

The Greening of the Airline Industry; The Practice of Carbon Offsetting

By Raphael Bejar, CEO of Airsavings

Unless you have been living in a cave in recent years, you'll know that green is truly the color of this millennium. Ten full years since the Kyoto Protocol, and two years since Al Gore spread his Oscar-winning truth about climate change, we are now beginning- at the cusp of 2008- to see real concrete changes in both consumer attitudes and business practices regarding carbon emissions. Furthermore, with the EU codifying its emission trading scheme (now facing the first commitment period of the Kyoto Protocol, 2008-2012), similar cap-and-trade systems occupying planks in US Democratic candidates' platforms, and the strides just recently undertaken at the Bali conference, world governments are beginning to take the active role currently shared by consumers and industry.

The energy industry, dominated globally by coal and petroleum producing conglomerates, is often the first cited by climate change initiatives as needing an overhaul. Indeed, the European ETS lists energy (electricity production and refineries) as the #1 producer of greenhouse gasses (28%). **Closely following in both production and debate, however, is the transportation industry, representing 21% of greenhouse gasses.** And while much ruckus surrounds the fuel efficiency of the individual automobile, the way and frequency with which the populace drives, and the copious emissions of commercial trucking fleets, *it's actually airlines that have made substantial inroads toward limiting and offsetting carbon emissions.* In Europe, where the looming Kyoto commitments will without doubt signal more stringent enforcement of emissions standards, the impetus for these practices by airlines is shifting from consumer demand to government mandate, and those carriers that managed to stay ahead of the trend are particularly positioned for sustainable success in the immediate future.

Sending a 56,246 kg Boeing hurtling through thin air requires copious combustion of petroleum-based jet fuel- 23,000 Liters of it, to be exact, translating, in the end, to almost 1.2 tons of carbon dioxide per passenger, per flight. This inconvenient fact about air travel seems unlikely to change anytime soon; though it may always be sunny above the clouds at 37,000 feet, no one has yet devised the solar-powered jet. The solution, for both consumers clamoring to reduce their carbon footprint and for airlines seeking to 'green' while engaging in a carbon-heavy business, is the burgeoning process of carbon offsetting.

Simply put, carbon offsets are a way to neutralize - or offset - the carbon emissions of a particular activity, say flying, by paying for a project somewhere else that reduces a commensurate amount of carbon emissions: planting trees, for instance. Until recently, the unexpressed purpose of offsets was to alleviate the carbon guilt of travelers; rather than pass up a plane trip out of concern for climate change, flyers can purchase an environmental indulgence, gaining absolution for their carbon transgressions. However, now we are beginning to see that carbon offsets are no longer the exclusive domain of concerned consumers, but an integral part of airline operating strategy and governmental oversight.

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Airlines, including North African LCC Atlas-Blue and US giant Delta, have begun offering offsets for sale as part of the initial booking process (according to the New York Times, Delta began offering a fixed-price offset- \$5.50- in spring of 2007 that has been met with only limited success – perhaps the consumer is so concerned after all?) Atlas-Blue, which boasts the only dynamically integrated offset service on the African continent, and only the 2nd carrier in Europe (after easyJet) calculating offsets according to emissions by distance traveled, has encountered greater participation. Making offsets available directly through the booking engine is critical for widespread customer adoption and also creates an additional sale point during the reservation process. Though carbon offsets by nature are not ancillary revenues- the money is passed directly to emission-decreasing or neutralizing projects through NGOs or governmental groups- offering the service boosts airlines’ brand perception and increases the average time spent on the website.

One of the potential challenges to the proliferation of carbon offsets is the reputability of the agencies receiving the offset dollars. Is recently as early January 2008, the concept of ‘greenwashing’, or creating the appearance of carbon reduction without actually reducing emissions, has taken hold. Unfortunately, a fast-growing trend like carbon offsetting, taking off in only a scant few years without any real consumer watchdog group or governmental regulation, is also ripe for fraudulent practices. Perhaps the most obvious method of combating this trend is to contract with a reputable organization for the development of carbon neutralizing projects. Atlas-Blue, for example, sends its offset purchase dollars to www.actioncarbone.org, a collaboration of Good Planet and the French Government’s Agency for Environment and Energy Management. Aligned with a group that receives direct federal oversight, the potential perception of malfeasance is thus avoided. Other prominent nonprofits include the Conservation Fund and www.carbonfund.org, which subsidizes solar and wind projects in addition to planting trees.

In the face of the European Emissions Trading Scheme and increasing customer demand, carbon offsets are set to be the next big thing in the aviation industry. As CEO of Airsavings, a group buying and ancillary services provider for Atlas-Blue and other low cost carriers in Europe and Southeast Asia, I see the coming ETS as an extension of the best practices already in place at many of our clients. Airlines will need to be in tune with the ETS, just as they need to be in tune with their own customers. Whereas the mass market has driven the demand for offsets up to this point, other factors- like the ETS and rising fuel costs- will have more influence in the coming years. Offsetting is not only the best action to take, it’s also the right thing to do.

To find out more about carbon offset programs for airlines, please contact Raphael Bejar directly at rbejar@airsavings.net or +33.1.41.41.96.87.



About Raphael Bejar and Airsavings;

Raphael Bejar is CEO and founder of Airsavings, based in France with offices in Singapore. Bejar has more than 15 years airline industry experience and founded Airsavings in 2001 to meet the unique and growing needs of low cost and mid sized airlines. His company combines innovative group buying techniques with web services technology to provide ancillary revenue solutions to those airlines. Bejar is a frequent speaker and contributor at industry conferences and events, on the topics of ancillary revenues and cost-reduction strategies for airlines. For more information, please visit www.airsavings.net or contact Vanessa Horwell at vanessa@thinkinkpr.com or +1.305.776.8817.

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