

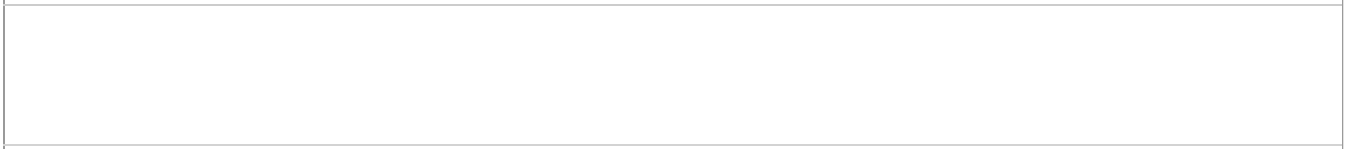
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Europe Forcing Airlines to Buy Emissions Permits

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Graham Barclay/Bloomberg News

A jet landing at London's Heathrow airport. Any airline operating in Europe must join an emissions system starting Jan. 1, 2012.

By **JAMES KANTER**
 Published: October 24, 2008

BRUSSELS — [European Union](#) governments gave formal approval Friday to a potentially costly system of capping greenhouse gases from any airline flying into or out of the trade bloc — just as the airline industry reported new evidence of the impact of a worsening economy.

Airline chiefs immediately criticized the decision, saying it would cost the industry at least 3.5 billion euros (\$4.4 billion) each year to comply. The Europeans are “acting in a bubble — even in the middle of a global economic crisis,” said Giovanni Bisignani, the director general of the International Air Transport Association.

European justice ministers meeting in Luxembourg approved the greenhouse gas measures, which oblige airlines, regardless of nationality, that land or take off from an airport in the European Union to join the emissions trading system starting on Jan. 1, 2012.

The system, created in 2005, already includes heavy industries like cement makers and electricity generators in Europe.

Industries have complained bitterly about the costs of complying with the system, especially as the global economic situation has worsened. Many airlines also have fought hard to avoid inclusion in the system, saying they can ill afford the extra costs after a

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period of record high fuel costs.

The United States has also harshly criticized efforts to apply the rules to American-based carriers, maintaining the rules may violate international aviation agreements.

Friday's decision was expected, however, after European governments reached a political agreement with the [European Parliament](#) in June.

The International Air Transport Association has reported that global airline passenger traffic fell 2.9 percent in September, compared with a year earlier. It was the first monthly drop since the outbreak of severe acute respiratory syndrome in 2003.

A drop in air freight of 7.7 percent was the first since the market for technology stocks crashed in 2001, the transport association said.

In another sign of gloom in the industry, Europe's largest airline, Air France-KLM, warned that its earnings would suffer as a result of the financial crisis, sending its shares down sharply.

The airline said it was struggling to reach a full-year goal of 1 billion euros in operating profit for the 12 months through March 2009. Air France-KLM vowed to curb capacity and freeze costs, but said that it would "remain comfortably in profit as long as market conditions do not deteriorate any further."

The inclusion of aviation in the carbon trading system will raise costs for airlines, which pay for a portion of their emissions permits to comply. The system also will raise costs for passengers if airlines, as expected, pass on the costs by raising ticket prices.

European Union climate officials say it is vital to regulate greenhouse gases from aviation because the sector is growing so quickly.

Low-cost carriers like [Ryanair](#), based in Ireland, have made short hops by air accessible for many more Europeans. Even so, the measures approved on Friday include special provisions that could ease the rules on start-up airlines in faster-growing economies within the union, like those in Eastern Europe.

New airlines or airlines growing at more than 18 percent annually would be eligible for a one-time limited supply of additional free permits. That measure would ensure that countries "with initially very low but increasing mobility rates are not penalized by the scheme," European Union governments said in a statement.

The airline industry says its gases represent a small fraction of greenhouse gas emissions and that the European measures will be ineffective without a global agreement.

Environmentalists say the effect of vapor and emissions from jet engines at altitude could magnify their effect on the climate.

A version of this article appeared in print on October 25, 2008, on page B2 of the New York edition.

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