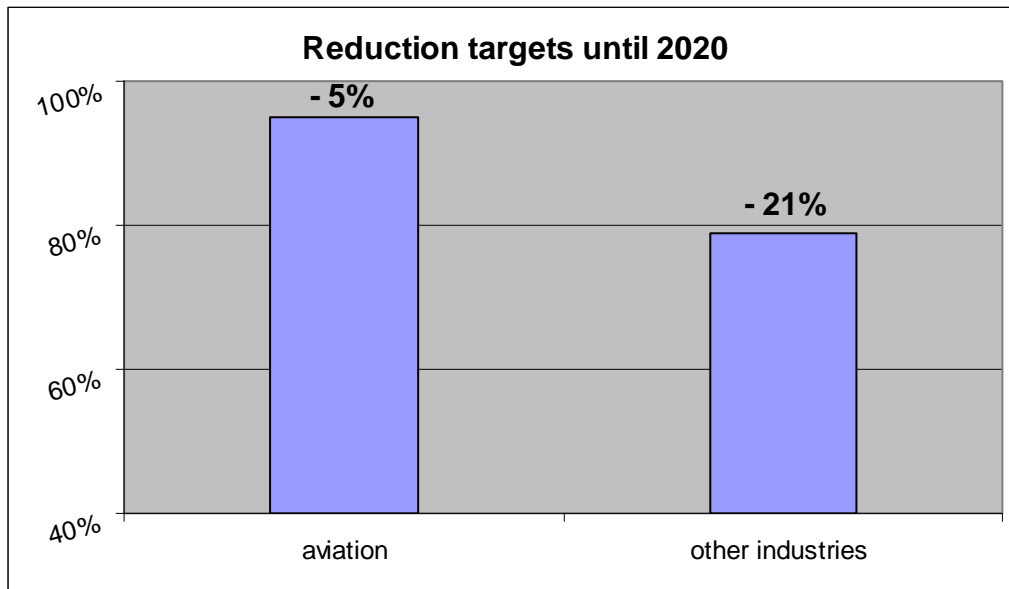
The EU-legislation to include aviation in the ETS has been adopted after three years intensive public debate and negotiation. It has been adopted unanimously by the 27 member states that are represented in the Council of Ministers and with a huge majority of more than 90 percent in the European Parliament. Any significant amendment to the legislation, also any postponement or even the abolishment of the legislation needs to undergo the same process. So the European Commission cannot just postpone it or even suspend the implementation without another co-decision with the European Parliament and the Council of Ministers. European Institutions are fully behind the EU-Commission. The Parliament has just adopted a resolution on our future climate policy and we quote "asks the Commission to implement in full the legislation on including aviation in emission trading" (source: <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2012-0086+0+DOC+XML+V0//EN>).

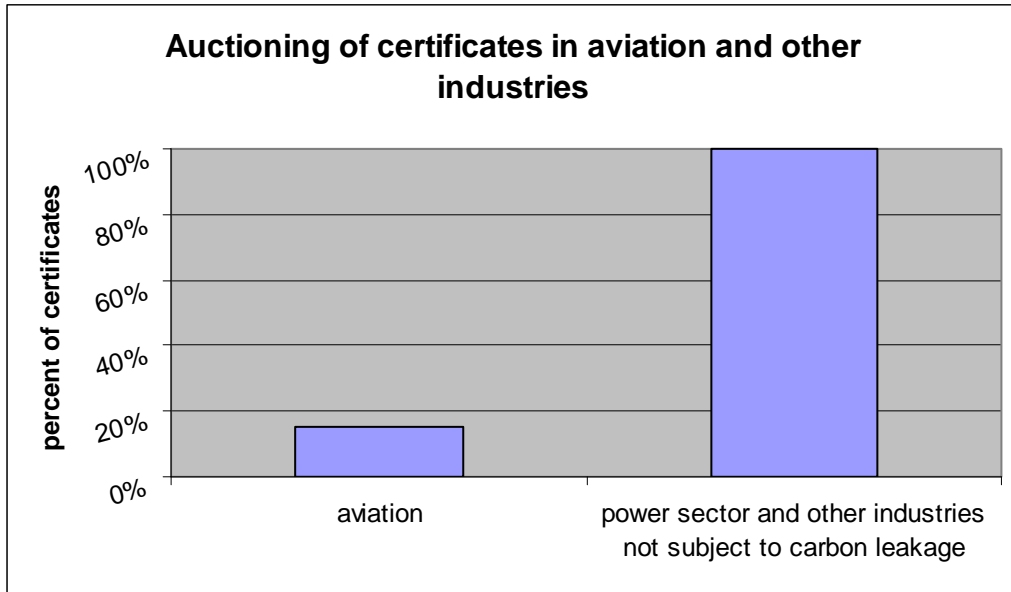
The reason for the adoption of the legislation is not that we want to tease airlines or third countries. We want to address a problem. Greenhouse gas emissions from aviation have doubled since 1990, the base year of the Rio Convention and the Kyoto Protocol. Since ICAO has been given the task to care about the airline emissions no significant progress has been made. In 2004 ICAO decided not to have an international emission trading scheme for airlines but to recommend integrating aviation in the regional schemes. That is what the EU did.

Aviation is the least climate friendly mode of and all the other modes of transport are subject to much more legislation and burden in different forms.

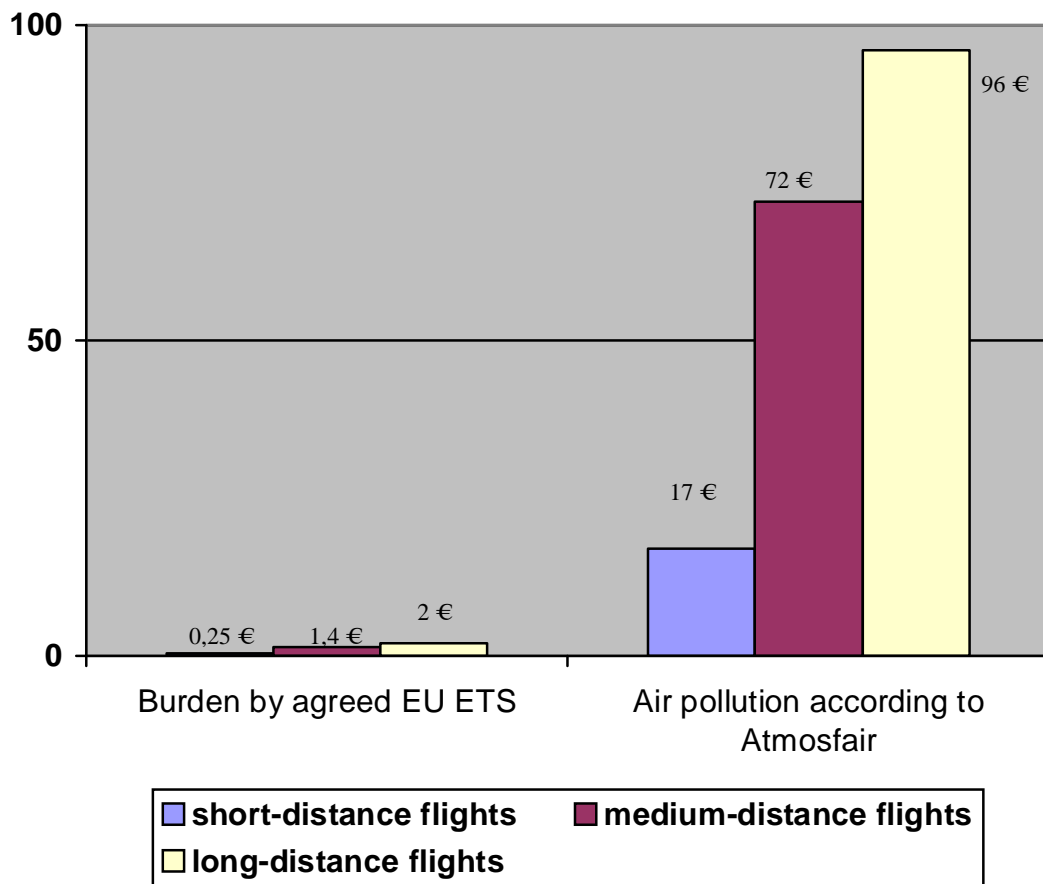


The burden for airlines from the ETS is very moderate. Compared to other industries that are already included in the ETS since 2005 the amount of auctioning is very low and also the CAP is very low.





If we would include the whole climate change effect of aviation; the burden would be much higher. I would like to stress that we took a very, very careful approach.



We took into account very much the interest of developing countries when drafting the legislation. First of all we need to consider that not acting to mitigate climate change is the worst option for developing countries. As you know the most vulnerable countries to climate change are not the rich

industrialized countries but the poor countries - and in these poor countries the poor people. To ignore the problem would create an enormous burden for poor people in poor countries. Most of the developing countries are completely exempted from any obligation under the scheme. Flights which depart from or arrive in an aerodrome situated in the territory of a Member State to which the Treaty applies. This activity shall not include:

j) flights which, but for this point, would fall within this activity, performed by a commercial air transport operator operating either:

— fewer than 243 flights per period for three consecutive four-month periods;

or

— flights with total annual emissions lower than 10 000 tonnes per year.

98 ICAO States have no commercial carriers covered by the EU ETS.

<i>Afghanistan</i>	<i>Chile</i>	Gambia	Malawi	Papua New Guinea	<i>Suriname</i>
Andorra	Comoros	Ghana	Maldives	Paraguay	<i>Tajikistan</i>
Antigua and Barbuda	<i>Congo</i>	Grenada	<i>Mali</i>	Peru	Timor-Leste
Bahamas	Cook Islands	Guatemala	Marshall Islands	<i>Philippines</i>	<i>Togo</i>
Barbados	Costa Rica	Guinea-Bissau	Mauritania	Rwanda	Tonga
<i>Bangladesh</i>	<i>Cuba</i>	Guinea	Micronesia (Federated States of)	Saint Kitts and Nevis	<i>Trinidad and Tobago</i>
Belize	<i>Côte d'Ivoire</i>	Guyana	Monaco	Saint Lucia	Uganda
Benin	Democratic People's Republic of Korea	Haiti	<i>Mongolia</i>	Saint Vincent and the Grenadines	<i>United Republic of Tanzania</i>
Bhutan	Democratic Republic of the Congo	Honduras	<i>Mozambique</i>	Samoa	Uruguay
<i>Bolivia</i>	Djibouti	Iraq	Myanmar	San Marino	Vanuatu
Botswana	Dominican Republic	<i>Jamaica</i>	<i>Namibia</i>	Sao Tome and Principe	<i>Yemen</i>
Burkina Faso	Ecuador	Kiribati	Nauru	<i>Senegal</i>	<i>Zimbabwe</i>
Burundi	El Salvador	Kyrgyzstan	Nepal	Sierra Leone	Zambia
Cambodia	Equatorial Guinea	Lao People's Democratic Republic	Nicaragua	Solomon Islands	
Cameroon	<i>Eritrea</i>	Lesotho	Niger	Somalia	
Central African Republic	Fiji	Liberia	Palau	Swaziland	
Chad	Gabon	Madagascar	Panama	<i>Sudan</i>	

- 75 States have no commercial operator with flights to the EU; and
- 23 States have commercial aircraft operators which fall under the *de minimis* provisions in the EU ETS and are thus exempt from EU ETS (in italics).
- Source: Eurocontrol

The scheme includes CDM which means that many countries can benefit from this instrument and is included in the legislation that part of the revenues will be spent for mitigation of climate change and adaptation to climate change in third countries which means for the most developing countries the scheme has no burden but a lot of benefits.

Against this background I am really shocked by the position of some developing countries. I have spent part of my working life in Guatemala and I have to say I love this countries but I have also understood that it is very vulnerable to climate change according to an analysis among the three most vulnerable countries. That is why I fully support that the European Union and for example my country Germany helps Guatemala to cope with the effects of climate change. Guatemala is taking a very pro-active position in many international forums for example in the preparation of the Rio+20 Summit. At the same time Guatemala is among the opponents of the EU-ETS in the Delhi- and the Moscow- Declaration. I addressed the President of Guatemala and many others who are responsible in Guatemala and tried to find out who really took this decision. They referred me to a civil servant serving in Montreal.

Ladies and Gentlemen,

I think this question is really too important to let civil servants at ICAO decide. We need much more political involvement and we need more involvement of those that really care about climate change.

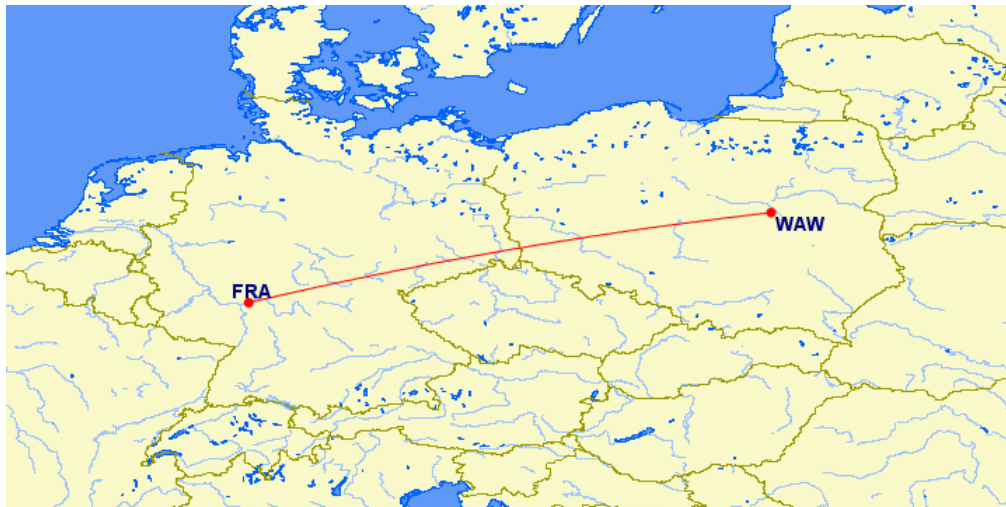
Most opposition we face is because we include not only flights inside the European Union but also intercontinental flights. The reason for this is very simple: two thirds of the emissions from flights starting and landing in Europe are from intercontinental flights. Not to address them would reduce the effectiveness to only 33 percent compared to the effect of the scheme as it is designed now.

Of course we took extensive legal advice on the compatibility of our approach with international law. I as the rapporteur did not rely only on advice of the European Commission but I asked independent lawyers to look at the issue. The outcome was very clear. The lawyers came to the conclusion that the proposed extension of the EU-Emission Trading Scheme to aviation is compatible with the Chicago Convention. Similar advice has been given to the European Commission and a lot of other stakeholders in the process. The American Airlines applied Courts to make the legislation invalid. On December 21st last year the European Court of Justice decided that the legislation is completely in line with international law, even though American Airlines and other third country airlines say they do not accept it. If I appeal to a Judge, I have to respect the verdict of this Judge and there is no Court anywhere in the world that decided that the legislation is not in line with international legislation.

An important argument by third countries is that we are legislating over the territory of third countries. This argument has been looked at by many lawyers and the conclusion is clear: Member States of the European Union are allowed to legislate on starting and landing on their territory. That is what we are doing. If there is a question of extraterritoriality this argument should also be valid against national taxes and fees by EU-Member States and others.

For already many years the UK has an air passenger duty. The rates have just been increased to up to 184 Pounds Sterling. Of course the tax is higher for a longer flight. If you fly from London to Mexico the tax is higher than when you fly from London to Canada. The difference includes US-airspace.

The same applies for the German tax. A flight from Frankfurt to Warsaw is 7.50 EUR.

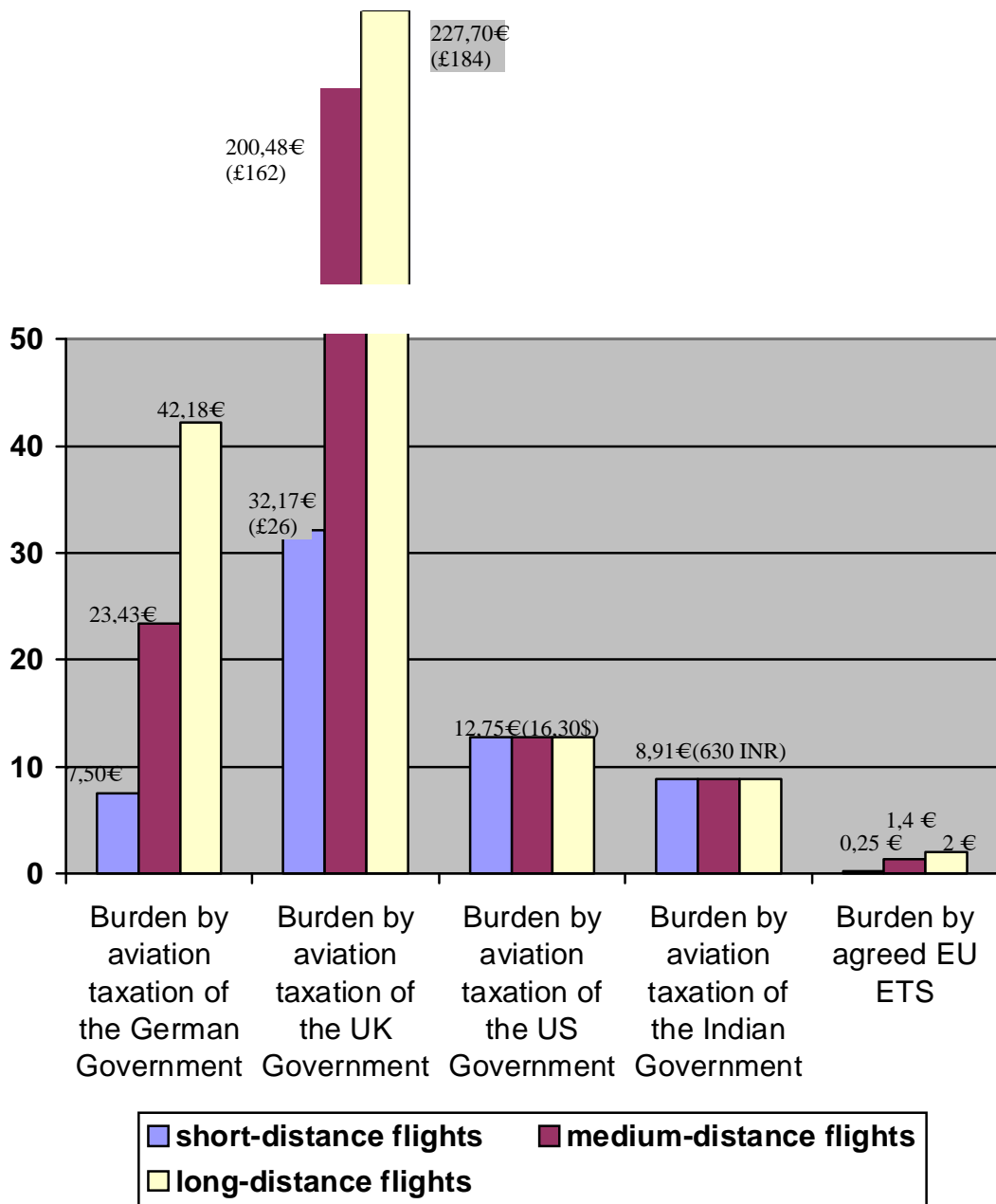


A flight from Frankfurt to Tokyo is 42.18 EUR. The difference is mainly through third-country-territory for example Russia. None of these national taxes and fees has been subject to so much pressure and thread of retaliation.



None of these national taxes and fees is subject to such retaliation. This is ridiculous. The burden of the EU-ETS is very low compared to the taxes and

fees that have already been introduced by member states of the European Union and by third countries.



So the burden of the ETS is much lower than already implemented taxes and fees of the EU and third countries. The legal arguments against EU-ETS have been proven wrong. Why is there so much opposition?

I think there are mainly two answers: First because it is the EU that introduced the ETS. Some people tend to believe that the EU-legislation is not as important as the national legislation. I can tell you it is as important and to postpone it or abolish it is not easy at all. Please take EU-legislation as serious as national legislation. The more important argument for people in the room here is that the pressure against the EU-ETS is so high because it is explicitly about climate change. You know that in the US the mood to climate change mitigation has been changed in a dramatic negative direction during

the last two or three years. In 2009 the House of Representatives adopted the Waxman/Markey-Bill. It was an economy-wide ETS including aviation. At that time when Waxman/Markey in the House and the Kerry/Lieberman-Bill in the Senate have been discussed there was not any argument about compatibility with international law. Of course the United States did not consult China, Brazil, India or any third country about Waxman/Markey. It was no question of compatibility with international law and the international law did not change. The only thing that changed was the majority in the House and now the House adopted the Mica-Bill - a bill that would, if the Senate agrees (fortunately it is not very likely that the Senate agrees) prohibit US-Airlines to participate in the EU-ETS. I had a conversation with Mica and his friends some months ago. And the moment they became very nervous was when I said that they have introduced a very similar bill in the House and it got a majority. They became very angry and their clear message was: "Do not talk to Waxman and Markey. The Waxman/Markey bill is dead and these are maniacs that have no support whatsoever in the US".

Ladies and Gentlemen,

This is the question: Do we think that Waxman and Markey have been on the right direction or do we think things like these belong to the past? I hope I find enough people here in the room that think we need to continue to mitigate climate change and that is why I ask you to help us to make the EU-ETS survive. If third countries are successful with their attacks to the EU-ETS it would be a major step back for the international climate policy.

Do not let me be misunderstood. We do not insist in our scheme. The legislation includes a lot of flexibility as long as we achieve our target. We are ready to exempt incoming flights from any third country if a third country includes equivalent measures. That means we do not insist in our scheme, we do insist in the mitigation of greenhouse gases from aviation. The European Commission has under the legislation the duty to negotiate with third countries and we have also the duty to work together on international level. If ICAO comes with a solution, our legislation is no longer necessary. It can be abolished. So, please let us work together. The threat of climate change is too big to just do nothing and I am sure here in the room there is nobody who wants to do nothing but in the governments of third countries there are too many people that hide themselves behind formal arguments and their agenda is just against the international climate mitigation policy which we need to protect.

Thank you very much!