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(NACC/DCA/06)**

Nassau, Bahamas, 10-12 May 2016

Agenda Item 6: Environment
6.2 Other Environmental Matters

ALTA POSITION WITH RESPECT TO THE GLOBAL MARKET BASED MEASURE (GMBM)

(Presented by ALTA)

EXECUTIVE SUMMARY	
Report about the position of the ALTA airline members' expressed at its 35 th Annual General Meeting with respect to the negotiations at ICAO for the implementation of a Global Market Based Measure (GMBM) and its coincidences with the President's Proposal.	
Action:	Call for delegates at the High-Level Group of ICAO to make the principles stated in this Note as their own.
<i>Strategic Objectives:</i>	<ul style="list-style-type: none">• Continue supporting the ICAO process.• Fairness in the treatment of different competitors.• Coincidences with the President's Proposal.

1. ALTA has been participating in various forums concerning the environmental negotiation. In such participations the Association has been communicating the general lines of ALTA member's airlines position f regarding market measures that are being negotiated at ICAO.

2. In the meantime, on November 17th 2015, at its 35th Annual General Meeting ALTA adopted the Resolution N° 5/2015 defining its position on the GMBM making a call to the Latin American and Caribbean Governments' with the following points:

- continue supporting the ICAO process with due consideration of the differences between developed and developing aviation markets;
- Highlight that the GMBM should only be used exceptionally in the event that the Carbon Neutral Growth is not achieved for the year 2020 (CNG 2020) once made all efforts to reduce emissions;
- That, in the exceptional case of application of the GMBM, it should only be used temporarily while new technologies do not provide additional emissions' reductions, it must not create barriers to growth of air transport for the airlines of the region, nor limit the social and economic development of their countries; it should be a mechanism that prevents all uni and multilateral measures or agreements imposed by States and the cost adjusted by unit of

production (CO2 emissions) must be proportional to the share of international emissions of each operator, being this a just and equitable as it does not generate market distortions. Additionally it must recognize and reward advances made by early movers to reduce their emissions;

- Also emphasize that under no circumstances could be accepted a scheme that imposes on carriers from developing (covered under the principles of the UNFCCC) and/or fast growing markets higher obligations than their respective share of the total international emissions, which would be directly against the principles of the Convention and must be rejected; and
- Promote the research and development of alternative and sustainable fuels as well as policies and incentives that encourage their production, distribution and commercial use.

3 We attach a copy of the Resolution 5/2015 (**Appendix A**), which coincides in several aspects with the proposal made by the President of the Council of ICAO proposal, Mr. Olumuyiwa Benard Aliu, this document is currently under consideration of the High Level Group, who will be in charge of negotiating the proposal in view of the 39th Assembly of ICAO. The coincidences between ALTA's Resolution and the President's Proposal can be clearly noted in the document attached as **Appendix B**.

4 In consideration of the statements above, ALTA makes a call on the aeronautic authorities here present to adopt as their own the principles those stated in ALTA's resolution N° 5/2015, implementing them in their matrix of negotiations at the High Level Group, before the 39 Assembly of ICAO.

**APPENDIX A
RESOLUTION 5/2015**

Whereas

- Air transport is an enabler of economic and social development, generating 4.9 million jobs at the regional level, with an important participation in the regional GDP;
- The entire global aviation (domestic and international combined) generates between 2% and 3% of the total CO₂ emissions of human origin;
- The airlines of the Region have made significant progress to reduce their GHG (Green House Gases) emissions per unit of productivity (passengers/km) through the investment in technology (i.e. new aircraft);
- The industry in the region pays more than USD 4 billion annually in fees and taxes, while less than a third of this amount is reinvested in the industry by governments;
- The governments in the region must reinvest those funds in areas that can reduce fuel consumption and the amount of GHG emissions from airlines (i.e. Performance Based Navigation or PBN);
- ICAO has proposed the use of a Global Mechanism based in Market-Based Measure, cost effective, to achieve carbon neutral growth from 2020 (CNG 2020), compensating the exceeding emissions that cannot be reduced through operational measures, technology, infrastructure and the use of sustainable alternative fuels;
- Notwithstanding the CNG 2020, the countries in Latin America and the Caribbean are non-covered by Annex I in the UN Convention on Climate Change (UNFCCC), so their emissions and economic growth are covered by the principle of common but differentiated responsibilities of the Convention (CBDR);
- ICAO proposes to consider the special conditions and respective circumstances of States, and that it has historically implemented regulations in phases to accommodate these differences;

THE ALTA 35TH ANNUAL ORDINARY GENERAL MEETING held at San Juan, Puerto Rico, on November 17th, 2015,

RESOLVES

To call on the governments of Latin America and the Caribbean to:

1. Continue to support the process at ICAO to implement a GMBM for carbon neutral growth from the year 2020, taking into account the different circumstances between developed aviation markets and those which are still growing;
2. Emphasize that the GMBM should only be used exceptionally in case CNG 2020 is not achieved after making all efforts to reduce emissions through operational improvements, technology, infrastructure, and through the use of sustainable alternative fuels;
3. In the exceptional case of implementation of a GMBM:

It should only be used temporarily while new technologies do not allow further reductions in average emissions;

It cannot create new barriers to the growth of air transport in the region, limiting the social and economic development of the countries;

Must be a mechanism that prevents any measures or additional uni and multilateral agreements and/or regulations by the States;

The cost of the MBM for different operators, adjusted production unit, must be proportional to the participation of the carriers in the global emissions, being this a fair and equitable result who prevents market distortions;

It recognizes and reward the progress made by the operators to achieve significant reductions in emissions;

4. That under no circumstances can be accepted a scheme that seeks that operators from emerging markets (covered under the principles of the UNFCCC) or with higher growth rate, end paying for a higher share than their respective participation on global industry emissions, result that would go directly against the principles of the Convention and must be rejected;
5. Reinvest in technology the more than USD 4 billion collected in taxes and fees; and
6. Promote the research and development of sustainable alternative fuels as well as policies and incentives that promote its production, distribution and use in a commercial scale.

APPENDIX B

RESOLUTION AT ALTA AGM	DRAFT POLICY PROPOSAL ON A GMBM
<p>1. Continue to support the process at ICAO to implement a GMBM for carbon neutral growth from the year 2020, taking into account the different circumstances between developed aviation markets and those which are still growing;</p>	<p>6. <i>Recognizes</i> special circumstances of States, in terms of vulnerability to the impacts of climate change, economic development levels, and contributions to international aviation emissions; <i>{Recognition of special circumstances of States}</i></p>
<p>2. Emphasize that the GMBM should only be used exceptionally in case CNG 2020 is not achieved after making all efforts to reduce emissions through operational improvements, technology, infrastructure, and through the use of sustainable alternative fuels;</p>	<p>1. <i>Recognizes</i> the progress achieved on all elements of the basket of measures available to address CO2 emissions from international aviation, including aircraft technologies, operational improvements, sustainable alternative fuels and a GMBM scheme, and the preference for the use of aircraft technologies, operational improvements and sustainable alternative fuels that provide the environmental benefits within the aviation sector; <i>{Basket of measures and preference for non-MBM measures}</i> 3e . <i>Further recognizes</i> the complementary role of a GMBM scheme to the other elements of a basket of measures, as a temporary emissions gap filler to achieve the global aspirational goal; <i>{Complementary role of GMBM to achieve CNG 2020}</i></p>
<p>3. In the exceptional case of implementation of a GMBM: It should only be used temporarily while new technologies do not allow further reductions in average emissions;</p>	<p>5. <i>Requests</i> the Council to continue to ensure all efforts to make further progress on aircraft technologies, operational improvements and sustainable alternative fuels be taken by Member States and reflected in their action plans to address CO2 emissions from international aviation, and to monitor the progress on implementation of action; <i>{Further progress on non-MBM measures}</i></p>

RESOLUTION AT ALTA AGM	DRAFT POLICY PROPOSAL ON A GMBM
<p>It cannot create new barriers to the growth of air transport in the region, limiting the social and economic development of the countries;</p>	<p>7. <i>Agrees on</i> the use of a phased implementation for the IAGOF scheme to accommodate the special circumstances of States, as follows: <i>{Phased implementation}</i></p> <p>a) First implementation phase applies from 2021 to the following:</p> <ol style="list-style-type: none"> 1) States that are classified as high income States in terms of gross national income (GNI) per capita (calculated by the World Bank method); 2) States whose individual share of international aviation activities in Revenue Tonnes Kilometers (RTKs) in year 2018 is above 1.0 per cent of total RTKs, or whose cumulative share in the list of States from the highest to the lowest amount of RTKs reaches 80 per cent of total RTKs; <p>b) Second implementation phase applies from 2026 to the following:</p> <ol style="list-style-type: none"> 1) States that are classified as upper medium income States in terms of GNI per capita (calculated by the World Bank method); 2) States whose individual share of international aviation activities in RTKs in year 2018 is above 0.5 per cent of total RTKs, or whose cumulative share in the list of States from the highest to the lowest amount of RTKs reaches 95 per cent of total RTKs; <p>the IAGOF scheme does not apply to States which are classified as the Least Developed Countries (LDCs), Small Island Developing States (SIDS) or Landlocked Developing Countries (LLDCs), unless those States meet both criteria 1) and 2) in sub-paragraphs a) and b) above;</p> <p><i>{Exemptions of LDCs, SIDS and LLDCs}</i></p>
<p>Must be a mechanism that prevents any measures or additional uni and multilateral agreements and/or regulations by the States;</p>	<p><i>Noting</i> the support of the aviation industry for a single global carbon offsetting scheme, as opposed to a patchwork of State and regional MBMs, as a cost effective measure to complement a broader package of measures including technology, operations and infrastructure measures; <i>{Existing text from A38-18 preamble}</i></p>

RESOLUTION AT ALTA AGM	DRAFT POLICY PROPOSAL ON A GMBM
<p>The cost of the MBM for different operators, adjusted production unit, must be proportional to the participation of the carriers in the global emissions, being this a fair and equitable result who prevents market distortions;</p>	<p>8. <i>Agrees</i> that same requirements and rules shall apply to all aircraft operators on the same routes between participating States in the IAGOF scheme with a view to minimizing market distortion; <i>{Minimize market distortion}</i> 9. <i>Agrees</i> that the amount of CO2 emissions required to be offset by an aircraft operator is calculated by multiplying its 2020 emissions with an annual growth rate of the international aviation sector’s total emissions from 2021 compared to the 2020 levels; <i>{Distribution with 100% sectoral rate, without adjustments for fast growers or early movers}</i></p>
<p>4. That under no circumstances can be accepted a scheme that seeks that operators from emerging markets (covered under the principles of the UNFCCC) or with higher growth rate, end paying for a higher share than their respective participation on global industry emissions, result that would go directly against the principles of the Convention and must be rejected;</p>	<p>9. <i>Agrees</i> that the amount of CO2 emissions required to be offset by an aircraft operator is calculated by multiplying its 2020 emissions with an annual growth rate of the international aviation sector’s total emissions from 2021 compared to the 2020 levels; <i>{Distribution with 100% sectoral rate, without adjustments for fast growers or early movers}</i></p>