



**ICAO workshop on Aviation and the Carbon Market  
Montreal, 19 June 2008**

**Address by Yvo de Boer, Executive Secretary  
United Nations Framework Convention on Climate Change**

Good morning Montreal.

I'm very pleased to be able to speak to you at the beginning of this very interesting ICAO workshop on international aviation and the carbon market. I think this workshop comes at a crucial time vis-à-vis the United Nations Climate Change process.

Last year saw an incredible build-up of momentum. The Intergovernmental Panel on Climate Change published its Fourth Assessment Report that jolted the world. It proved beyond doubt that climate change is happening, that it is accelerating and that much of it is caused by the continued and increasing emissions of greenhouse gases from human activities. It also showed that -if we fail to come to grips with it- climate change will have devastating effects on economies, societies and ecosystems throughout the world, especially in developing countries. Not acting on climate change now, will cost us more later.

This clear signal from science, called for a clear answer from politics. At the UN Climate Change Conference in Bali last year, Governments recognised that the world needs firmer international action on climate change. A two-year process was kicked off. These negotiations are set to be concluded in Copenhagen by the end of 2009. The aim needs to be nothing less than a deal on stronger international climate change action that matches up to the crystal clear signal that we have all heard from the scientific community. This means that the rise in greenhouse gas emissions needs to be stopped over the next 10 to 15 years and that global emissions need to be dramatically cut back by at least 50% in 2050.

All of the current trends in transport fly in the face of what science tells us is needed. From all sectors, it is the transport sector whose emissions increased the most with nearly 25% between 1990 and 2004. Aviation accounts for the biggest part of this increase.

Looking at international aviation in particular, greenhouse gas emissions from fuel used in this transport sector have grown by more than 50 per cent from 1990 on. Bearing in mind the growth in international trade and travel, it is projected that this increase will continue. As you all know, the emissions from international transport, including international aviation, to date do not fall under the Kyoto Protocol. As we move forward toward a new climate change deal in Copenhagen, this gap is becoming more and more obvious.

Lively debates have started on how to close this gap. Addressing the emissions of international aviation is one of this year's topics in the discussions on the second commitment period of the Kyoto Protocol. The issue is also linked to discussions on sectoral approaches and global efforts to reduce emissions.

So, my question to you is: what is the international aviation sector going to contribute to a Copenhagen deal? And more specifically: to which extent do you think this would be possible without a cap-and-trade approach?

Regarding the last question, I am convinced that also for your sector the carbon market represents a very promising option to cut back emissions in a cost-efficient way. One of the greatest achievements of the current Kyoto Protocol is that it has put in place an incredibly valuable architecture; an

architecture that for the first time in history has put a price on carbon; and an architecture that enables governments and businesses to seek out the most cost-effective options for reducing emissions on the global market. And this is done through the use of three market-based mechanisms: emissions trading, joint implementation and the clean development mechanism.

And it works! In 2007 the carbon market was already worth 64 billion US dollars, more than double its size in 2006. The Clean Development Mechanism accounted for 13 billion of this amount. This mechanism allows industrialized businesses to invest in low emissions projects in developing countries, thereby spurring green growth in these countries while at the same time meeting their targets in a very cost-effective way. Through a 2% levy on CDM projects the carbon market also feeds the Adaptation Fund, generating resources that are desperately needed to help developing countries adapt to the unavoidable impacts of climate change. Under a scenario with ambitious targets for industrialized countries, the CDM has the potential of spurring 100 billion US dollars annually for green growth and adaptation in developing countries.

I'm aware of the criticism that the carbon market encounters. I admit, there might still be some imperfections, which we have to address. But not putting a price on carbon would be the continuation of the biggest market imperfection ever. Recently held Climate Change Talks concluded that market-based mechanisms will continue to be a means for industrialized countries in the future. Therefore, I am particularly pleased to see that you will discuss today how the carbon market can work for such an important sector as the international aviation sector. If the carbon market works for other sectors, I'm convinced it could do the same for you.

I do not want to make it sound too simplistic. I know there are a number of specific, major challenges for an international sector like yours. For example, how to make sure that all countries are engaged? How can developing countries be helped to also lower their emissions? And how to ensure that economic growth imperatives are respected.

Do take up this challenge!! The world cannot solve this problem without the international aviation sector. Especially now, in the run up to a new climate change deal in Copenhagen, it is crucial that discussions under the ICAO and those under the UNFCCC are closely linked. Close cooperation between our two processes has never been so important as now.

This is the time for you to come forward and show the world what the international aviation sector is ready to do in the global fight against climate change. This is the time to think hard and come up with concrete proposals, for example on how the carbon market can work for you. Bali has presented us with a unique opportunity to open up a new chapter in fighting climate change. It is a daunting task. We will have to pull out all the stops to get to a Copenhagen deal in such a short period of time.

I wish you a very fruitful discussion and look very much forward to your concrete proposals on how international aviation can be part of the solution, not of the problem.

Thank you.