

**STATEMENT OF
THE HONORABLE RAY LAHOOD
SECRETARY OF TRANSPORTATION**

**BEFORE THE
COMMITTEE ON COMMERCE, SCIENCE AND
TRANSPORTATION
UNITED STATES SENATE**

June 6, 2012

I. INTRODUCTION

Thank you for the opportunity to discuss the European Union (EU) Emissions Trading Scheme, or ETS.

We remain strongly opposed, on both legal and policy grounds, to the imposition of ETS on U.S. and other non-EU airlines. We share the EU's objective of reducing aviation's impact on the environment and continue to aggressively pursue that goal both domestically and internationally. However, including international aviation in the EU ETS is the wrong way to achieve the right objective.

II. U.S. ACTIONS

We have made our opposition clear to the EU member states and institutions at every opportunity, at all levels. Secretary Clinton and I wrote to our counterparts in the EU and member states strongly objecting to the imposition of EU ETS on U.S. air operators. We called on the EU to halt EU ETS application to non-EU airlines and re-engage with the rest of the world to find a global solution for aviation greenhouse gas (GHG) emissions at the International Civil Aviation Organization, also known as ICAO. Absent such

willingness on the part of the EU, we advised that the U.S. would be compelled to take appropriate action.

I have personally reiterated U.S. concerns to Transport Commissioner Kallas, Climate Commissioner Hedegaard, and several EU member state transport ministers. In addition, U.S. officials have joined with over two dozen likeminded countries in meetings in New Delhi and Moscow and at ICAO in Montreal in adopting strong declarations opposing the EU's go-it-alone policy and supporting work on global efforts at ICAO. And we continue to work actively with a range of countries to have the EU change course.

III. U.S. ENVIRONMENTAL PERFORMANCE

I want to reemphasize that while we oppose the EU's approach to addressing GHG emissions from international aviation, we strongly support our shared goal of reducing such emissions. The United States Government is committed to addressing the impacts of GHG emissions in the transportation sector while carefully considering the costs and benefits of any regulatory approach to ensure an appropriately balanced decision. The Department of Transportation has taken unprecedented action to build the foundation for a clean energy economy, tackle the issue of climate change, and protect the environment. Our actions are improving the efficiency of the aviation sector and heavy and light duty vehicles, promoting the use of alternative fuels, and accelerating the development of new technologies across all modes of transportation.

In aviation, we are building on a strong record of U.S. fuel efficiency improvements and GHG emissions savings. According to FAA data, U.S aviation emissions have actually declined since 2000: down about 12% through 2010, while U.S. carriers have transported 15% more passengers and cargo in the same period. With the support of Congress, the Administration is working on a wide range of efforts that will address aviation GHG emissions, including development of new, cleaner aircraft technology, overhaul of the National Airspace System through NextGen, and the deployment of sustainable alternative aviation fuels. Many of these efforts, including the Continuous Lower Energy, Emissions, and Noise (CLEEN) program and the alternative fuels development

efforts, are being pursued in collaborative partnerships with industry as well as other national and international stakeholders. We are working with international partners around the world to accelerate implementation of air traffic procedures to reduce fuel burn and emission. This includes the Atlantic Interoperability Initiative to Reduce Emissions (AIRE) between the U.S. and the European Commission.

Elsewhere in the transportation sector, under President Obama's leadership, DOT and EPA are working together on a series of actions to improve fuel efficiency and lower GHG emissions from automobiles and trucks, including a joint rule that will build on current standards to improve fuel economy for light vehicles in model years 2017-2025. In developing this proposal, DOT and EPA worked with California and with major stakeholders, including auto manufacturers, automotive suppliers, environmental groups, and the United Auto Workers. These efforts show that government, industry and other key stakeholders can agree to a long term plan for steady improvement in vehicle fuel economy that will reduce emissions and allow consumers to use less fuel.

We achieved these successes by bringing government and stakeholders together in a cooperative, collaborative process. Our experience and record are in marked contrast to the EU approach.

IV. ICAO

International aviation is a quintessentially global industry that needs a global solution for addressing greenhouse gas emissions. For the past six years, the United States and other countries have been urging the EU to work collaboratively with the rest of the world in ICAO to develop a multilateral approach to reducing GHG emissions from international aviation. Far from improving the environment, the EU's go-it-alone approach is impeding international progress on a multilateral agreement for international aviation that will actually deliver on our shared goal of achieving lasting reductions in greenhouse gases.

V. CONCLUSION

I appreciate that the EU has expressed support for making progress on aviation emissions in ICAO. However, stating support for an ICAO solution is not enough. The EU needs to engage constructively to find a global approach that works for the rest of the world and allows it to set aside ETS in relation to foreign carriers. We strongly urge the EU to cease application of the ETS to international aviation in order to help accelerate our efforts to forge a global solution. We need to see real signs of flexibility from the EU. The global community needs to believe that the EU is genuinely willing to work on a global deal to help us accomplish our shared goals on the environment.

Thank you.