



INTERNAL INDUSTRY BRIEFING

GLADs 2016 #1: CAIRO

The International Civil Aviation Organization (ICAO) is running a series of Global Aviation Dialogues (GLADs) as part of its outreach to member states on the process to develop a global market-based measure (GMBM) set to be agreed at the 2016 ICAO Assembly. The second round of GLADs is taking place across the ICAO regions in Cairo, Dakar, Denpasar, Utrecht and Mexico City throughout March and April 2016.

The ICAO Global Aviation Dialogues (GLADs) kicked off in Cairo for the Middle East region with around 50 delegates attending. Representatives from Saudi Arabia, Lebanon, Egypt and Sudan were joined by those from Burkina Faso, the United Kingdom, France, United States, Canada and the European Union.

The discussions were generally very positive and again provided a good platform for the industry to answer questions and allay concerns about the proposed system. There remains some confusion amongst government representatives about the way the MBM would operate. However, few delegates questioned the overall need for the MBM nor the important decision that is required at the ICAO Assembly.

- » All documents are available on the ICAO website: www.icao.int/Meetings/GLADs-2016/Pages/default.aspx

THE DRAFT RESOLUTION PROPOSAL

Having a draft proposal from ICAO gave the 2016 GLADs a focus that did not present itself during the last round. Inevitably, once such a document has been put forward, it is hard to avoid

getting into the detail very quickly. However, we can report that overall there was support for the draft and many of the elements were accepted as reasonable and appropriate, such as:

- » The five-year period for the phase in implementation.
- » The technical exemptions.
- » Exemptions for SIDS, LDCs, LLDCs
- » The new-entrant exemption.
- » The lack of a 'redistribution' of exempted emissions (to redistribute would create a greater burden on those operators complying).
- » Many of the aspects of implementation.

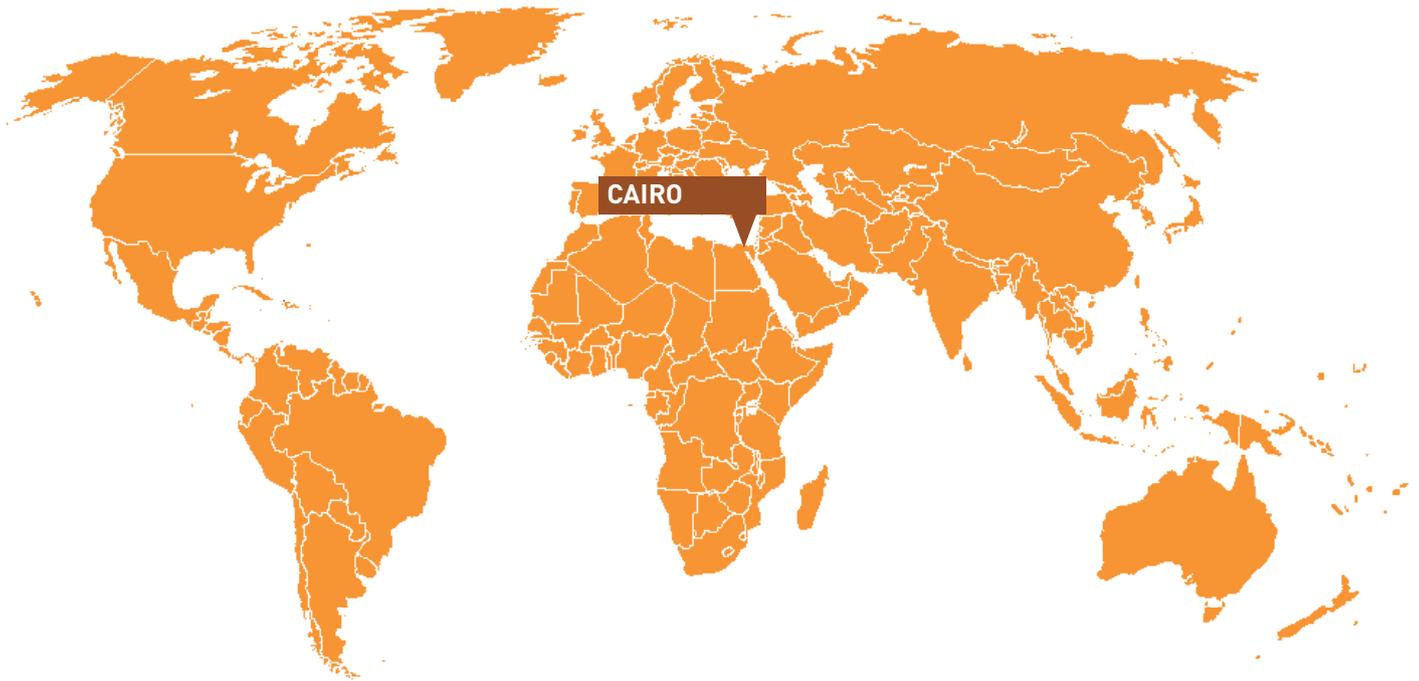
In broad terms, the delegates thought that the proposal did fulfil the key principle of administrative simplicity called for during the 2015 GLADs, but there appears to be a lack of understanding of the process of developing the MBM and how we got to the current position. Having seen this draft for the first time, many delegates thought it was a complex proposal until it was explained that there had been a lot more complex options on the table in the past.

However, some of the more sensitive issues in the proposal were subject to debate:

Concerns were raised about the use of World Bank GNI rankings as a means of differentiating States' development. There were some comments that this criteria did not appropriately reflect historical responsibility for emissions and some delegates questioned why an economic development indicator had suddenly been adopted as part of the ICAO process.

A number of delegates, particularly Saudi Arabia, commented that the system should be based on emissions, not on the ability of countries to pay for them. In responding to this matter, the ICAO Secretariat reminded delegates that in fact ICAO's 'membership fees' from States are calculated using a mixture of World Bank rankings and RTKs (just like the current draft proposal) so this concept was not new to ICAO.

There appeared to be some confusion about the 100% sectoral concept when calculating operators' individual offsetting obligations as outlined in *Paragraph 9* of the proposal. Many delegates in this region noted a preference for an individual element to be taken into account in that calculation, perhaps with some form of transitioning towards a collective approach.



In general, there was a very clear message again that States request and require strong leadership from ICAO with regard to implementation systems and reporting of CO₂. There were repeated calls for capacity building, training and very clear guidance material once the design elements have been finalized and the scheme agreed. Some States including Sudan, Egypt and Saudi Arabia noted that IATA could be an effective body for delivering capacity building and general operator training for best practice and compliance.

CLOSING PANEL SESSION

Following a series of break-out discussions, delegates ended the GLAD with a panel discussion bringing together states, environmental groups and industry. The Lebanese delegate called for more discussion and ‘justification of why we need the scheme itself’ in the coming months and possibly more regional workshops. He said that in general the proposal is a good starting point, but that ICAO need to take into account CBDR and historical emissions data, as well as the potential cost over time. Sudan mentioned the need for increased training.

Representing the environmental groups, the ICSA delegate used his time to launch their Flightpath 1.5° campaign (www.flightpath1point5.org) which aims to link the positive outcome of the Paris Agreement and the ICAO process: “How do we take the lessons of Paris and feed it into the ICAO process?”. He said that

there were parts of the ICAO agreement that we could all find issues with, but looking from an overall view, there are some very positive things, reflecting compromise and a good building blocks. He commented that the COP21 in Paris also found a way to increase ambition over time and that the current proposal for CNG2020 is not enough in the long-term, so a systematic review process should look at this, perhaps in line with the industry’s 2050 goal. ICSA made the point that transparency, capacity building and financial support is vital for the process to succeed. He urged aviation not just to rely on an MBM, with in-sector emissions reduction also important, including in the areas of ATM and alternative fuels. This year provides aviation’s opportunity, the next Assembly too far away.

Michael Gill representing industry noted our view that the current proposal is a significant development in the process, building on the excellent work of the Environment Advisory Group and the trust placed in the ICAO process by the UNFCCC in the Paris Agreement. He noted that States should be left alone to negotiate on the sensitive political issues on the table but that industry stood ready to provide any support it could to the process.

In the discussion that followed, some States, including Saudi Arabia, noted the importance of ICAO looking at other aspects of the basket of measures as means of reducing CO₂, in addition to the MBM.

AACO raised the question of what would happen to existing taxes and charges (such as EU ETS), so as to avoid double counting of emissions.

DELEGATION REFLECTIONS

There appears to be general support for the process and the overall concept of a global offsetting scheme, mixed with some concern over how it would be implemented and what the potential cost impact might be. Some States still believe the scheme could impact aviation growth or cost the industry significant sums. This is a message we will need to tackle in the coming months.

In some areas, ICAO’s presentation of the proposal and modalities could have been clearer, for an audience still trying to get to grips with new concepts. And the questions mandated in advance for the breakout sessions were not always formulated in the most efficient way. It is clear that, should a scheme be adopted by the ICAO, good guidance material and clear training, templates and tools will be vital – many operators and States would be happy to follow those instructions from ICAO (as indeed they are used to doing with other ICAO standards).

NEXT UP...

We now shift attention to Africa and the next GLAD in Dakar, Senegal on Wednesday and Thursday.