



ASSEMBLY — 36TH SESSION

EXECUTIVE COMMITTEE

Agenda Item 17: Environmental protection

**VIEWPOINT OF THE LATIN AMERICAN CIVIL AVIATION COMMISSION ON THE
AVIATION EMISSIONS TRADING SCHEME**

(Presented by the 22* Member States
of the Latin American Civil Aviation Commission)

EXECUTIVE SUMMARY

This working paper presents the position of the Latin American Civil Aviation Commission (LACAC) with respect to the emissions trading scheme. Special emphasis is placed on the geographical scope and the possibility of unilaterally imposing obligations on civil aviation companies from third countries, including those not considered under Annex B to the Kyoto Protocol, as is the case of the emissions trading project under consideration by the European Union. Accordingly, the governments that are party to this Regional Agreement disavow, with no reason whatsoever, the principle of common but differentiated responsibilities foreseen in the multilateral climate change instruments to which they are also signatory.

Action: The Assembly is invited to:

- a) Consider the position presented by LACAC in this paper; and
- b) Include the systematic implementation of the principle of common but differentiated responsibilities in future decisions concerning civil aviation emissions, which should involve:
 - 1) Rejecting any provision that involves the adoption of unilateral decisions concerning the inclusion of foreign aircraft operators in the ETS, specially civil aviation operators, that directly or indirectly affect the interests of countries not included in Annex B to the Kyoto Protocol, since an approach to the contrary would create international obligations that do not currently exist; and
 - 2) Promoting the use of the Clean Development Mechanism as an effective tool for the inclusion of developing countries in actions aimed at attaining the objectives foreseen in the multilateral instruments on climate change.

<i>Strategic Objectives:</i>	This working paper relates to Strategic Objective C (<i>Environmental Protection – Minimize the adverse effect of global civil aviation on the environment</i>).
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¹ English and Spanish versions provided by LACAC

* Argentina, Aruba (Netherlands), Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

<i>Financial implications:</i>	Not applicable.
<i>References:</i>	

1. BACKGROUND

1.1 Pursuant to ICAO Assembly Resolution A35-5, the Emissions Trading Task Force (ETTF) was established by the Committee on Aviation Environmental Protection (CAEP) in 2004 to develop standards related to, and consistent with, the process of the United Nations Framework Convention on Climate Change (UNFCCC), to be applied to emissions trading within the context of international civil aviation.

1.2 The emissions in question are those that cause a Greenhouse Effect, a phenomenon resulting from the concentration of certain gases in the atmosphere, normally known as Greenhouse Gases (GHG), which retain heat in the upper atmosphere and cause global warming. In the case of aviation, GHGs are basically carbon dioxide (CO₂) and NO_x, both caused by combustion in aircraft engines and airport equipment.

1.3 Emission trading is a system in which units of reduction of GHG emissions are traded freely in a sectoral market (there is the option of globalising this market).

1.4 The standards and recommendations currently being developed by CAEP have to do with emissions trading, a system that is more appropriate for countries whose emission targets are established by the Kyoto Protocol (Annex B countries).

1.5 During the development of ETTF standards, there were many discussions as to the level of freedom that States may have for setting rules applicable to international civil aviation service operators, considering the fact that an aircraft conducting international flights typically crosses the geographic boundaries of countries.

1.6 The focal point of the discussion on the geographic scope is whether third countries, or entities from said countries, should be included in the emissions trading scheme of another State without existing a mutual and prior agreement, an approach that defies the Decisions adopted by the ICAO Assembly.

1.7 As is well known, the European Union (EU) is planning to include, on a unilateral basis, aviation operators from third countries--including from developing countries--within its emissions trading scheme (ETS), disavowing the decisions adopted by the ICAO Assembly, which is the expression of the majority of member States of the Organization.

1.8 LACAC has traditionally supported multilateralism in dealing with global issues. On many different occasions, LACAC States have strongly supported the use of mutual agreements as a model to deal with the geographic scope. Furthermore, LACAC and most of ICAO contracting States have expressed their full disagreement with the model proposed by the European Union, which favours the unilateral inclusion of foreign aircraft operators in the EU ETS. Needless to say that LACAC position is systematically shared by a large majority of ICAO Contracting States, which do not approve the inclusion of third party operators into the ETS by virtue of a unilateral decision. At all times, LACAC

has stressed that these decisions should be based on the mutual and prior agreement of stakeholders. It is also clear that the possible inclusion of operators from developing countries that are not party to Annex B to the Kyoto Protocol is beyond the scope of the provisions that establish that these countries are excluded from the general commitments on emission reduction contained in said Protocol.

1.9 Developing countries can participate in the Kyoto Protocol process through the market of associated loan projects that have an impact on emission reduction. This is known as Clear Development Mechanism, which is used to reduce and stabilise GHGs, and is consistent with the conservation and sustainable development approach that is part of the environmental objectives.

1.10 In brief, LACAC understands that the only fair, legal and binding way to include non-Annex B nations in the global process for controlling the factors that negatively affect climate change is through voluntary participation in the CDM scheme.

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