



FACT SHEET: GLOBAL AVIATION MBM FAQs

In 2010, the 37th ICAO Assembly adopted a series of goals for aviation. This included a collective aspirational goal of keeping net carbon emissions from international aviation at the same level from 2020. This goal is referred to as “carbon neutral growth from 2020” or “CNG2020”.

Technology, operations and infrastructure improvements will go a long way to meet the CNG2020 goal. But we recognize that some form of market-based measure (MBM) is needed to bridge any emissions gap in the short-term (in line with the industry’s 4-pillar strategy). We believe that a single global carbon offsetting mechanism would reliably bring environmental benefit (often referred to as “environmental integrity”), be the fastest to implement, the easiest to administer and the most cost-efficient.

Putting in place revenue collection/distribution rules and mechanisms or implementing a global emissions trading scheme (ETS), as has been suggested by some States, will in our view i) be more complex, more controversial, probably take much longer and ii) require considerable support infrastructure in countries all over the world. The capacity probably does not yet exist in many areas to do this.

COMPLIANCE WITH GLOBAL OFFSET OBLIGATIONS WON’T COME CHEAP. SO WHY ARE IATA/ATAG SO KEEN TO HAVE ICAO ADOPT A GLOBAL MBM FOR INTERNATIONAL AVIATION?

First and foremost, to ensure that aviation is a truly sustainable economic activity, aviation needs to further curtail its CO₂ emissions. The alternative to a global MBM – namely the further proliferation of incompatible regional and national measures – will be ineffective in meeting the environmental objective and will be a lot more costly.

Airlines would face a growing patchwork of unnecessarily complex and burdensome regulations which could jeopardize growth and lead to market distortion.

WHAT ARE THE MOST IMPORTANT CONSIDERATIONS IN THE DESIGN OF A GLOBAL MBM FOR INTERNATIONAL AVIATION?

For a global MBM to be successful:

- It must help support the CNG2020 goal and minimize competitive distortion
- It must be practicable and minimize administrative complexity
- It must be cost effective

WHY IS A GLOBAL OFFSET MECHANISM IATA/ATAG’S PREFERRED OPTION, INSTEAD OF E.G. A GLOBAL ETS?

Emissions trading is far more complex than carbon offsetting. A global ETS would require individual (or groups of) States to create their own trading infrastructure, including administering and competent authorities and allowance auction platforms, and negotiate allowance allocation rules, linking protocols, etc.

On the other hand, carbon offsetting can to a much larger extent be done using existing infrastructure and protocols. Overall, it offers an environmentally effective and politically feasible solution for an industry with the global nature of aviation.

In sum, a simple carbon offsetting mechanism would be easier to implement and administer at a global level than emissions trading. It would therefore have the best chances of being agreed and implemented by 2020.

A GLOBAL MBM SHOULD BE GUIDED BY THE FOLLOWING PRINCIPLES:

SHOULD NOT BE USED TO RAISE GENERAL REVENUES OR SUPPRESS DEMAND FOR AIR TRAVEL

MAXIMISE ENVIRONMENTAL INTEGRITY AND BE COST-EFFECTIVE

MINIMISE COMPETITIVE DISTORTION WITHIN THE INDUSTRY

EASY TO IMPLEMENT AND ADMINISTER

A GLOBAL OFFSETTING SCHEME IS PREFERRED BY INDUSTRY BECAUSE IT IS:

EASIEST TO ADMINISTER



FASTEST TO IMPLEMENT



MOST COST-EFFICIENT



GOAL 1

PRE-2020 AMBITION

1.5% ANNUAL AVERAGE FUEL EFFICIENCY IMPROVEMENT FROM 2009 TO 2020.

T O I

GOAL 2

IN LINE WITH THE NEXT UNFCCC COMMITMENT PERIOD

STABILISE NET AVIATION CO₂ EMISSIONS AT 2020 LEVELS WITH CARBON-NEUTRAL GROWTH.

T O I + M

GOAL 3

ON THE 2°C PATHWAY

REDUCE AVIATION'S NET CO₂ EMISSIONS TO 50% OF WHAT THEY WERE IN 2005, BY 2050.

T O I

WHO GUARANTEES THE QUALITY OF CARBON OFFSETS?

For a carbon offset to have environmental integrity it must meet essential quality criteria. This includes proof that the reduction in emissions would not have occurred without the financial assistance of the project ("additionality").

It must also be guaranteed that the project in question actually delivers the reductions it stated ("permanence") and that the emission reduction in one area doesn't cause an increase in emissions elsewhere ("leakage"). Various international standards exist to validate the quality of carbon offsets, including the Verified Carbon Standard (VCS), the Gold Standard and the Clean Development Mechanism (CDM).

BESIDES QUALITY, WHAT ARE OTHER IMPORTANT CONSIDERATIONS FOR EMISSIONS UNITS?

To ensure the long-term cost-effectiveness and flexibility under the MBM, operators should have guaranteed access to the broadest possible pool of eligible emissions units, including those from land use, land use change and forestry (LULUCF) activities, as well as Reducing Emissions from Deforestation and Forest Degradation (REDD+) and from the broadest range of countries

WHAT IS THE EXPERIENCE OF AIRLINES THAT ARE ALREADY USING OFFSETS – ARE THEY WORKING?

Since 2009, over 50 airlines have introduced individual carbon offset programs, either integrated into their web-sales engines or linked to a third party offset provider, to allow their customers to purchase carbon units voluntarily to offset the CO₂ emissions associated with their flights.

While several airlines have done this on their own, IATA also has a Carbon Offset Program that it makes available to airlines, making it possible for airlines of any size to easily introduce a credible and independently validated offset program for their customers. Often, the projects selected by airlines for their customers' choice deliver added benefits at the project site, such as employment opportunities, community development programs and training and education.

Some airlines also purchase carbon offsets on a voluntary basis as part of their climate change strategy.

WHAT WILL HAPPEN WITH THE EU ETS FOR AVIATION UNDER A GLOBAL MBM?

ICAO and its Member States are working to develop and gain agreement to a global MBM that will be considered fair, effective and robust.

Such a global MBM would, in principle, make all other schemes addressing the same emissions from international aviation redundant, including the EU ETS. It must be avoided that the same emissions are being regulated - and paid for - multiple times over.

WILL SUSTAINABLE ALTERNATIVE FUELS REALLY BE A SOLUTION IN THE LONG TERM?

Yes, they will be a major contributor to helping reduce aviation emissions. Airlines and manufacturers have been leaders in helping develop these fuels and have worked with fuel standard-setting and aviation regulators to establish jet fuel specifications for sustainable alternative fuels that ensure that they are fully safe.

The aviation community has gone from test flights to commercial flights with these fuels. While the market is still scaling up, sustainable alternative aviation fuels are beginning to be produced in measurable quantities. These fuels can enhance jet fuel supply and bring environmental benefit. Accordingly, several airlines have recently signed commercial off-take agreements (e.g. Cathay, United, British Airways, KLM).

WHAT ARE PRACTICAL WAYS OF ADDRESSING DIFFERENTIATED RESPONSIBILITIES IN THE DESIGN OF A GLOBAL MBM?

Practical ways of addressing differentiation while respecting the Chicago Convention's non-discrimination principle include:

- A Basic Calculation with a higher collective than individual share
- Specific adjustments applied to the basic calculation, e.g. to accommodate "fast growth"
- A 'phase in' of route-based obligations differentiated according to, e.g., market maturity
- Purchasing of a certain percentage of carbon offsets from developing countries

Exemptions on the basis of a distinction between developed/developing countries as under the Kyoto Protocol would not be appropriate for aviation.