Global Sectoral Approach for International Aviation Emissions

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Aviation emissions

- Aviation is a growing source of GHG emissions at 2% of global total
Context for emissions reductions

• Aviation’s role in socio-economic development must be balanced with its contribution to climate change
• Environmental costs should be internalised
• Despite efficiency improvements, future growth means absolute emissions will continue to grow
• As well as technological and operational efforts, economic measures will be needed
• Aviation’s emissions can only increase if other industries’ emissions reduce
United industry proposal

• A global sectoral approach for a global industry
• ICAO should play a leading role
• Industry’s proposals
  – Collective 1.5% improvement per year in fuel efficiency
  – Carbon-neutral growth from 2020
  – Reduction of net CO2 emissions by 50% in 2050, compared to 2005 levels

ICAO Headquarters, Montréal, Canada, 11-14 May 2010
Principles (1)

• Environmental integrity
  – Provides net benefit and avoids carbon leakage

• A global policy
  – Aviation sector treated as indivisible total, avoiding distortion and conflicting policy

• Non-duplicative policy
  – Sectoral approach replaces existing policy such as EU ETS. Only pay once for emissions.

• Continued competitiveness between airlines
  – Airlines must face equal treatment in their markets
Principles (2)

- Equity between countries
  - Reflecting “common but differentiated responsibilities”
- Cost-effective economic measures
  - Open access to global carbon markets
- Revenue hypothecation
  - To environmental activities & aviation technology R&D, not treated as general revenue by national governments
- Scientifically based
  - CO₂ emissions initially whilst science on aircraft non-CO₂ effects develops
Competitiveness principle

- Airlines must face equal treatment and equal exposure to environmental compliance in markets.
- In most markets, journey can be made from origin to destination by a range of routings.
- When climate policy applied to some, but not all, flight stages, competitive distortion occurs.
- Climate change policy must be equal in any given origin-destination market regardless of routing, intermediate journey points or operator nationality.
Example of OD market
The rise of regional approaches

- A “patchwork” of overlapping, conflicting regulation: an international airline’s nightmare
Open emissions trading

• ICAO has endorsed emissions trading as the most cost-effective instrument
• Taxes, levies and charges offer significantly less environmental benefit. Tax 23 times more costly
• Aviation has high mitigation costs
• The atmosphere has no preference where emissions cuts are from or how costly they are
• Our objective must be to reduce emissions at least cost to global society
CBDR

• With different or differentiated climate policy, discrimination in markets occurs
• Classical CBDR not applicable to international aviation
• Governments will need to develop an innovative approach to reconciling the principles of non-discrimination with CBDR

CBDR = Common but differentiated responsibility
AGD contribution on CBDR

- Equal treatment of all operators
- Cap and trade system
- Access to global carbon markets
- Revenue from auctioning distributed to climate initiatives in developing countries and aviation R&D
- LDCs excluded

AGD = Aviation Global Deal Group
LDCs = Least Developed Countries
Key policy requirements

• Global sectoral agreement through ICAO
• Creation of new responsibilities for administering the policy regime for international aviation
• Equal treatment of all airlines
• Cost-effective open emissions trading
• Continued development of broad and deep global carbon market
• Hypothecation of any revenues to environmental initiatives, including aviation R&D, e.g. biofuels
Thank you