

2025 ICAO AVIATION CLIMATE WEEK

MONTRÉAL, CANADA | 2 - 4 JUNE



ICAO 

Session 8

Unlocking Climate Finance

Erlina Ang, Associate Environment Officer





The Critical Need for Climate Finance to Support Aviation Decarbonization



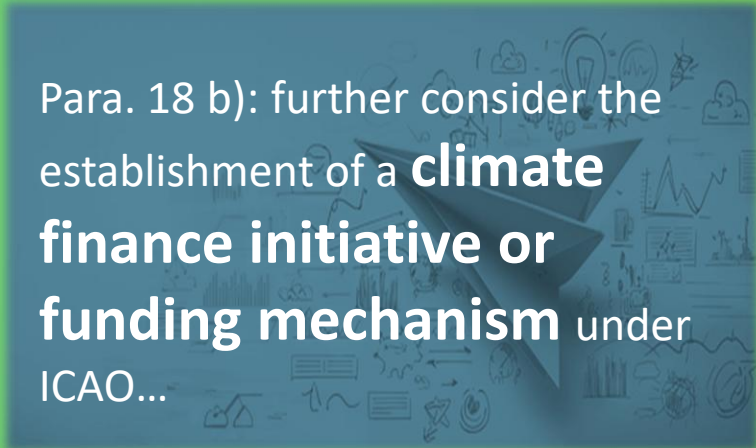
Under the LTAG scenarios,
fuels suppliers to invest up to **\$3.2 trillions**,
Operators **\$4.07 trillions**
in aviation clean energies by 2050.



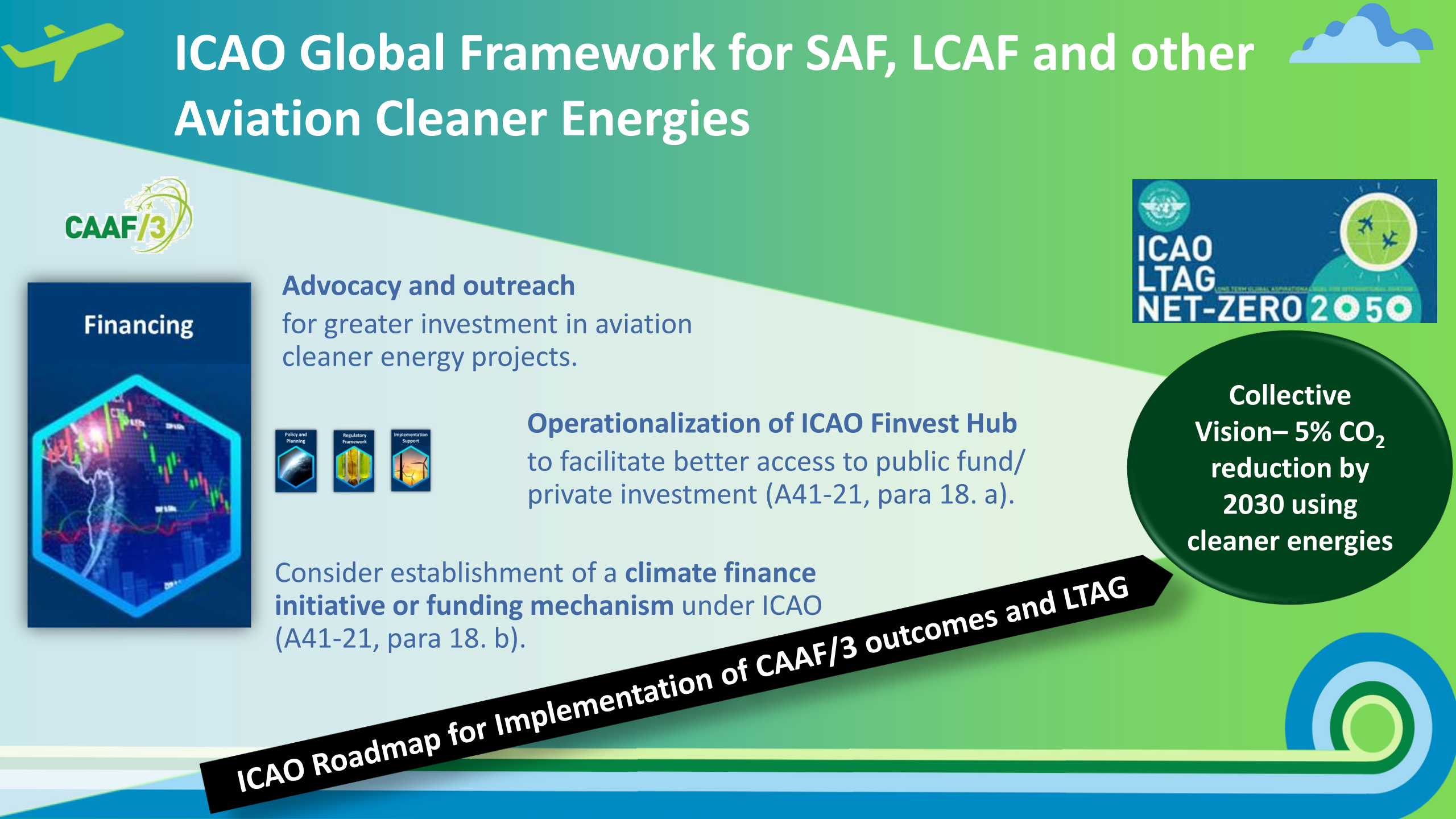
A41-21 Para. 17: achievement of the LTAG requires **substantial investments** ...



Para. 18 a): initiate specific measures or mechanisms to facilitate...for developing countries and States having particular needs, **better access to...investment...and funding...**



Para. 18 b): further consider the establishment of a **climate finance initiative or funding mechanism** under ICAO...



ICAO Global Framework for SAF, LCAF and other Aviation Cleaner Energies



Advocacy and outreach
for greater investment in aviation cleaner energy projects.



Operationalization of ICAO Finvest Hub
to facilitate better access to public fund/
private investment (A41-21, para 18. a).

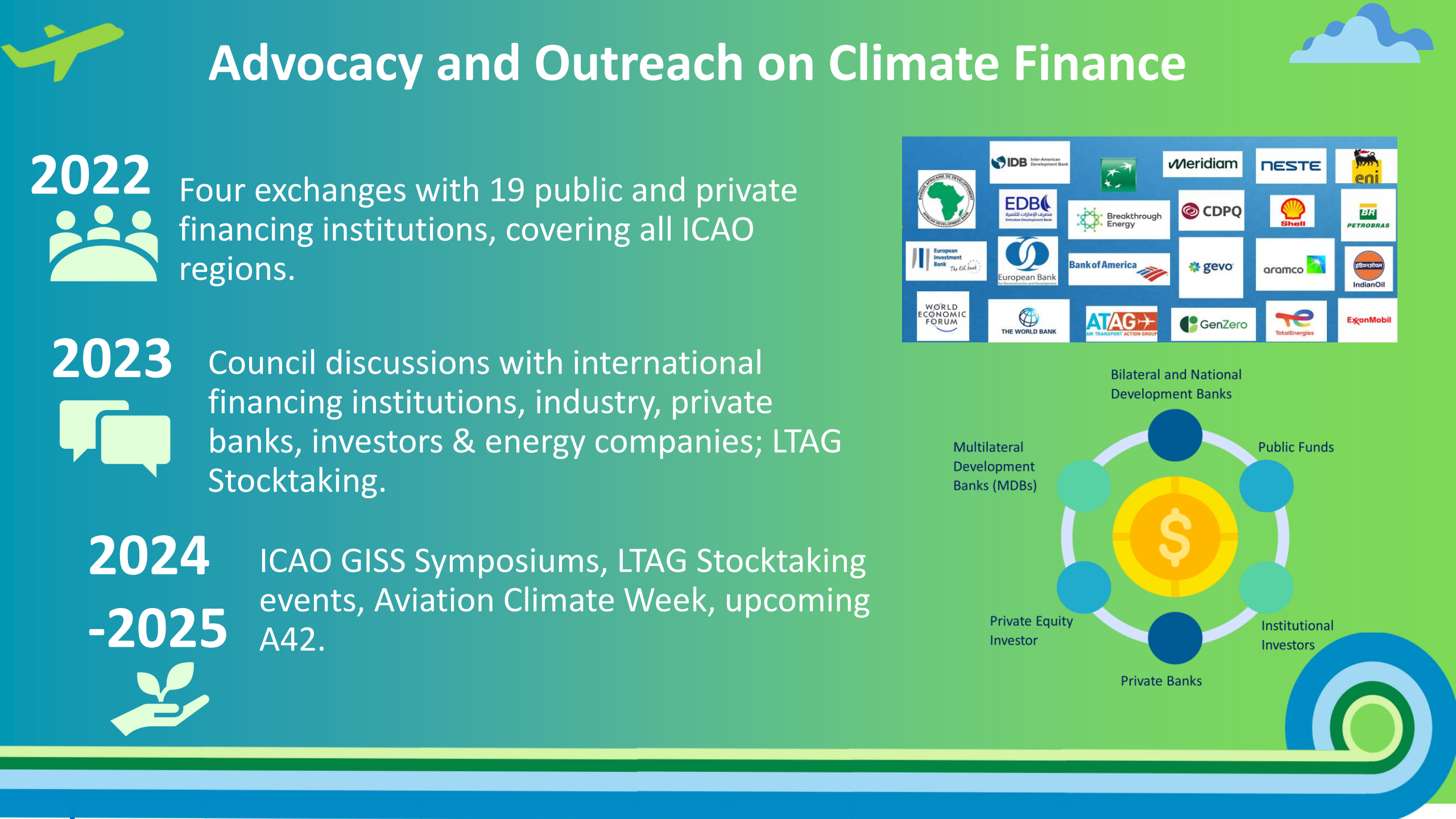
Consider establishment of a **climate finance initiative or funding mechanism** under ICAO (A41-21, para 18. b).



Collective Vision— 5% CO₂ reduction by 2030 using cleaner energies

ICAO Roadmap for Implementation of CAAF/3 outcomes and LTAG





Advocacy and Outreach on Climate Finance

2022



Four exchanges with 19 public and private financing institutions, covering all ICAO regions.

2023



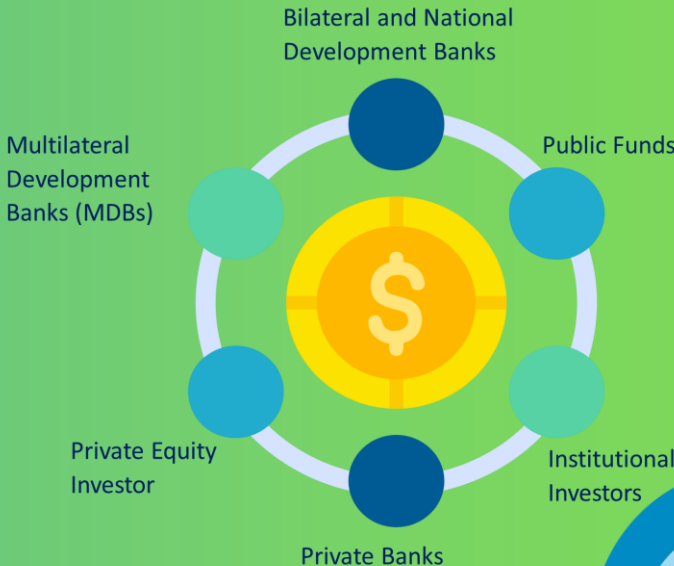
Council discussions with international financing institutions, industry, private banks, investors & energy companies; LTAG Stocktaking.

2024

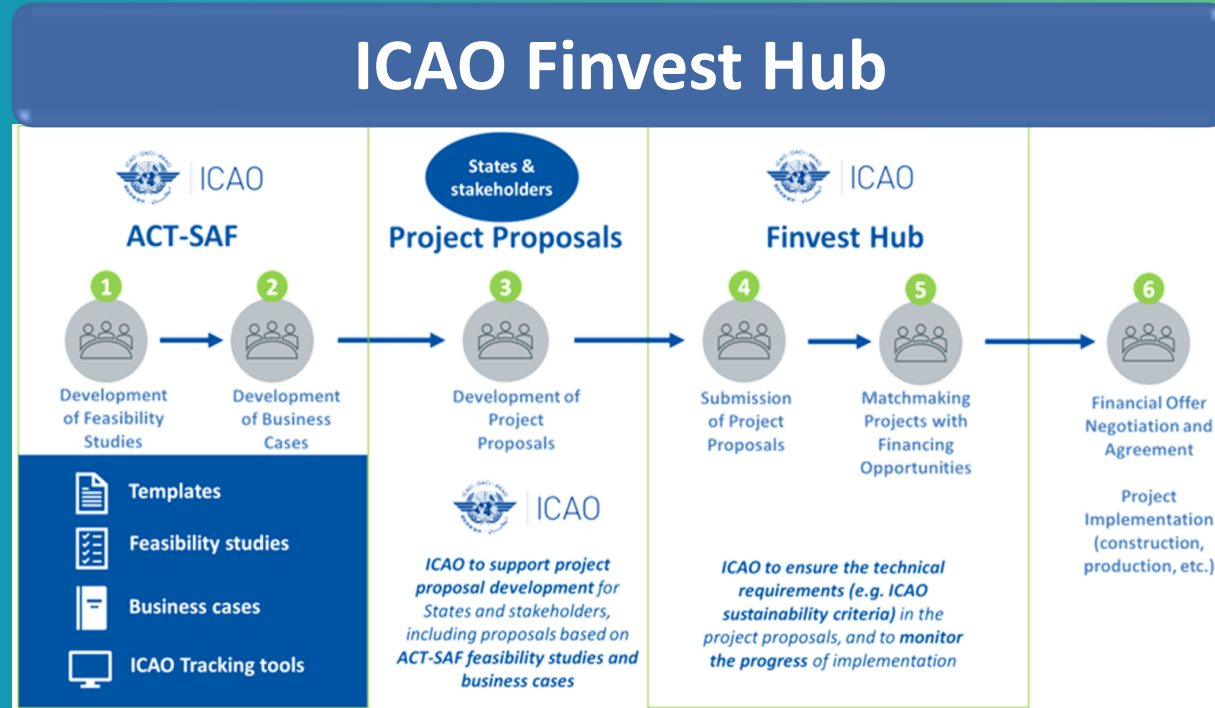
-2025



ICAO GISS Symposiums, LTAG Stocktaking events, Aviation Climate Week, upcoming A42.



Ongoing Efforts by ICAO to unlock Climate Finance



Climate Finance
Initiative or
Funding
Mechanism





Challenges to Unlocking Climate Finance

Overlapping proposals for aviation emissions-related levies/taxes to mobilize financial resources for other purposes:

- No direct correspondence to emissions reduction.
- Diverts financial resources away from aviation decarbonization.
- Negative impact on connectivity, socio-economic development.

A41-21 para 16.: clear concern on the use of international aviation as a potential source for the mobilization of revenue for climate finance to other sectors..."

The collage features various news snippets and reports:

- Norway Mulls Replacing Passenger Tax With Sustainability-Focused Levy** (David Casey, March 15, 2022)
- IMF calls for carbon levy on ships and planes** (Jan 12, 2016, Energy/Politics). NEWS: Influential financial body estimates US\$30 a tonne tax on emissions from international transport could have raised \$25 billion in 2014.
- UK hints at green taxes for frequent fliers** (U-turn comes just five months after ministers snubbed the idea and industry is lagging).
- France's eco-tax: the best way to cut down aviation emissions?**
- Taking more than 2 flights a year? €50 frequent flyer tax could raise much-needed €64bn for climate** (July 12, 2021). The aviation sector benefits from unjustified tax exemptions that, if left...
- Carbon tax on fossils fuels, marine and aviation transport could generate additional development financing for Africa** (United Nations Economic Commission for Africa).
- Rail and clean industry players join forces with NGOs to call for the introduction of a fuel tax for planes**
- Guinea considers introduction of carbon levy for some sectors** (VCM, 2021). The African state of Guinea could potentially introduce carbon pricing sectors as aviation and maritime, similar to measures that have...
- Gabon introduces carbon levy for airlines and shipping** (at Jan. 2023 | 2 min read)
- Denmark introduces green tax on air passengers from 2025** (By Reuters, December 15).
- Djibouti to launch own carbon registry, tax this year** (VCM).
- Malaysia to open for airline carbon levy from April** (Published 06:34 on March 5, 2024 / Last updated at 06:43 on March 5, 2024 / Nikita Pandey / Asia Pacific, Aviation/CORSIA, Carbon Taxes, International, Other APAC, Voluntary). Malaysia will from April make it possible for airlines to impose a carbon levy on passengers with revenue raised set to offset aviation's carbon footprint and offset sustainable aviation fuel (SAF).
- An Aviation Tax Could Be The Answer To Climate Change Worries** (The Verge, 11, 2019).
- Green taxes could damage aviation and Caribbean tourism** (The Verge, 11, 2019).
- Air Malta says aviation fuel tax could destroy jobs as costs soar and prices rise** (Cost of aviation fuel will rise by 90% under a proposal included in the Energy Tax Directive as Air Malta says).
- Sweden planning to scrap aviation tax to boost its air travel industry** (By Miquel Ros, September 5, 2024, 11:43 (UTC +3)).
- How to tax aviation and shipping emissions** (NATURE AND BIODIVERSITY, Jan 8, 2016).
- France, Kenya set to launch for global taxes to fund climate action** (Nov 16, 2023, Finance, Justice, Politics). The taskforce, set to be launched at Cop28, will consider the feasibility of levies on shipping, aviation, financial transactions and fossil fuels.
- The Aviation Environment...** (At this year's U.N. climate conference "global solidarity levy" on high-polluting industries is being proposed, with emphasis on shipping, aviation, and fuel extraction).
- COP29 climate talks: What new taxes could help raise money to fight climate change?** (By Reuters, November 19, 2024 12:37 PM EST - Updated 6 months ago).
- Global Solidarity Levies...** (Interested in exploring how levies can help meet the climate and development finance gap? Have your say! Our consultation on 16 straw-man levy proposals is open. It includes fossil fuels, aviation, financial transactions, crypto + more).
- Destination Net Zero: The Urgent Need for a Global Carbon Tax on Aviation and Shipping** (By Simon Black, Ian W.H. Parry, Sunilika Singh, Nate Vernon-Lin, October 4, 2024).
- Scope of the EU ETS** (The EU ETS applies in all EU Member States, the European Liechtenstein and Norway) as well as Northern Ireland (UK). It covers greenhouse gas emissions from the energy sector and manufacturing industry as well as air transport, from 2024, the EU transport.
- AVIATION CLIMATE FINANCE USING A GLOBAL FREQUENT FLYING LEVY** (icct20, September 26, 2022 | By: Kingi Sola Zheng and Dan Rutherford).

Thank You

