

Akkarapon Suntornsutiwat 2014: An Analysis of Operating Cost and Carbon Dioxide Emission Cost Pass-Through of Airlines for EU ETS. Master of Economics, Major Field: Economics, Department of Economics. Thesis Advisor: Ms. Worawaan Tummongkol, Ph.D. 91 pages.

Since the European Union has launched the EU ETS regulation on January 1st, 2012 to control carbon dioxide emission from aircrafts entering European FIR, the regulation has brought major discussion related to the increasing cost of airlines and its effects on airlines competitiveness. This research analyzes the operating cost of airline to determine whether the regulation would impact the route and stop-over choices of airlines flying from Thailand. In addition, the research examines the cost composition breaking-down into fuel cost and carbon dioxide emission cost affected by the EU ETS regulation as well as its cost pass-through which may occur from this change. The research finds that the cost of carbon dioxide emission was only 9.85% of total fuel cost and 1.87% of the total operating cost. Hence, the direct flight path from Thailand to European destinations is the best strategy for airlines facing EU ETS regulation.

Student's signature

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