



INTERNAL INDUSTRY BRIEFING

# GLADs 2016 #4: UTRECHT

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 fourth ICAO Global Aviation Dialogue event took place in the city of Utrecht in the Netherlands, the place where the Dutch Republic was founded following the signature of the Union of Utrecht in 1579.

No such groundbreaking steps resulted from the GLAD discussions, although with 120 registered participants the Utrecht GLAD was the most widely attended GLAD in 2016 to date. Besides a strong delegation from the European Commission, EU State delegates included Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Hungary, Italy, Ireland,

Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, and the UK. They were joined by colleagues from Azerbaijan, Canada, Israel, Turkey, Ukraine and the US.

Numerous intergovernmental and non-governmental stakeholders were in attendance as well, representing AEA, ECAC, Eurocontrol, IATA, IBAC, ICCAIA, ICSA, IETA, IFALPA, SAF, and UNFCCC.

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

Unlike what we witnessed at some of the other GLADs, participants in Utrecht were generally very supportive of the ICAO process, at times heaping praise on ICAO for showing leadership and transparency with the publication of the latest President's proposal. Which is not to say that representatives from States, industry and NGO's weren't critical of some of the elements in the proposal.

## THE PRESIDENT'S PROPOSAL

Although the general level of understanding of the GMBM (with some isolated exceptions) appeared relatively high amongst participants, discussions during the main meeting as well as the smaller dialogue sessions highlighted a clear need for some of the language and concepts in the ICAO proposal to be further improved and clarified. Specifically, concerns were raised with respect to:

- Paragraph 7 (Phased implementation)
  - » While everyone seems in agreement that paragraph 7 appropriately balances the need for differentiation and equal treatment, questions remain regarding the "size" of the exemptions.





- » Questions were also raised regarding the implications of using RTKs from AOC-holders to determine exemptions instead of, for example, RTKs from departing & arriving flights.
- » Many felt that the text of paragraph 7 (in particular 7 a.2 and 7 b.2) could be improved to better distinguish between the concepts of exempting States, routes between States, and operators registered in States.

Paragraph 9 (Distribution with 100% sectoral rate)

- » Various participants highlighted the need to rephrase para 9 to be aligned with the appropriate “growth rate” formula. ICAO acknowledged the misalignment and said it would review the wording.

Paragraph 17 (Implementation mechanisms)

- » Clear rules for MRV, EUC and Registries were considered paramount by all groups to ensure data integrity, equal treatment and environmental integrity. In the context of para 17b questions were asked how ICAO would address emissions gaps if States or operators don’t report.
- » ICSA and others also were of the view that something stronger than just “guidance” would be required from ICAO to apply eligibility criteria for emissions programs and units under para 17.

Similar to the previous GLAD in Denpasar, there was no real discussion in Utrecht on the merits of the World Bank GNI per capita rankings and the use of the 100% sectoral rate approach

– although there were some signs that the “early mover” concept is still alive and well in the minds of some States. Mostly, however, these concepts were only brought up in the context of other elements in the ICAO proposal, for example, to what extent exemptions would affect the environmental integrity of the GMBM or how different allocation methods might affect simplicity of the scheme.

**ACTIVE NGOs**

As we expected would be the case at this “European” GLAD, the NGO community had turned out in force and were quite vocal in pushing their agenda. In the various interventions and contributions to the discussions, NGOs voiced their by now familiar opinions, including the need for redistribution of exempted emissions, the need for “ramping up ambitions” in line with the Paris Agreement, and opposition to the concept of a cost safeguard (as per paragraph 15). Issues of transparency and possible offset unit restrictions were not mentioned.

In the same context, we heard the Dutch CAEP member (and GLAD host) comment, rather ambiguously, during the closing panel session that “flexibility will be needed regarding the need for environmental integrity”. Similar sentiments were also expressed in some of the dialogue groups, reinforcing the impression this is shaping up to become one of the “make or break” issues in the GMBM negotiations.

Industry views during the discussions were well-aligned and usefully reflected in the reports from the various dialogue groups. Especially the need for cost-

effectiveness was echoed by many participants, something many agreed would be partially achieved through the technical exemptions but could be further enhanced by preventing potential fragmentation of the carbon market/offset supply, by States pooling resources e.g. to set up registries and encouraging their operators to use existing reporting tools such as IATA FRED. The need to minimize competitive distortion was also frequently mentioned although some suspicion still appeared to exist amongst certain States that exemptions will amplify existing distortions or create new ones, e.g. through re-routing via different hubs.

**THE FUTURE?**

Finally, other questions that were raised were concerned with the future of the GMBM post-2035, associated issues of offset demand and supply and the need to periodically review the functioning of the scheme. This led ICAO to clarify that they will continue to revise and update emissions and offset projections to reflect future developments (e.g. related to the CO<sub>2</sub> Standard). IETA helpfully explained that analyses done by the CDM Board and also the World Bank project that post-2020 supply of CERs and other types of offsets will be largely sufficient to accommodate additional demand from international aviation.

**THE FINAL STOP**

The GLADs roadshow now moves to Mexico City for its final stop on 7 and 8 April. We will provide a wrap-up report of all GLADs late next week, following Mexico and trying to synthesise the mood of all regional dialogues.