

# [Good european union and potential investment essay example](https://assignbuster.com/good-european-union-and-potential-investment-essay-example/)

[](https://assignbuster.com/)[Engineering](https://assignbuster.com/essay-subjects/engineering/), [Aviation](https://assignbuster.com/essay-subjects/engineering/aviation/)

## Business

Cultural Environment   
The culture legacy of Europe is one of the major diverse in the world. It is an inspiration that attracts millions each year to their monuments and churches, libraries, museums, and to festivals and concert halls. It is both the gathering of past creative achievements and the appearance of the lifelong creativity and tradition. It is also a very vibrant trigger of economic jobs and activities, strengthening the territorial and social structure of the European Union or EU. Culture plays a growing role in the European incorporation process. This should be expected because Europe has always been a literary undertaking from the very beginning of its culture. Therefore, the effort to bring people of the continent together with their different traditions, habits, and languages has evidently a cultural aspect.   
In this honor, the success and originality of the EU is in its capability to respect the varied and knotted history of the Member States, as well as the cultures and languages, while creating common rules and understanding, which have assured stability, peace, solidarity and prosperity. With the EU, a large richness of cultural inheritance and creativity by which successive growths have added increasingly. Understanding the importance of cultural legacy has been a long tradition, especially steady legacy at the state level, particularly related to the restoration and protection of architectural legacy. The concept of cultural legacy conservation expanded to include other aspects of legacy, precisely related to the temporary part. In the middle of the 20th century, several recommendations, resolutions and conventions were taken by European organizations and were taken by international worldwide organizations. Furthermore, the European Union has recognized the citizens’ growing connection to the symbols of their cultural history and has responded by increasingly acknowledging the importance of legacy, and culture in general, as an element of the process of European incorporation (Chapuis, 2009).

## Economic Environment

The European Union Emissions Trading System or ETS, which was established in 2005, is one of the main policy instruments in Europe for decreasing its greenhouse gas emissions. The ETS presently covers all main land-based systems in the EU. From 2012 up to present, emissions from airplanes flying from and to EU airports are also included in the plan. One of the reasons for this expansion is that the worldwide community has not been able to approve a global capacity to decrease aviation emissions.   
The EU ETS are divided into three phases, which are Phase I that cover 2005-2007, Phase II that cover 2008-2012, and Phase III that cover 2013-2020. Phase II has experienced allowance prices scope significantly from €7. 96 to €28. 73. Obtaining a trustworthy projection for the price allowances above Phase III is tremendously difficult in this stage. The economic impact of drawing aviation into the existing system on the airline industry itself can be projected through the means of various models, such as the AERO model which was precisely designed to manage the impact of policy procedures on aviation emissions. Further evaluation on current studies indicates an unofficial calculation of a more recent fuel price. The calculation was based on the data, which are fuel represented 25% of total operating expenses of European airlines in the third part of 2009, each liter of aircraft fuel price of the past year was roughly €0. 47 per liter. Based on these figures, ticket price increases are in the range of 1. 3 to 6. 5% or depends on allowance prices.   
Profits may increase if the value of voluntarily obtained allowances is passed throughout the system. In the presumption of all opportunities cost pass-through, the result operating profits of EU may increase from 3. 1 to 5. 4%. Other studies indicate that if free allowance gain more than 20 to 40% of emissions that is possible in the coming years, profit ranges are likely to rise. It is likely that profit ranges will fall if windfall profits cannot transpire. The regulation on airlines in the EU ETS is intended to treat all airlines equally. This increases the effectiveness in the economic environment of European airlines by running more flights. This regulation also avoids an alteration of competition because otherwise, non-EU airline flight rates from and to EU Member States would be lower than EU airline flights. However, EU ETS has allowed exemptions airlines that cover few flights, including some airlines from small rising countries. Therefore, there is a large possibility that a small part of the revenues will benefit rising countries. Demand for credits from Clean Development Mechanism or CDM projects is expected to increase, which will have a positive outcome on some rising countries because of the improved foreign direct investment (ictsd. org).

## Political Environment

Since 2012, the aviation industry in France came under the European Union Emissions Trading Scheme. Air France-KLM has accepted this cap-trade system, which it considers to be more efficient than a basic tax, if no competitive alteration occurs. The group believes that the revenues developed by government as an effect of auctioning emissions rights should be intended to improving the environmental performance of the airline industry. The effectiveness of the cap-and-trade system depends on its implementation across the board.   
Every flight to and from Europe will be involved, regardless of the airline. For 2012, a limit has been set for the area of 3% below average area emissions between 2004 and 2006. The quotas will be allotted to every airline correspondingly to its activity calculated in freight tone-km during 2010. Airlines will also need to buy any shortfall in their appropriate quotas on the wide carbon market. Every Air France-KLM flight will be involved by active plans for application of the Directive become forwarded in 2009. The year was pronounced by the submission of airline emission and monitoring plans of activities. Air France-KLM group were approved in 2009. The EU system for transacting greenhouse gas quotas were applied to the aviation sector in 2012. Air France-KLM trusts that a responsible airline industry should contribute to carbon emissions reduction. Since it is not precisely feasible for aviation to decrease its emissions alone, it will fund reductions obtained in other areas through ETS. On the other hand, Air France-KLM considers the possibility that the system will only be effective if airlines throughout the world will be involved. Air France-KLM remains strict that the system is applied equally (airfrance. com).

## Legal Environment

The European Court of Justice or EJC is present as the Grand Chamber declared the validity of the Directive in Air Transport Association v. SS for Energy and Climate Change, as a reply to a position for a preliminary ruling under Article 267 of the Treaty on the Functioning or the EU. This reference involved the validity of the Directive to include greenhouse carbon emissions from airline activities in the EU ETS.   
The airline industry firmly opposed the incorporation of aviation activities inside the EU ETS or more precisely the incorporation of emissions by non-EU airlines outside EU boundary. The ECJ declared several regular international law principles to be applied to its review of the validity of the Directive. These principles state that every state has control over its aviation, no area of the high seas may approach under the control of a state, and the freedom to fly over the high seas is assured. To avoid instances of double regulation as well as a possible pace towards a worldwide agreement on greenhouse carbon emission reduction in the aviation division, the Directive focuses on the option of connecting the system with emission trading methods from foreign countries or states through mutual arrangements (Tunteng, 2012).

## References

AirFrance. (n. d.). Political and regulatory context : Air France - Corporate. Retrieved from http://corporate. airfrance. com/en/sustainable-development/environment-and-climate/combating-climate-change/political-and-regulatory-context/   
Chapuis, M. (2009). Preserving our heritage, improving our environment (Volume 1). Retrieved from http://ec. europa. eu/research/environment/pdf/20years\_cultural\_heritage\_vol1\_en. pdf   
International Centre for Trade and Sustainable Development. (2011). The Inclusion of Aviation in the EU ETS: Economic and Environmental Consequences | International Centre for Trade and Sustainable Development (Volume 5 - Number 4). Retrieved from http://www. ictsd. org/bridges-news/biores/news/the-inclusion-of-aviation-in-the-eu-ets-economic-and-environmental   
Tunteng, V. M. (2012). Legal Analysis on the Inclusion of Civil Aviation in the European Union Emissions Trading System. Retrieved from http://cisdl. org/public/docs/news/CISDL\_EU\_ETS\_Expansion\_Legal\_Brief. pdf