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ASSEMBLY — 39TH SESSION

EXECUTIVE COMMITTEE

Agenda Item 22: Environmental Protection – International Aviation and Climate Change – Policy, Standardization and Implementation Support

ICAO'S GLOBAL MARKET-BASED MEASURE (GMBM)

(Presented by the International Coalition for Sustainable Aviation (ICSA))

EXECUTIVE SUMMARY

Use of a global market-based measure (GMBM) to help achieve the goal of carbon-neutral growth from 2020 is one of four fundamental elements of ICAO's basket of measures to address aviation emissions. The GMBM has been under development for three years. The paper identifies key elements that the Assembly needs to address in order to place the GMBM on an environmentally and economically solid footing; highlights areas where progress to date has been positive, and offers recommendations to further strengthen the Assembly Resolution in order to ensure the environmental integrity of the GMBM.

Action: The Assembly is invited to take note of these recommendations and incorporate them into its agreement on the MBM at its 39th Assembly.

<i>Strategic Objectives:</i>	This working paper relates to Strategic Objective E – <i>Environmental Protection</i>
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<i>Financial implications:</i>	
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<i>References:</i>	
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1. DISCUSSION

1.1 Managing the climate impacts of international civil aviation using a global market-based measure is a fundamental element of ICAO's basket of measures to address aviation emissions. ICAO has discussed a GMBM since the late 1990s, but progress only started after the 2013 triennial General Assembly endorsed a GMBM and called for it to be adopted at the 2016 General Assembly. With a view to finalizing the GMBM for adoption at ICAO's 39th Assembly, the Committee on Aviation Environmental Protection (CAEP), the Council, and various high level meetings and groups have actively been deliberating on design elements of the GMBM since 2013. ICAO's credibility is now on the line: The spotlight is on the 39th Assembly to adopt a high-integrity global MBM.

1.2 ICSA notes the following key elements for a successful market-based measure, and provides recommendations aimed at ensuring that the Assembly reaches a positive outcome on each of these. Limiting global temperature increases to well below 2°C pre-industrial levels and pursuing best efforts for 1.5°C, as per the Paris Agreement, requires all sectors - including aviation - to peak emissions immediately and decline steeply. This calls for a GMBM with the highest possible environmental integrity, the ambition of which ratchets up over time.

1.3 The MBM should cap international aviation's total net carbon emissions at 2020 levels, as a starting point towards greater ambition.

1.4 The MBM should invite greater ambition at international, national and regional level. The draft resolution helpfully provides for regular reviews, but these should be strengthened by introducing into the review process a commitment that the cap be ratcheted down in line with the goals of the Paris Agreement.

1.5 The MBM must maintain the integrity of the emissions cap. No cap-busting price ceilings should be allowed, as these would undermine the confidence of airlines in the investments they make. Accordingly, paragraph 15 should be deleted. The Assembly should expressly affirm the CAEP emissions units' criterion that emissions reductions must not be "double counted" towards other obligations.

1.6 Transparency with regard to emissions, emissions units, compliance and governance will be the hallmark of the effectiveness of the MBM. ICSA applauds the Assembly resolution language clarifying that the MBM's provisions on emissions monitoring, reporting, and verification and emissions units' criteria should be issued as Standards. The resolution should be strengthened to make clear that a central registry will be essential for ensuring emissions unit transparency, and to clarify that all persons participating in governance (emissions unit program review, registries, etc.) must be free of financial conflicts of interest. The standard should provide that States ensure compliance by all carriers serving their markets.

1.7 On the question of how to bridge differences between and among member states on the allocation of offset responsibilities among airlines, ICSA proposed a simple approach: regional routes with already-heavy carbon pollution should shoulder greater initial responsibility; obligations of small, fast-growing regional routes should increase as their pollution grows; and responsibilities should be updated regularly. If ICAO member States decide not to pursue this simple approach, the most important thing for States to do is to reach agreement on an allocation approach that will be durable because it enjoys broad acceptance, reflects the historic emissions of developed states and delivers strong incentives for airlines to pursue in-sector emission reductions.

1.8 Several Assembly Resolutions deal with alternative fuels. ICSA urges the Assembly to adopt language ensuring that the MBM - and any other ICAO programs recognizing the environmental

value of biofuels - credit only biofuels that cut emissions beyond set thresholds, measured on a net lifecycle emissions basis, and only if the fuels meet environmental, social and economic sustainability criteria, including low indirect land use change.

1.9 Ensuring the high quality of emissions units in the MBM will be central to its credibility. ICSA recommends that airlines only be allowed to use emissions units that deliver real, additional, verifiable, permanent emissions reductions, and support sustainable development. Credits coming from environmentally questionable sources such as HFC-23, adipic acid, carbon capture and storage, large hydro, nuclear, and fossil fuel projects should be excluded.

1.10 Further ambition to address aviation emissions must be encouraged. ICSA recommends that language in the Assembly Resolution welcome more ambitious climate policies to be undertaken at ICAO level and through regional and national measures.

1.11 For all ICAO climate-related programs including the MBM, it will be essential to build capacity for all member States to implement and enforce the plan. ICSA urges all member States able to support this capacity-building, to do so.

2. CONCLUSIONS

2.1 After nearly two decades of consideration in ICAO of the carbon dioxide emissions of aircraft in international transport, including three years of intensive work to craft a global MBM, ICAO's credibility is on the line for the 2016 Assembly 39th Session. Now is the time for ICAO to deliver a global MBM that meets the goal ICAO has set for itself – carbon neutral growth from 2020 – in a manner that is fair, transparent, and enforceable; has high environmental integrity; and provides a durable platform for strengthening ICAO's ambition over time. The climate challenge for international civil aviation demands no less.

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