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***European Union’s green leadership confronted –
a case of the European Union Emissions Trading System
for aviation***

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Abstract

Drawing on multi-level governance theory this paper explores the mechanisms that the European Union (EU) was employing to include international aviation into its EU ETS and a subsequent policy suspension. This paper also shows the role of the aviation sector in the process of blocking the EU environmental policy regarding CO₂ emissions from aircraft. It is claimed here that the EU’s green leadership is facing a strong opposition of both aviation business and non-European countries. Also, the paper shows how the EU’s unilateral decision concerning aviation resulted in unprecedented hostility towards the EU environmental policies. While employing elements of interpretive policy analysis the paper explores the beliefs and meanings that the participants of the policy process have. Furthermore, the EU ETS and aviation are analysed in a broader perspective of international policy-making in the context of International Civil Aviation Organisation (ICAO). Relying on interviews with stakeholders and industry representatives that were conducted in Washington, DC and Brussels the paper offers methodological insights about researching the EU both while looking at it from its core as well as from the third country perspective.

Introduction

The European Union Emissions Trading System (EU ETS) was established in 2005 and quickly became a flagship of the European Union’s Climate Action Programme. It is the first international cap-and-trade scheme in the world that operates on the company level. It has been nicknamed “a parade horse” (Peeters & Deketelaere 2006, p.8) the “eight-hundred-pound gorilla”(Ghaleigh 2010, p.48) and “a political pet that the EU has aggressively implemented and promoted” (Parker & Karlsson 2010, p.930). Its pioneering role was visible not only through its size in terms of tonnes of carbon traded but also in terms of large sectoral scope of the project.

Until 2008 the EU ETS included spatially-fixed plants generating heat and power, energy intensive industries such as oil refineries, steel works and production of iron, aluminium, metals, cement, lime, glass, ceramics, pulp, paper, cardboard, acids and several organic chemicals, which all together accounted for more than 45% of the EU’s greenhouse gas emissions (European Commission 2013). Following the European Commission (EC)’s proposal to include aviation into the EU ETS, in 2008 international aviation became covered by scheme by the Directive 2008/101/EC later called the Aviation Directive (Official Journal of the European Union 2008). This decision marked the EU’s leadership in shaping international climate change addressing policies much more poignantly than running the system in the previous years. This is because its principle assumed that non-European airlines that land or depart from the EU airports would have to surrender their allowances as well.

Given the context of the EU ETS and aviation this paper addresses several questions: why was the EU’s leadership in aviation regulation opposed that intensively, how was the decision of including aviation into the EU ETS seen / understood by the regulated entities i.e. airlines and how the blockade of the EU initiative plays out on the global level of negotiations on a global deal for aviation emissions.

The empirical material for this paper was gathered during semi-structured interviews conducted between March and May 2013 in Washington, DC and in March and April 2014 in Brussels. In the US 20 people were interviewed in 18 interviews (two interviews were given by two persons simultaneously). Fifteen of them were face-to-face meetings that lasted between 40 and 90 minutes. Two more interviews were conducted over phone due to the interviewee’s limited availability in Washington. Additionally one interview was conducted via Skype in June 2013. The interviewees come from various backgrounds: the US Congress, American aviation industry (airlines, manufacturers, airports), environmental NGOs, EU officials present in Washington, one consultancy firm and one think-tank that were involved in the discussion on the EU ETS and aviation. In Brussels 15 interviews were conducted during face-to-face meetings that lasted between 50 and 90 minutes. The interviewees included European Commission staff, staff of the Members of the European Parliament, staff of Parliamentary groups, environmental NGOs representatives and aviation industry representatives (airlines, airports, plane manufacturers). All the interviews were transcribed and the verbatim transcripts were used in the analysis.

The first part of this paper engages with the literature on leadership and attempts to explain the EU’s green leadership. In the second part the activities of the EU ETS opposing parties are looked at and analysed. The third part engages with a global dimension of the problem examined. The last part concludes with final remarks and research gaps to be addressed in the future.

Analytical framework

This paper draws on the literature that is looking at the EU’s leadership in environmental and climate governance and its features (Oberthür 2011; Oberthür & Roche Kelly 2008; Schirm 2012). The EU’s leadership has been looked at through the lenses of direction and goal-attainment (Groen et al. 2012, p.175) or as suggested by Grubb and Gupta (2000) through endeavours to achieve common purpose and actually achieving success as the determinant of success. The leadership is than viewed as “collective pursuit of some common

good or joint purpose” (Underdal 1994, p.178). Further, in order to analyse the EU’s leadership a concept of politicization understood as “the extent to which discussions about these agenda items are turned into a political debate” (Groen et al. 2012, p.177) is taken into consideration. This factor is employed as the EU ETS is viewed as “economic-political hybrid” (Van Asselt 2010, p.140). Groen and colleagues drawing on Elgström and Jönsson (2000) employ the politicization framework, which promises to yield effects for the case analysed here as well. The focus is then placed on the politicized areas that “permeated by national interests and competitive strategies, and non-politicized issues by segmented cooperation and a desire to preserve the arena as a locus for generating future, joint benefits” (Elgström & Jönsson 2000, p.692). This hypothesis seems to be adequate to employ while looking at climate governance and especially the EU ETS where the interests of the EU member states were instrumental and since carbon markets are seen as highly political ventures (Lederer 2012).

On the other hand the actions surrounding the inclusion of aviation into the EU ETS are viewed using policy network analysis (Hanf & Scharpf 1978; Milward & Wamsley 1985; Rhodes 2006). As argued by Klijn: “the policy network approach draws attention to the importance of the institutional context for the issue of governance. If policy processes takes place within certain institutionalised context, it becomes important to understand that context” (1997, p.33). This context is for example a stable relation pattern between organisations and in the case of this research, the EU institutions and the EU ETS itself. Sometimes the definitions can be even more inclusive: “the notion of policy networks does not so much represent a new analytical perspective but rather signals a real change in the structure of the polity” (Mayntz 1994, p.5).

By using the policy network analysis in the context of climate governance and green leadership one can inclusively treat actors, see how they interact with each other and how their interdependencies play out on a larger policy-making arena. The next paragraph sets context for the analysis.

Policy context: aviation and the EU ETS

From an environmental perspective, the rationale for including aviation within programs for action on climate change would appear clear. Aviation itself is responsible for approximately 2-2,5% total CO₂ emissions globally (Lee et al., 2009) and 13% of all greenhouse gas emissions related to transportation (European Commission 2005). The trend is growing, according to estimates aviation emissions will grow by 230% to even 667% (Runge-Metzger 2011). In 2006 aviation emissions amounted to 630 Mtonnes CO₂ where 68% of the volume was produced by international aviation and 38% by domestic operations (Lee, Lim, & Owen, 2013). According to the data reported by the Annex I countries to the United Nations Framework Convention on Climate Change (UNFCCC) the European Union accounted for more than a half of the international aviation emissions (European Commission 2005, 5).

The EU decided to treat aviation as another sector to be included into its scheme in this way bypassing a need to create a separate system and avoiding larger international negotiations on its shape. The principle of the Aviation Directive is based on the assumption that an aircraft is a mobile source of CO₂ emissions¹. Although the EU believes that the best solution would concern a global agreement it still decided on unilateral inclusion as the EU ETS “may serve as a model for the use of emissions trading worldwide” (Official Journal of the European Union 2008). Further, it underlines that the EU and its member states should continue efforts to reach a global agreement.

In the meantime, the EU decided to set a cap on emissions from international aviation taking as a baseline 2004-2006 period, which is different than the standard ETS baseline of 1990. This change was motivated by a rapid growth of the aviation sector in recent years. The Directive assumed that 85% of the allowances would be given for free in the first trading period and later the percentage would be lowered to 82% in the second period. When it comes to the reductions of emissions, the system works the same for aviation as for any other sector in the ETS – to satisfy the EU requirements airlines should either

¹ In the Directive the word „installations” was changed to activities in order to broaden the scope of the EU ETS.

implement technologies to decrease their overall CO₂ production or buy allowances from other sectors, Clean Development Mechanism projects or Joint Implementation (both under Kyoto Protocol). The third way would be to decrease the number of flights to and from the EU.

In case of non-compliance of the aircraft operators, the EU can fine them 100€ per missing allowance on top of the obligation to procure and surrender missing allowances. What is more, if the failure to submit allowances continues the country where carrier is registered “may request the Commission to decide on the imposition of an operating ban on the aircraft operator concerned” (Official Journal of the European Union, 2008).

The Directive provides also several exemptions, among them exclusion of operators who provide less than 243 flights per period for three consecutive four-month periods or their total annual emissions lower than 10 000 tonnes per year, and military flights². One more exemption is granted for countries that took “equivalent measures”, i.e. covered aviation with their domestic emission trading systems. If the EU ETS for aviation had not been suspended it would have included carriers from 62 countries (Motaal 2012, p.11).

The European Commission estimated if all these provisions are taken into account and the countries comply with the scheme it would bring savings as high as 183 million tonnes of CO₂ by 2020, which is a reduction of 46% when compared with business as usual (European Commission 2011).

One major concern over the design of the inclusion was raised from the very beginning: the fact that the EU decided to include not only the European carriers but also all the operators that depart or land in Europe. According to the non-European states as well as non-EU airlines this step was illegal on several grounds. Firstly, they argued that it interferes with sovereignty over airspace since the emissions taken into account are calculated for the whole duration of flight, including the part outside of the EU. Secondly, it was claimed that it infringes the principle of freedom to fly over the high seas and of exclusive jurisdiction of the country where aircraft is registered while over the high seas. Further challenges included infringements of the Chicago Convention on

² The full list of excluded types of flights can be found in the annex to the Directive.

International Civil Aviation, Open Skies Agreements and the Kyoto Protocol³. The process of contesting the EU’s Directive continues the legislative work continues at the European Parliament and at the Commission. For the purposes of this analysis, the EU ETS for aviation is looked at only until the decision to stop the enforcement of the inclusion of aviation in the EU ETS with regards to flights to and from non-European countries announced 12th November 2012 (European Commission 2012).

EU Context: green leadership

As it was shown above, the EU assumed a pioneering position in the regulation of aviation emissions, which was supposed to result in confirming its leadership. How should this leadership be conceptualised? There are various definitions of both a leader and leadership in international relations scholarship. Probably the most classic approach is proposed by Young who describes leadership as “the actions of individuals who endeavour to solve or circumvent the collective action problems that plague the efforts of parties seeking to reap joint gains in processes of institutional bargaining” (1991, p.285) . On the other hand, Gupta and van der Grijp suggest that “a leader is not only a party that fulfils theoretical criteria; a leader is one that is perceived as a leader” (2000, p.67). These two can be complemented by a more power-related definition of Underdal (1991, p.140) “an asymmetrical relationship of influence, where one actor guides or directs the behaviour of others towards a certain goal over a certain period of time”.

The green ambition of the EU has often been taken for granted (Parker & Karlsson 2010; Bäckstrand & Elgström 2013; Oberthür 2011; van Schaik & Schunz 2012) and these views pertained both to the intra-European engagement as well as ambitious goals pushed internationally. As explained by Oberthür and Rabitz (2013, p.41) “in multilateral environmental institutions, the core purpose (e.g. preventing dangerous climate change or protecting biodiversity) is usually

³ All the listed issues were brought to the Court of Justice of the European Union by several American airlines in Case C-366/10 *The Air Transport Association of America, American Airlines, Inc., Continental Airlines, Inc., United Airlines, Inc., v The Secretary of State for Energy and Climate Change*.

enshrined in an agreement that all members have subscribed to.” In the analysed case the “subscription” was never quite evident on the side of the member states pressed by the industries based on their territories – to mention a few: Airbus countries (UK, France, Germany), Germany pushed by Lufthansa, France by Air France, and the non-European countries were vocally against the European initiative.

The EU was exhibiting its green leadership on various levels. Already in the 1990, the European Council would state the EU ambitions:

“The Community’s credibility and effectiveness at this wider level depends in large measure on the ability to adopt progressive environmental measures for implementation and enforcement by its Member States. The internal and external dimensions of Community environment policy are therefore inextricably linked (...). The Community must use more effectively its position of moral, economic and political authority to advance international efforts to solve global problems and to promote sustainable development and respect for the global commons” (European Council 1990).

Fifteen years later, Environment Commissioner would not use the argument of the “moral authority” any more, however the message expressed remains strikingly similar: “This is not just leadership for the sake of leadership, or because we think we can fight climate change on our own - we clearly can’t. The EU’s commitment and success has been an inspiration to our global partners. Without it, it is certain that the Kyoto Protocol would not have entered into force” (Dimas 2005). These two quotes illustrate well the demand / cooperation dynamics that the EU was promoting and also build the EU’s leading position in green diplomacy (Vogler 2005). Various reasons can be found for this importance of being viewed as a leader, however due to space constraints there will be only shortly mentioned here. Some see the green leadership as an answer to the need to create a common European identity (Scheipers & Sicurelli 2007), become closer to the citizens’ problems (Grubb & Gupta, 2000) and support

integration (Schreurs & Tiberghien 2007) or enhancing EU’s global image (Biedenkopf & Dupont 2013), while others link this leadership with green attitudes in some Member States (Schreurs & Tiberghien 2007).

Analysis: Opposition to the leadership

The two paragraphs above presented the context for the research undertaken. The following part attempts to understand broader implications of the inclusion of aviation into the EU ETS.

Although for a long time the EU was perceived as a leader in progressive environmental policy (Groenleer & Van Schaik 2007; Zito 2005; Oberthür 2009), firstly the results of the COP15 (Groen et al. 2012) and more recently issues related to including aviation into the EU ETS may be signals of changes in the situation. While some of literature focuses on the role of the EU in the international negotiations with regards to environmental policy (Grubb & Gupta, 2000; Oberthür & Rabitz, 2013), the issue of including aviation into the EU ETS can hardly be seen in line with these analyses as the inclusion cannot be seen as a negotiated deal, but rather as a unilateral step performed by the EU.

Various understandings of the inclusion

Before proceeding to the analysis of the challenged environmental leadership with regards to emissions from aviation, precedence needs to be given to the actual reasons of including a new sector in the EU ETS. The paragraph below reports therefore on how the industry, NGOs and staff of the European Parliament understood the reasons of including aviation into the EU ETS. This exercise helps in further analysis of the opposition. The American side of that policy community is excluded here deliberately as firstly, the US was not engaged in any discussions related to inclusion and secondly, they learnt about the ETS for aviation too late to be aware of any early developments of the scheme in Europe. They interviewees in Washington would always state that they are not able to answer the question about the beginning of the idea to include aviation into the EU ETS.

There are several explanations that would recur in the discussion on why

aviation was included into the EU ETS and that go beyond the statements of the Commission. In the literature the topic appeared oftentimes in a legal context (Bogojević 2012; Bogojević 2013; Scott & Rajamani 2012). Aviation could be seen there as leverage to export the European ideas internationally using a different channel than multilateral climate negotiations. It has been claimed for example that the EU's extension of the EU ETS was a case of a challenged instance of the EU's environmental leadership that later on was legalized by the Court of Justice of the European Union (Bogojević 2012).

The data gathered in the field suggests also alternative understandings. Firstly it is seen as a consequential step. The EU has been promoting its mechanism as “a cornerstone of the European Union's policy to combat climate change and its key tool for reducing industrial greenhouse gas emissions cost-effectively” (European Commission 2014). Including new sectors can be viewed than as a part of a larger strategy of promoting market-based mechanisms and at the same time projecting its leadership. This is especially important if one looks at the slow developments with regards to crafting a global deal by ICAO. The EC claims “the EU has been seeking a global agreement to tackle aviation emissions through the International Civil Aviation Organisation for more than 15 years” (European Commission 2013a). ICAO enjoys support of the Kyoto Protocol where it is explained (Art. 2.2) “The Parties included in Annex I shall pursue limitation or reductions of emissions of greenhouse gases not controlled by the Montreal Protocol from aviation and marine bunker fuels, working through the International Civil Aviation Organization and the International Maritime Organization, respectively” (United Nations 1997). This idea been reiterated also in 2011 by the ad hoc working group working in long-term cooperative action under the convention (United Nations 2011). By deciding to regulate the sector unilaterally, the EU has therefore not only challenged the third countries but also provoked confrontation with a long lasting consensus that ICAO is the main venue for deliberations about aviation regulation. This caused vehement reaction of the aviation community. According to the interviewees representing aviation industry (airlines, airports, and manufacturers) both in Brussels and in Washington, the ICAO should remain the only venue for discussions on aviation *au par* with International Air Transport Association (IATA). Even though ICAO is

seen as a deliberative, and has “enormous procedural slow rhythm”⁴ which is related to the consensus-based character of the decisions that are taken at its Assemblies, it still is seen as the most appropriate venue for the discussions about any aviation-targeting policies.

The second explanation of the EU’s step in aviation regulation is viewed as a practical one. Although the European Union was thinking of regulating enlarging the scope of the EU ETS to transportation, which has been pronounced in its White Papers, only aviation was actually chosen to be included, and emissions from vehicles or maritime sector were excluded. This caused again objections of the aviation industry: “What is the difference if the vehicle moves at sea level or if it moves 10 000 meters above sea level, which is an aircraft that is subject to CO₂ compensation even if it is on high seas, and the boat is not”⁵. The same interviewee would claim that aviation was chosen because it is highly regulated, well-organized and transparent industry, where the behaviours are highly codified, data concerning registration of an aircraft and its route. A high-ranking representative of a big European carrier would explain as follows:

“So it was probably easier to do something as complicated as EU ETS or put it into operation, it was much easier with aviation industry than the shipping industry because you don’t know where operator is and operator has chartered that boat to five different parties and you never know who is accountable so the aviation industry is quite different”⁶

A similar view was presented by a interviewee representing several European airlines “They [EC] thought of other sectors as well but probably much more easier to include our sector because all the airlines are linked to a member state and the ETS is a member state thing.”⁷

Finally, an officer from the European Commission would retain the line that the Commission wanted to include aviation because of the poor

⁴ Interviewee A, 3. March 2014, Brussels.

⁵ Interviewee D, 25. March 2014, Brussels.

⁶ Interviewee D, 25. March 2014, Brussels.

⁷ Interviewee A, 3. March 2014, Brussels

performance of ICAO in regulating aviation emissions and ICAO’s green light for regional solutions. This understanding was suggested also from the environmental NGOs perspective⁸. Also, the EC interviewee would claim that the Commission was able to propose. “The general policy of the EU is really to include all sectors and this is very much about the efficiency and fairness argument. Everybody must contribute to action against climate change”. The explanations would also include the idea that the possibilities of replacing kerosene with other fuel or drastically limiting the fuel use are limited in this sector. Albeit not exhaustive, these understandings set a scene for further enquiries into the issue.

The data reported above shows that the understanding of the EU’s policy varies significantly between interviewees representing different sides of the policy community. The answers to the idea of including emissions from all flights landing at or departing from European airports received more consolidated answer, especially if one focuses on the non-European countries and carriers. The most striking result emerging from the empirical data is however the fact that only the legislators saw the inclusion as a leadership projection and a pioneering step. The others would rather focus on its practical dimension that it meant for them. In relation to this, the strategies employed internationally were poignantly addressing the application of the rules produced by the EU but on a longer run managed to distance the EU from its ambitions. What were the reasons for such a situation? In the next part the international efforts to oppose the EU ETS for aviation are presented in more detail.

The coalition of unwilling: EU’s leadership challenged

Globally, the most important role in opposing the EU ETS was played by so-called “coalition of the unwilling”. It is an informal group of 26 countries, among them the United States, Russia, China, India and Brazil⁹ that have been actively opposing the EU ETS inclusion of aviation mostly on grounds of sovereignty issues and Chicago Convention infringements. There is no

⁸ Interviewee B, 14. March 2014, Brussels.

⁹ An interesting differentiation was made by a EU interviewee who categorized the types of countries opposing the EU ETS: “India is there with its heart. China is there with its mind, Brazil too. Russia, I’m not quite sure... they are there with their mind.” (Interviewee K, 9. April 2013, Washington, DC).

organizational dimension of the coalition and its activity can be seen mostly at the events organized by its members. The first forum took place in India and its participants issued Delhi Declaration in 2011 (Green Air Online 2011, Government of India 2011) in which the views on illegality of the EU ETS that the opposing countries hold were reaffirmed, indicated ICAO as the body that should deal with the issue and promised to discuss measures to counter the EU initiative (Green Air Online 2011). A year later the countries opposing the EU ETS for aviation convened in Moscow to issue the Moscow Declaration in 2012 (Russian Aviation 2012). The tone of this document was more determined and listed possible actions and measures that the coalition is considering: filing cases to ICAO and WTO, continue with national bills to prohibit airlines from participation, reviewing Bilateral Air Services Agreements, suspending negotiations to enhance operating rights for EU airlines and mandating EU carriers to submit flight details and other data (Russian Aviation 2012). The most recent meeting took place in July 2012 in Washington (Green Air Online 2012, Reuters Point Carbon 2012) and was hosted by the State Department. It was attended by 16 members of the “coalition of the unwilling” and Australia¹⁰ that participated in the meeting of the group for the first time. During the Washington meeting no declaration was adopted and as claimed by the US officials “I would not regard this as a third in the line of the Moscow and Delhi meetings. The purpose of this meeting is really to try to explore whether there might be a basis for a global solution to addressing greenhouse gas emissions from aviation” (Green Air Online 2012a).

On the other side of the issue there is the European aviation sector. The aviation industry lobbying from within the EU was very different to the one seen in the third countries. As one learns from the previous experiences, the intensive industry lobbying in the EU in environmental matters was usually related to oil companies (Selin & Van Deveer 2011, p.83) as well as electricity sector (Wettestad et al. 2012, p.78), but aviation remained rather inactive, largely because of smaller number of aviation-related regulations issued by the EU in the past. In line with this, none of the US interviewees would see any role played

¹⁰ Australia’s involvement can be seen as surprising since the country has recently signed an agreement with the EU, which outlines a full link between an Australian ETS and the EU ETS (European Commission 2012b).

by the European airlines in opposing the scheme. Some even claimed that for the European airlines the wider the inclusion, the better. On the other hand, a representative of US aviation sector would claim in an interview that the European airlines were reluctant to fight with the scheme because they wanted to maintain “a working relationship” with their regulator, the European Commission. According to a US aviation industry interviewees¹¹ the airlines based in Europe were happy that the American airlines came out to fight with the EU ETS. After all, if the case were won all the airlines would have been affected. In the end, only Lufthansa expressed their reservations to the scheme saying that the ETS was “ecologically counter-productive and economically harmful” (BBC 2008) and presented similar claims to those chosen by the US, that the EU ETS includes emissions from the whole duration of the flight even though only a little percentage of the flight actually proceeds in the EU airspace (Lufthansa 2012).

The US understanding of the European industry position was however not confirmed by the European interviewees. As it emerges from the data collected, the European aviation industry would have an ambivalent approach to the EU ETS and it was lobbying for a market-based solution that would satisfy their needs without being seen as objecting actors. The European airlines were aligned strongly in their position promoting a global and non-discriminatory measure (Association of European Airlines 2012) or “the original EU ETS as first suggested by the Commission”¹². Both the Commission and the Parliament would see their role as important as they were able to lobby both in Brussels and in the Member States.¹³ The industry itself would claim that some of their goals were achieved when proposing amendments to the system.¹⁴

One more remark related to the vision of the EU ETS that the EC needs to be presented. Both the European and American interviewees from all the groups that took part in the research would affirm that the EU was on one side very positive about the global reaction to the EU ETS for aviation and secondly, the EU

¹¹ Interviewee M 4. April 2013, Washington, DC and Interviewee P 25.04.2013, Washington, DC.

¹² Interviewee A, 6. March 2014, Brussels.

¹³ Interviewees E, F, G representing the European Commission, a political group within the European Parliament, staff of a Member of the European Parliament (25. March 2014, 26. March, 2. April, Brussels).

¹⁴ Interviewee D, 25. March, Brussels.

was not expecting any significant opposition. This situation is well-described by a European airline association interviewee:

“Because at that moment [before the proposal was made public] the European Commission was more or less certain that all the airlines that were flying the routes [from and to the EU] that they were considering all the routes to and from Europe had to comply and the first question that we asked was: “Did you ask them?” “Will they comply?” And at that moment the Commission said: “We are absolutely certain that they have to comply.”¹⁵

These concerns can be confirmed in the literature that was commenting the EU ETS impasse. As argued by Preston, Lee and Cooper the attempt to mitigate emissions from aircraft is complex due to “the spatial, institutional, political and physical scales involved, compounded by the sheer number of actors implicated” (2012, p.51). These difficulties contributed to displaying the EU as a leader but at the same time, as explained by an interviewee representing a large European airline, the Commission could not really know how the inclusion will really work as no entity has attempted anything at least similarly ambitious.

Given the strong opposition of the third countries as well as non-European airlines and a reluctant and unstable support to some aspects of the EU ETS expressed by the European airlines, the EU was not able to further press for as wide inclusion as originally planned. Formally this resulted in the aforementioned suspension of the EU ETS for flights departing to and arriving from non-European countries (European Commission 2012). While commenting on this stop, the EU Commissioner for Climate Action would say:

¹⁵ Interviewee A, 6. March 2014, Brussels.

“Nobody wants an international framework tackling CO₂ emissions from aviation more than we do. (...) Our regulatory scheme was adopted after having waited many years for ICAO to progress. Now it seems that because of some countries' dislike of our scheme many countries are prepared to move in ICAO, and even to move towards a Market Based Mechanism (MBM) at global level” (European Commission 2012a)

The Commission would therefore acknowledge the “dislike” and would see its role in proposing an unpopular solution in order to move the process to the venue that would probably promise a global, industry-approved solution. However, it has been argued that the EU's "leadership by example" meets reluctance of industries in question as well as the EU member states (Skjærseth 2014, p.263). Here, the leadership caused even an extra European reaction.

This type of reaction might be related to the fact that the EU in the context of climate change regulation is seen as “a new type of entity on the global scenery whose foreign policy is value-based and who, through the diffusion of its norms, possesses the ability to shape conceptions of what is considered ‘normal’ in the world” (van Schaik & Schunz 2012, p.169). In the case of EU ETS for aviation the EU was similarly confident that inclusion would be seen as “normal” and consequently the opposition was not expected.

The EU had been criticised well before the issues around the EU ETS and aviation started. The main arguments would surround its over-ambitious aims proposed at UNFCCC meetings. The EU would advocate for high reductions and binding targets but at the same time had no domestic legislation that would regulate these aims within the EU and would claim (Pallemmaerts 2004). These criticisms were however very mild if one compares them with aforementioned threats coming from the third countries with regards to aviation emissions.

Furthermore, as observed by Schaik and Schunz (2012, pp.173–174), the EU itself cannot stop global warming by curbing its own emissions only as it accounts for around 14% of CO₂ discharge annually. In terms of larger climate strategy that the EU pursued it would translate into pushing for multilateralism to achieve significant reductions globally (European Commission, 2003;

European Council, 2003). The EU efforts related to the EU ETS were one of the consequences of the EU’s strong stance on the Kyoto Protocol that endorses the market-based measures to mitigate emissions. The multilateral answer embodied by the UNFCCC negotiations was taken back to the EU constituents and translated into a regional solution that was a front-runner as far as the scope of mechanism is concerned. The EU ETS for aviation case suggests that the multilateral approach might be replaced with a more unilateral perspective if climate regulation is taken into consideration (Scott & Rajamani 2012).

The asymmetrical relation mentioned by Underdal (1991) indeed was visible in the case of the EU ETS, however the EU did not manage to fulfil the second part of the definition: guiding and directing other actors. Once the actors in question realized the consequences of the EU’s plans they decided not to follow the EU’s line and exert pressure on the EU directly as well as via Member States or in case of third countries, they have built the coalition of the unwilling. Conversely to the EU’s expectation the lead was taken by the third countries not to create a global measure but rather to oppose the EU’s inclusion and move the discussions to ICAO.

Finally, as claimed by one of my interviewees representing the European Commission who preferred not to disclose the Directorate General he is working for was explaining the failure of the EU’s leadership taking into consideration the time perspective and mostly with regards to the failure of deliverance at the Conference of the Parties in Copenhagen in 2009.

“I think that the times have changed. There was a very different mood in 2006 or 2008. Environment was very high. One was also thinking about a different dynamics: that was before Copenhagen, before things got more difficult in the climate action field”.

He would assert that the Commission could not predict the changes that would happen and a larger trend of retreating from greener policies worldwide. Although the first symptoms of this weakening were visible already during the

Copenhagen Climate Summit (Oberthür 2011; van Schaik & Schunz 2012), where the EU did not manage to find eager followers of ambitious and binding emissions targets, the case of aviation inclusion into the EU ETS has shown that the EU needed to retreat from its overambitious position.

Conclusions

The case of the EU ETS for aviation confirms a hypothesis formulated by Mol, who claimed that through carbon markets non-state actors are more and more included in shaping the carbon mechanisms, especially if they are highly specialized (2012, p.18). Similarly, it was also argued that international actors are able to powerfully shape the policies in the dynamic context of carbon markets (Hoffmann 2011). Lastly, it was proven that in the context of market-based mechanisms aiming at reducing emissions the companies are able to have significant influence on determining the discussions around carbon policies (Dauvergne & Lister 2010). The successful campaign of the third countries supported by the airlines has shown that the carbon policies designed by the EU enter large international politics. In the analysed case, the forces of industry on one side and non-European countries on the other side proved to be powerful enough to make the European Commission cave and significantly decrease the scope of the original EU ETS for aviation. While lowering its ambitions, the EU did still decide to continue its project for aviation for flights within Europe and continue exert pressure in the ICAO structures via the Member States for a global market-based mechanism for aviation. The confrontation therefore should not be seen as a policy failure but rather as lowering ambitions while persistently striving for creating a global measure for aviation.

The results presented here contribute to the discussion on the EU’s green leadership that fails to persuade the non-European states to what can be seen as a “normal” behaviour in terms of fighting climate change. In the context of the UNFCCC the EU’s strategies to persuade the participants for more ambitious aims did not yield spectacular effects. In the UNFCCC case that was related mostly to the inappropriate behaviour for the circumstances (van Schaik & Schunz 2012, p.182) but in the case of the EU ETS it can be rather viewed as the problem of the Commission being unprepared for such a strong resistance of the

entities to be regulated and limited understanding of the regulated sector that historically was rather self-regulating. Finally, as underlined elsewhere, “the EU pursuing less ambitious goals may have better prospects of being successful and influencing outcomes, but dangerous climate change may not be prevented thereby” (Groen et al. 2012, p.187). If one looks at the most recent developments related to the EU ETS and the EU’s withdrawal from its initially very ambitious position of a global regulator of aviation emissions, it looks like the era of successful leadership is entering a dim period.

Most certainly, this analysis does not exhaust all the themes related to the EU’s leadership in the context of international climate policies for reducing carbon emission. The future research should address the issue of maritime emissions, which similarly to aviation are inherently international and the sector is as mobile. The international shipping industry might be equally against any kind of emissions trading mechanisms being conceived outside of the International Maritime Organization and attention should be given to the early responses to the Commission proposals with this regard.

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