



A bold voice for transportation workers

August 3, 2012

Protect the U.S. Aviation Industry from Onerous and Unilateral EU Policies

Dear Senator:

On behalf of the Transportation Trades Department, AFL-CIO I urge you to support the European Union Emissions Trading Scheme Prohibition Act of 2011 (S. 1956). This legislation would allow the Secretary of Transportation to combat the harmful effects of the European Union's Emissions Trading Scheme (EU ETS) and ensure that U.S. airlines are not subject to the EU cap-and-trade tax penalties.

The U.S. aviation system plays a critical role in our national economy. It employs millions of workers both directly and indirectly, generates nearly \$900 billion in economic activity annually, and is responsible for nine percent of our GDP. The aviation industry also faces significant financial hardships with thinning profit margins and mounting job losses. The last thing this industry and its workers need is to be subject to environmental standards unilaterally set by foreign governments.

S. 1956 is a necessary Congressional response to the misguided efforts of the European Commission (EC). Beginning on January 1st of this year, all international flights arriving and departing from the EU have been subject to emissions standards mandated by the EU ETS. The trading scheme functions as a carbon tax with airlines receiving a certain level of allowances for carbon dioxide emissions. Airlines are required to pay for allowances over the base level, with the first payment due in April of 2013. These emission payments are expected to cost the U.S. aviation industry over \$3 billion dollars in the next several years – a prohibitive expense that could cost thousands of jobs.

U.S. aviation's inclusion in the EU ETS is particularly frustrating given the standing commitment of the industry for improving efficiency and emissions, including a 1.5 percent annual average fuel-efficiently gain through 2020, carbon-neutral growth from 2020, and a fifty percent net reduction in emissions by 2050. There is also a significant financial incentive to improve emissions. Despite great technology driven reductions in jet engine fuel consumption and airline fuel conservation practices, jet fuel expenses have become the airlines' largest operating cost. U.S. aviation has acted proactively to both decrease its environmental footprint and combat volatile fuel expenses.

Transportation Trades Department, AFL-CIO

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Edward Wytkind, President / Larry I. Willis, Secretary-Treasurer



Furthermore, the U.S. government has not sat idly by and ignored the growing concern of carbon emissions. The U.S. is actively engaged with the International Civil Aviation Organization (ICAO) to find a global solution to reducing aviation emissions. While the EC seems to share the goal of reducing global emissions its unilateral action only serves to further delay the process of an international, consensus-based agreement.

The EU ETS approach to reducing aviation emissions is misguided, shortsighted, and would place an unfair financial burden on the U.S. aviation industry while hampering our ability to achieve real solutions. S. 1956 will provide the Secretary of Transportation with the ability to combat this onerous requirement and allow our industry to focus on the real work of finding a global solution.

I urge you to support this important legislation and help ensure its passage in the Senate.

Sincerely,

A handwritten signature in black ink, appearing to read 'Edward Wytkind', with a stylized flourish at the end.

Edward Wytkind
President