



ASSEMBLY — 39TH SESSION

EXECUTIVE COMMITTEE

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

INDONESIA POSITIONS REGARDING A GLOBAL MARKET BASED MEASURE (GMBM) FOR AVIATION

(Presented by Indonesia)

REVISION NO. 1

EXECUTIVE SUMMARY

Indonesia supports the establishment of a Global Market-Based Measure (GMBM) Scheme for International Aviation and this paper summarizes Indonesia's position regarding the content of the *Draft Assembly resolution Text on a Global Market-Based measure (GMBM) Scheme*. Indonesia wishes to ensure that an operator's emissions offsetting obligations in a given year can be reduced through the use of sustainable alternative fuels on an individual basis (paragraph 5); Indonesia would be willing to take early action by joining the scheme in the first implementation phase (2021) if technical support is received from ICAO and/or other Member States (paragraph 7). Indonesia supports a dynamic transition of distribution of offset obligations from a 100 percent sectorial to an individual approach (paragraph 9);

**Action:** The Assembly is invited to:

- a) note Indonesia's commitment to ICAO's work and its support for the establishment of a Global Market-Based Measure (GMBM) Scheme for International Aviation;
- b) note Indonesia's willingness to take early action for its implementation and join the first phase, while a pre-implementation program has been developed with ICAO technical assistance, and would encourage cooperation with other States;
- c) ensure that an operator's emissions offsetting obligations in a given year can be reduced through the use of sustainable alternative fuels on an individual basis and not through the sector;
- d) support a dynamic transition of the distribution of offset obligations from a 100 percent sectorial to an individual approach;
- e) support the development of emissions units linked to a national carbon mitigation/saving program involving mitigation or saving such as from: protection of forests (REDD+); Clean Development Mechanism (CDM), Joint Implementation, and to establish a preference for carbon mitigation/saving projects located in developing economies and least developed States.

<i>Strategic Objectives:</i>	This working paper relates to Strategic Objective E – <i>Environmental Protection</i> .
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<i>Financial implications:</i>	The activities referred to in this paper will be undertaken subject to the resources available in the 2017–2019 Regular Programme Budget and/or from extra budgetary contributions.
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<i>References:</i>	HLM-GMBM-Flimsy No. 2: <i>Draft Assembly resolution Text on a Global Market-Based measure (GMBM) Scheme</i> . CAEP/10-WP/2, <i>Developments In Other United Nations Bodies</i> , CAEP Secretariat, 09/11/2015.
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## 1. INTRODUCTION

1.1 The Indonesian Directorate General of Civil Aviation (DGCA), Ministry of Transportation, is committed to support ICAO's work and policies regarding aviation environmental protection as affirmed through its State Action Plan to reduce GHG emissions in the aviation sector submitted to ICAO in July 2013 and updated in June 2015.

1.2 The implementation of this Action Plan includes among others key measures to reduce carbon emissions in the Indonesian air transport sector, the development of Sustainable Alternative Fuels, and the application of Market-Based Measures.

1.3 Indonesia has actively participated in recent ICAO bilateral and multilateral discussions regarding the establishment of a Global Market-Based Measure (GMBM) Scheme for International Aviation and hosted one of the ICAO Global Aviation Dialogues (GLADs) in 2016 to facilitate achieving an agreement at this 39<sup>th</sup> Assembly.

1.4 Through this paper, Indonesia wishes to share its position regarding the *Draft Assembly Resolution Text on a Global Market-Based Measure (GMBM) Scheme* presented by the Council, on some of the outstanding key areas of discussion, including: Treatment of Alternative Fuels (paragraph 5); Phased Implementation (paragraph 7); distribution of Offsets (paragraph 9); and Implementation (paragraph 17).

## 2. TREATMENT OF ALTERNATIVE FUELS (PARAGRAPH 5)

2.1 Indonesia has included aviation in its national bio-energy policy and targets for transport under Ministry of Transportation Decree No. 201 of 2013 and Ministry Energy and Mineral Resources Decree No.12 of 2015, aiming to promote the deployment and supply of Aviation Sustainable Alternative Fuels on its airports.

2.2 Indonesia considers that, if the GMBM Scheme does not establish mechanisms to ensure that the net emissions benefits of using alternative fuels fall will accrue to the individual operators which will normally be paying a premium for such fuels, the national policies and industry efforts could well be discouraged and even be undermined for lack of any positive impact on national stakeholders.

2.3 The Assembly Resolution should therefore ensure that the GMBM Scheme taking into account an operator's emissions offsetting obligations in a given year can be reduced through the use of sustainable alternative fuels on an individual basis and not through distributing such benefits through a sectorial approach.

## 3. PHASED IMPLEMENTATION (PARAGRAPH 7)

3.1 Indonesia supports a phased participation in the scheme, over two stages: 2021 and 2026.

3.2 The use of specific metrics such as RTK to determine participation in the scheme offers precision and clearness, but due to the difficulties in reaching agreement on the appropriate metrics to ensure a sufficient level of coverage and environmental integrity, Indonesia supports a more pragmatic approach based on an opt-in participation (voluntary) in the first phase; it also proposes that all other States covered by the scheme not joining the first phase should join in the second phase.

3.3 In deciding whether to opt-in for the first phase, States might decide based on their readiness and capacity to participate as well as based on other factors, such as their level of aviation activity. Indonesia considers that developed economies shall be considered to have the capacity to join the first implementation phase in any case.

3.4 Indonesia wishes to demonstrate its commitment to ICAO, with collaboration of other Member States and within the global efforts of carbon mitigation projects in counteract against Climate Change, by committing to take early action and join the GMBM Scheme for its first implementation phase (2021).

3.5 Indonesia would actively promote and encourage Member States of developing economies to join the first implementation phase when they are ready and have the capacity to do so, and would propose establishing a framework to invite ICAO, developed economies and multilateral organisations, international financing institutions and other stakeholders to provide technical assistance and capacity building to support an effective implementation.

3.6 Indonesia also supports the exemption of certain Member States as foreseen in the current draft Resolution.

#### **4. DISTRIBUTION OF OFFSETS (PARAGRAPH 9)**

4.1 Indonesia considers that the distribution of offset requirements, both as sectorial approach and/or as individual approach, offers advantages and inconveniences for the industry, and thus supports the adoption of a dynamic process moving from an initial sectorial approach to an individual approach over the course of the scheme.

#### **5. IMPLEMENTATION (PARAGRAPH 17)**

5.1 Indonesia has a commitment to develop a special effort in establishing the GMBM infrastructure (national policies and rules, organization and management, manuals and SOPs, database and software, etc.) and human resources before 2021 to expedite and harmonize the implementation of the GMBM including determining the piloting of monitoring, reporting and verification (MRV) systems in order to help ICAO and other Member States in the identification of challenges and the sharing of lessons learned to support further implementation in other countries.

5.2 It also welcomes establishing partnerships with other Member States in the development and implementation of the MRV system and offers support to facilitate cooperation, especially at regional level.

5.3 With reference to the emissions units that will qualify under the GMBM Scheme system, whilst Indonesia agrees that operators should be free to choose the offset that is most cost effective while complying with agreed quality requirements, it also proposes that the Assembly supports the generation

of Units linked with national carbon mitigation/saving programs involving mitigation such as from forests protection programs (REDD+); Clean Development Mechanism (CDM); Joint Implementation, and etc, and to establish a preference for projects located in developing economies and least developed States.

5.4 Indonesia also supports the GMBM emissions units to be consistent with the UNFCCC.

## 6. CONCLUSION

The Assembly is invited to:

- a) note Indonesia's commitment to ICAO's work and its support for the establishment of a Global Market-Based Measure (GMBM) Scheme for International Aviation;
- b) note Indonesia's willingness to take early action for its implementation and join the first phase, while a pre-implementation program has been developed with ICAO technical assistance, and would encourage cooperation with other States;
- c) ensure that an operator's emissions offsetting obligations in a given year can be reduced through the use of sustainable alternative fuels on an individual basis and not through the sector;
- d) support a dynamic transition of the distribution of offset obligations from a 100 percent sectorial to an individual approach;
- e) support the development of emissions units linked to a national carbon mitigation/saving program involving mitigation or saving such as from: protection of forests (REDD+); Clean Development Mechanism (CDM), Joint Implementation, and to establish a preference for carbon mitigation/saving projects located in developing economies and least developed States.

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