



WORKING PAPER

ASSEMBLY — 36TH SESSION

EXECUTIVE COMMITTEE

Agenda Item 17: Environmental protection

**VIEWPOINT OF THE ARAB REPUBLIC OF EGYPT AS A DEVELOPING COUNTRY ON
EMISSIONS TRADING FOR CIVIL AVIATION**

(Presented by Egypt)

EXECUTIVE SUMMARY

This paper presents the viewpoint of the Arab Republic of Egypt as a developing country on Emissions Trading for Civil Aviation, as well as its recommendations in this regard.

Action: The Assembly is invited to:

- a) take note of the information presented in paragraphs 1 to 4 of this document; and
- b) take into consideration the recommendations presented in paragraph 5 of this document.

<i>Strategic Objectives:</i>	This working paper relates to Strategic Objectives C (<i>Environmental Protection – Minimize the adverse effect of global civil aviation on the environment</i>).
<i>Financial implications:</i>	Not applicable.
<i>References:</i>	

INTRODUCTION

1.1 The Egyptian civil aviation community values environmental protection at the local, regional and international levels. Accordingly, the Arab Republic of Egypt endeavours to adhere to the ICAO standards so as to maintain a coherent system of air transport industry at the international level.

1.2 Great efforts are made to reduce emissions using a series of options including improvement of aircraft, engines and fuel technology, operation methods and organizational and economic measures. Efforts made for the reduction of Carbon Dioxide (CO₂) emissions have concentrated lately on market-based options.

1.3 Emissions trading is one of the market-based options.

1.4 Market-based options to limit or reduce emissions are meant to be policy tools that are designed to achieve environmental goals at a lower cost and in a more flexible manner than traditional regulatory measures.

1.5 The activities of the developing countries in the field of international civil aviation are limited, both in terms of traffic and operational fleets. The number of aircraft in the fleet of one of the leading powers could be equivalent to the total number of aircraft of the fleets of the developing countries.

2. BACKGROUND

2.1 In 2001, the 33rd Assembly endorsed the development of an open emissions trading system for international aviation. It requested the Council to develop as a matter of priority the guidelines for open emissions trading for international aviation focussing on establishing the structural and legal basis for aviation's participation in an open trading system, and including key elements such as reporting, monitoring, and compliance, while providing flexibility to the maximum extent possible consistent with the UNFCCC process (Assembly Resolution A33-7, Appendix I, Clause 2 c)).

2.2 Subsequently, the 35th Assembly (2004) endorsed the further development of an open emissions trading system for international aviation, and recommended that the further work of the Council should focus on two approaches. Under one approach, ICAO would support the development of a voluntary trading system that interested Contracting States and international organizations might propose. Under the other approach, ICAO would provide guidance for use by Contracting States, as appropriate, to incorporate emissions from international aviation into Contracting States' emissions trading schemes consistent with the UNFCCC process.

2.3 Under both approaches, the Council was requested to ensure the guidelines for an open emissions trading system address the structural and legal basis for aviation's participation in an open emissions trading system, including key elements such as reporting, monitoring and compliance.

2.4 The Steering Group of CAEP established the Working Group on Emissions Trading in Bonn (November 2004). The terms of reference of the working group were presented to CAEP Steering Group in Montreal (October 2005) which were adopted accordingly. The terms of reference state that the special group shall prepare a report describing how to operate voluntary greenhouse gas emissions trading schemes in order to facilitate the development of initiatives related to civil aviation.

3. DISCUSSION

3.1 The guidelines identify a number of issues related to emissions trading. These guidelines are based on the experience of a large group of experts in aviation, climate change and emissions trading from all over the world.

3.2 The scope of guidelines includes specifically civil aircraft international operations but does not include State aircraft used for military, customs and police services.

3.3 The guidelines focus on the aspects of emissions trading that require study of aviation issues in particular, define options and potential solutions, whenever possible, deal with specific aviation options for the various aspects of trading schemes, such as responsible bodies, sources and types of emissions (gases) to be covered, trading units, base year and targeted dates, allocations, oversight, reporting and geographical scope.

3.4 Since most of emissions trading schemes define emissions sources in terms of fixed land facilities, the guidelines deal with methods of identifying emissions sources in the field of civil aviation.

3.5 It is evident, from the above, that it is desirable that the ICAO Contracting States use these guidelines as a supporting material that should be adapted and implemented according to specific conditions, taking into consideration the need to develop these guidelines keeping abreast with the constant evolution of the world of emissions trading and aviation.

4. **THE EFFECT ON THE DEVELOPING COUNTRIES OF UNILATERAL DECISIONS BY ONE STATE OR A GROUP OF STATES TO INTRODUCE A CERTAIN EMISSIONS TRADING SCHEME FOR CIVIL AVIATION:**

4.1 Adverse effect on the competitiveness of the airlines of developing countries in general, and those developing countries neighbouring that State or group of States in particular, as small and medium-sized companies will be affected, and it will not be economically feasible, in a system of quotas, to operate short-haul flights.

4.2 Limiting the freedom of access of fleets of foreign airlines, including those from developing countries, to the market of that State or group of States means closing the market of that State or group of States to the airlines of the other States of the world, resulting in limiting the development of international air transport activities.

4.3 The advantage of geographical proximity of some developing countries to that State or group of States will be nullified, i.e. it will cost the airlines of developing countries close to that State or group of States a great part of their quotas, or they could lose their quotas and have to buy new quotas or accept various kinds of sanctions proposed to be imposed on airlines that exceed their quotas, such as suspension of their licences or imposing financial penalties on them, which will have an adverse effect on the operational economics of the airlines of the developing countries close to that State or group of States, at a time when these airlines are suffering many economic problems as a result of the great rise in fuel prices.

5. **RECOMMENDATIONS**

5.1 Air transport is a vital necessity, on the general and economic levels, in many developing countries in which means of transport on land are inefficient. Any stringent environmental decisions by a State or a group of States could limit the development of these means of transport, and consequently threaten the economic interests and commercial activities of the developing and poor countries, both at the national and international levels. Therefore the Arab Republic of Egypt maintains the following:

- a) confirms that no decision concerning emissions trading for aviation, should be taken unilaterally by a State or group of States that might have adverse economical effect on other ICAO Contracting States, and on developing and poor countries in particular.
- b) supports giving priority to a balanced approach taking into consideration the interests of both developing and developed countries, to overcome the problems of emissions, similar to that followed with regard to aircraft noise.

- c) stresses the need to confirm that the guidelines developed by ICAO in the field of emissions trading for civil aviation are in line with the UNFCCC.

5.2 Environmental protection is both an Egyptian and international concern. Therefore, the Arab Republic of Egypt deems appropriate that ICAO should be the sole entity to develop the guidelines required for a coherent and effective international emissions trading system for civil aviation and that ICAO's decisions in this regard should be fully respected by the ICAO Contracting States.

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