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Rickard Gustafson CEO  
Scandinavian Airlines  
Kabinvagen 5  
SE-195 87 Stockholm  
Sweden

**OPEN LETTER: Protect the integrity of the EU ETS; Abstain from using offset credits from HFC-23 and adipic acid projects**

12 April 2013

Dear Mr Rickard Gustafson,

Science and a series of extreme weather events over recent years point to the urgency of the climate crisis and the need for the aviation industry to do its share as effectively as possible. In this context, we are writing to express our deep concern that Scandinavian Airlines has been given the option of using carbon offsets from industrial gas projects under the Kyoto Protocol flexible mechanisms, namely the Clean Development Mechanism (CDM) and Joint Implementation (JI), to comply with your 2012 emission reduction targets under the European Union Emissions Trading Scheme (EU ETS).

On 1 May 2013, a decision endorsed by all EU Member States in January 2011 to ban offset credits from HFC-23 and N<sub>2</sub>O from adipic acid abatement projects from entering the EU ETS will come into effect<sup>1</sup>. This landmark decision was hailed as a shining example of the willingness of Member States to prioritise the integrity of the EU ETS over a handful of corporate investors' intent on safeguarding their financial interests.

There are multiple problems associated with industrial gas credits: they undermine both the Montreal Protocol and the EU's international climate objectives; they are concentrated in emerging economies rather than in least developed nations, and they have no sustainable development benefits. Analysis of data from all registered HFC-23 and N<sub>2</sub>O from adipic acid projects shows that many of the offsets they generate do not represent real emissions reductions. Given that offsetting can only ever be a zero-sum game, such offsets directly undermine the EU's emissions reduction target.

The decision to postpone the entry into force of this ban until as late as May 2013 was understood as an effort to uphold investor security and protect market participants who had already entered purchasing agreements with industrial gas offset projects. Given that the aviation sector only entered the EU ETS in 2012, and that the environmental problems associated with industrial gas projects have been common knowledge for several years now, there is no need for such a concession for airline operators.

<sup>1</sup> COMMISSION REGULATION No 550/2011: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:149:0001:0003:EN:PDF>

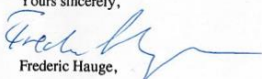
We therefore urge Scandinavian Airlines to protect the integrity of the EU ETS by only using offset credits that have high environmental integrity and to abstain from using offset credits from HFC-23 and N<sub>2</sub>O from adipic acid projects. We would be pleased to discuss this issue with you in more detail and look forward to hearing from you on this matter. Please note that this is an open letter which will be made available to media and other interested parties together with the contents of your response.

Yours sincerely,

Tim Johnson, Director  
Aviation Environment Federation (AEF)



Bellona Foundation

Yours sincerely,  
  
Frederic Hauge,  
Founder and President

Klaus Seitz, Brot für die Welt (BftW)  
Head of Policy Department



Wendel Trio, Director  
CAN Europe



Eva Filzmoser, Director  
Carbon Market Watch



Vera P. Pardee, Senior Attorney  
Center for Biological Diversity



Clare Perry, Senior Campaigner  
Environmental Investigation Agency



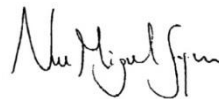
Andrew Davis, Director  
Environmental Transport Association Trust



Seda Orhan Defranceschi, Head of the Brussels Office  
Naturefriends International



Nuno Sequeira, President of National Board  
Quercus



Morgane Creach, Director  
Reseaux Action Climat France



Rob Elsworth, Policy Analyst  
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Jos Dings, Director  
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