



WORKING PAPER

ASSEMBLY — 39TH SESSION

EXECUTIVE COMMITTEE

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

INDONESIA’S POSITION REGARDING GLOBAL MARKET BASED MEASURES (GMBM) FOR INTERNATIONAL AVIATION

(Presented by Indonesia)

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 on its implementation and join the first phase, while requesting technical assistance from ICAO and encouraging 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 distribution of offset obligations from a 100 percent sectorial to an individual approach;
- e) support the development of emission units linked with protection of forests (as REDD+) and establish a preference for 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> .
<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.
<i>References:</i>	HLM-GMBM-Flimsy No. 2: <i>Draft Assembly Resolution Text on a Global Market-Based Measure (GMBM) Scheme</i> .

1. INTRODUCTION

1.1 The Indonesia Directorate General of Civil Aviation (DGCA), Ministry of Transportation, is committed to supporting the ICAO 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 such Action Plan includes, among others, key measures to reduce 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 in this 39th 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 key outstanding 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, aiming to promote the deployment and supply of aviation sustainable alternative fuels on its airports.

2.2 If the GMBM Scheme does not establish a mechanism to ensure that the net emission benefits of using alternative fuels will accrue to the individual operators which will normally be paying a premium for such fuels, the national policies and industry efforts could be discouraged and even be reverted for having no positive impact on national stakeholders.

2.3 The Assembly resolution should therefore 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 distributing such benefits by a sectorial approach.

3. PHASED IMPLEMENTATION (PARAGRAPH 7)

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

3.2 The use of specific metrics such as Revenue Tonne Kilometre (RTK) to determine participation in the scheme offer precision and clearness, but due to the possible difficulties in reaching agreement on the appropriate metrics to ensure a sufficient level of coverage and environmental integrity, Indonesia can support applying a more pragmatic approach based in an opt-in participation (voluntary) in the first phase; all other States in the scheme not joining the first phase would join in the second phase.

3.3 In deciding whether to opt-in to the first phase, States might decide based on their readiness and capacity to participate as well as on other factors such as their level of aviation activity.

Indonesia considers that developed economies should be considered to have the capacity to join the first implementation phase in any case.

3.4 Although based on the initial proposal from the Council, Indonesia could opt to join the GMBM in a second phase, our country wishes to demonstrate its commitment to ICAO, to other Member States and to the global efforts to fight against Climate Change by voluntarily committing to take early action and join the scheme in its first implementation phase (from 2021) as a show of good will and cooperation.

3.5 It also encourages other developing economies to join the first implementation phase if they have the capacity to do so, and invites ICAO, developed economies, 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 States as foreseen in the current draft resolution.

4. DISTRIBUTION OF OFFSETS (PARAGRAPH 9)

4.1 For the distribution of offset requirements, Indonesia considers that both a sectorial approach and an individual approach offer 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.

4.2 If such approach reaches consensus, the process will need to be defined and agreed. For that purpose, Indonesia wishes to offer its support to any discussions in formulating such scheme.

5. IMPLEMENTATION (PARAGRAPH 17)

5.1 Indonesia commits to making a special effort before 2021 to prepare for the implementation of the GMBM piloting, monitoring, reporting and verification (MRV) systems in order to help ICAO and other Member States in the identification of challenges and share lessons learned to support further implementation in other countries.

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

5.3 In reference to the emissions units that will qualify under the system, whilst Indonesia agrees that operators should be free to choose the offset that are most cost effective as far as they comply with agreed quality requirements, it also proposes that the Assembly support the generation of units linked with forest protection programs (such as REDD+) and to establish a preference for projects located in developing economies and least developed States.

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

6. **CONCLUSION**

6.1 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 on its implementation and join the first phase, while requesting technical assistance from ICAO and encouraging 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 distribution of offset obligations from a 100 percent sectorial to an individual approach;
- e) support the development of emission units linked with protection of forests (as REDD+) and establish a preference for projects located in developing economies and least developed States.

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