



CLIMATE ACTION
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SEPTEMBER 2016:
A POSITION PAPER PRESENTED BY THE GLOBAL AVIATION INDUSTRY



AVIATION INDUSTRY VIEWS ON CORSIA

The aviation industry is committed to taking a proactive and responsible approach to development, balancing the need to grow and to continue connecting the world, with the need to deal with our climate change impact. We believe that ICAO must continue to play the leading role in the efforts to address international aviation's CO₂ emissions impact.

In 2009, the industry became the first transport sector to set global climate goals and it implemented a strategy to achieve those goals through technology improvements, including sustainable alternative fuels, operational improvements, infrastructure measures and a properly-designed global market-based measure (GMBM) to address any remaining emissions gap.

The industry for its part is committed to achieving those goals and has dedicated considerable resources to implementing this strategy.

At the 2015 ATAG Global Sustainable Aviation Summit, held one year before this Assembly, 29 industry Directors General and Chief Executives representing over 90% of commercial aviation wrote an open letter to governments, committing to continued climate action and supporting the process to develop the GMBM for aviation. That letter can be found attached to this paper.

PRINCIPLES FOR A GMBM

The industry is confident that technology, operations and infrastructure measures will provide the long-term solution for aviation's sustainable growth. Due to the time required for new technologies and infrastructure to deploy their full effect, a GMBM will be needed as a "gap-filler" in the interim.

A GMBM for international aviation should only be considered as part of a broader package of measures to address aviation's CO₂ emissions that cannot be achieved by cost-effective in-sector reduction measures. In 2016, the GMBM was refined into the proposed Carbon Offsetting and Reduction Scheme for International Aviation, or the CORSIA.

We believe that the following general principles should guide States at ICAO in their decision on the adoption of the CORSIA at this Assembly:

- » It should not be designed or used to raise general revenues or to suppress demand for air travel.
- » It must be global in scope and preserve fair competition.
- » It must avoid adoption of unilateral measures which would create an unsustainable regulatory patchwork, leading to increased complexity, cost and market distortion
- » It should be simple to administer, with each operator only reporting its emissions to one State

We further note that at the 72nd IATA Annual General Meeting held in Dublin, on 2-3 June 2016, the airline industry overwhelmingly adopted a Resolution on the development of a GMBM for international aviation. That Resolution

sets out a series of recommended design elements for a global carbon offsetting scheme:

- 1. Phased implementation** – a phased approach to the inclusion of routes between certain States could address differentiation between States by taking into account their special circumstances and respective capabilities in a practical way, thus recognising the different levels of maturity of aviation markets, as long as the criteria adopted to classify States do not cause market distortions and all operators on the same route are treated equally, irrespective of their State of origin.
- 2. Technical exemptions** – for very small aircraft, small operators and specific types of operations, technical exemptions should be included. This limits the administrative burden on some operators that only account for a negligible share of CO₂ emissions from international aviation. A time-limited exemption for new entrant operators should also be included.
- 3. Baseline calculation** – using a single year to determine the baseline ignores the risk that the industry's measured emissions in 2020 could be affected by extraordinary circumstances that disrupt the level of aviation activities

in that one year. Using an average of emissions over a period of 2 or 3 years would allow any potential unforeseen fluctuations that may occur to be evened out.

4. **Distribution of obligations** – this should be determined by States at this Assembly giving due consideration to an appropriate weighting between a sectoral and an individual component, recognizing that the weighting may change over the lifetime of the GMBM scheme. Part of the overall package to be agreed by States could also include specific adjustments for fast growing airlines or those who have taken CO₂ reduction measures prior to the entry into force of the GMBM in 2020.
5. **Clear methodologies** – To ensure clarity and certainty for operators, clear methodologies for the calculation of the distribution of obligations should be agreed at this Assembly.
6. **Pre-implementation phase** – if States agree that the GMBM should include a pre-implementation (or pilot) phase for an initial period prior to full implementation, this should focus on gaining experience with standardized monitoring, reporting and verification processes without delaying the planned GMBM start date.
7. **Re-distribution** – emissions which are not covered by the scheme, as the result of phased implementation or exemptions, should not be re-distributed to those operators which are subject to the scheme.
8. **No duplicative measures** – the GMBM should be the sole, global mechanism to address CO₂ emissions from international aviation, obviating the need for any duplicative regional or national measures.
9. **Reporting and compliance cycle** – the monitoring and reporting of emissions should be done on a yearly basis, with a three-year compliance cycle for the surrendering of carbon offsets, in order to give operators maximum flexibility for the acquisition of carbon offsets to cover their offset obligations.
10. **Review of the scheme** – the inclusion of a detailed, specific and regular review clause would allow for any issues that may arise during the implementation of the scheme to be addressed.

11. **Carbon units** – aircraft operators should have as broad access as possible to the carbon markets and be able to use any carbon emissions units that meet the environmental integrity and other eligibility criteria to be agreed by States at ICAO. These should include, but not be limited to, all emissions units currently or to be accepted under the United Nations Framework Convention on Climate Change, including from REDD+ activities.

12. **Cost safeguard** – a provision to trigger a fundamental review of the GMBM if certain cost parameters are exceeded may be considered appropriate by States but this should not directly interfere with natural carbon market dynamics nor influence the price or availability of emissions units.

VOLUNTARY PARTICIPATION

The aviation industry recognises the political considerations which have led to the proposal for CORSIA to apply on a voluntary basis in the pilot and first phase of implementation. However, we believe that it is important to maintain a high level of coverage to strengthen the environmental effectiveness of the scheme and ensure that the voluntary nature of CORSIA does not undermine the key principles stated above. In particular, we would underline the need for the scheme to be global in scope and minimise distortions, whilst avoiding a regulatory patchwork.

A high level of coverage not only increases the environmental effectiveness of the scheme, but also reduces the risk of market distortions by creating uniform conditions for coverage under the CORSIA.

In addition to potential market distortions, significant gaps in the geographic scope of CORSIA could heighten the risk that some policy-makers will seek to apply additional or alternative measures to emissions from international aviation. It is important that CORSIA is the market-based mechanism to address the impact of international aviation on climate change.

For the industry, regulatory stability and predictability are also critical. The voluntary nature of participation in the pilot and first phase, as well as for some States in the second phase, introduces a significant level of uncertainty and additional complexity for aircraft operators. Timely information on the routes to be included in the different phases, as well as clarity on the choice

of how to apply the calculation of CO₂ emissions to be offset, is important notably to enable aircraft operators to anticipate offsetting requirements and integrate them in their business planning. That same clarity is also required to determine whether or not standard or simplified monitoring requirements must be used on specific routes. In some cases, standard fuel reporting requirements may necessitate the introduction of new procedures and sufficient advance notice will reduce the risk of gaps in data collection.

We also believe that voluntary participation will provide additional benefits for the States participating in CORSIA. By increasing the coverage, voluntary participation is expected to stimulate investment in developing countries. Indeed, the demand for carbon offsets will be increased and we can anticipate that the vast majority of the carbon offsets will be generated from projects hosted in developing States. Participation in the pilot and first phase will also allow aircraft operators in volunteering States to gain experience with CORSIA and the carbon market when the costs of the scheme are the lowest. This will be an advantage in the second phase of the scheme.

CONCLUSIONS

The united, global aviation industry is committed to reducing its contribution to climate change and, in particular, to stabilising its net emissions through carbon neutral growth for the sector from 2020 onwards. The adoption by the Assembly of a single GMBM for international aviation is a key element to achieve that goal. However, in order to be implemented in an effective and timely manner, agreement on the key elements of the CORSIA is needed at this Assembly.

The industry strongly welcomes the commitments already made by some States to join the scheme in the pilot and first phase and to take leadership in enabling our industry to grow and support the world's economies sustainably. We encourage additional States to follow their example and confirm their intention to participate in CORSIA on a voluntary basis as soon as possible.

This position paper has been developed from two Working Papers presented by the industry to the 39th ICAO Assembly.



30 September 2015, Geneva

Dear Governments,

A LETTER FROM THE COMMERCIAL AVIATION INDUSTRY ON CLIMATE CHANGE

One year ahead of the 39th International Civil Aviation Organization (ICAO) Assembly and as governments prepare to meet in Paris for the crucial COP21 climate change negotiations, we reaffirm our commitment to reduce aviation's contribution to climate change. As a result of billions of dollars of investment and collaborative action already taken by the industry, a passenger today produces half the CO₂ per kilometre flown compared to 1990. This is significant progress. But we recognise that more needs to be done.

Many economies rightly wish to foster the vital connectivity for trade, investment and tourism that further development of air transport can bring. We must balance that task with the challenge faced by all industrial sectors to reduce emissions. Aviation already supports around 60 million jobs, one third of global trade by value and half of all international tourists. Our mission is to continue to provide these benefits, particularly in the developing world, whilst at the same time cutting CO₂ emissions.

As leaders in the aviation industry and the global business community and as the first global transport sector to set carbon-reduction goals, we have been engaged in impressive cross-sectoral climate action. Our ambitious goals are to:

1. improve the fuel efficiency of the world fleet by an average 1.5% per annum, a goal we are already exceeding;
2. stabilise net aviation CO₂ emissions at 2020 levels through carbon-neutral growth;
3. halve aviation's net CO₂ emissions by 2050, compared with a 2005 baseline.

These have been matched by action across the sector in four key areas:

- » **Technology and sustainable alternative fuels:** over a trillion dollars has been spent on high-technology, efficient, aircraft since 2009 and the industry has fostered a new alternative fuel sector.
- » **Operations:** through countless measures being implemented by the industry around the world, the operational efficiency of aircraft already in the fleet is continually being improved.
- » **Infrastructure:** airports are implementing efficiency measures on the ground and air traffic management organisations are working to design better use of airspace.
- » **Market-based measures:** the aviation industry is committed to a global market-based measure for the sector, to be developed through ICAO and in place from 2020. In the industry's view, a single global carbon offsetting scheme offers the swiftest and most effective approach.

Today we call on governments to support efforts towards realising these goals.

This support must take place through a range of actions: air traffic management investment and reform; continued support for research into new technology, operations and sustainable alternative fuels; improved intermodal transport planning; and the right policy framework to help accelerate the availability of sustainable alternative fuels for aviation. These measures should be undertaken as part of a smart regulatory environment which encourages aviation development as part of broader government economic growth policy, coordinated within and across national borders to bring global benefits in a way that avoids unintended negative consequences.

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Importantly, we have just one year in which to shape a ground-breaking market-based measure that will, for the first time, enable a single global sector to stabilise its emissions from 2020. It's a challenging task. But it is one to which the aviation industry is fully committed. We need governments meeting at ICAO to work together with us and civil society to push this process forward. We call on them to agree at the 39th ICAO Assembly to the implementation of a simple, global offsetting scheme which will stabilise air transport carbon emissions growth and to endorse an historic global CO₂ standard for new aircraft. To delay will harm a vital global sector and harm our global climate.

Just one year to go... the countdown is on!

For the full explanation of our commitments and examples of climate action across the sector, please visit the website www.enviro.aero/openletter

Yours sincerely,

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President and CEO



Patrick de Castelbajac
Chief Executive Officer



Raymond L. Conner
President and CEO



Fred Cromer
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Jean-Paul Ebanga
President and CEO



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Tony Tyler
Director General and CEO



David F. Melcher
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Director General



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President and CEO



Michael Gill
Executive Director



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