



## **IATA<sup>1</sup> response to the consultative communication from the European Commission on the 2015 international climate change agreement [COM(2013) 167 final]**

IATA recognizes the need to address the global challenge of climate change and strongly supports efforts to reach an agreement in 2015. IATA therefore welcomes the opportunity to provide input in the debate initiated by the European Commission on how best to design the global climate change agreement and policies that will apply from 2020.

### **Aviation and climate change**

In 2012, air transport produced 689 million tonnes of CO<sub>2</sub>, around 2% of global CO<sub>2</sub> emissions. To mitigate its impact on climate change, the air transport industry adopted a set of ambitious targets:

- an average improvement in fuel efficiency of 1.5% per year from 2009 to 2020;
- a cap on net aviation CO<sub>2</sub> emissions from 2020 (CNG2020); and
- a reduction in net aviation CO<sub>2</sub> emissions of 50% by 2050, relative to 2005 levels.

IATA is determined to be part of the solution but insists that, in order to achieve these targets, a strong commitment is required from all stakeholders working together through the four pillars of the aviation industry strategy, namely:

- improved technology, including the deployment of sustainable low-carbon fuels;
- more efficient aircraft operations;
- infrastructure improvements, including modernized air traffic management systems;
- market-based measures, to fill the remaining emissions gap.

At its 69th Annual General Meeting in June 2013, IATA adopted a landmark resolution which calls upon governments to work constructively with industry to develop a comprehensive package of technological, infrastructure and operational measures, including sustainable competitive aviation fuels, complemented by market-based measures (MBMs) as necessary, to fill any gap in reaching the goal of CNG2020. The resolution provides governments with a set of principles on how governments could establish procedures for a single global market-based measure and integrate it as part of an overall package of measures to achieve CNG 2020. The Resolution also emphasises the role of the International Civil Aviation Organisation in addressing aviation emissions.

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## Responses to the questions raised in the consultative communication

### **Question 1**

No comments.

### **Question 2: How can the 2015 Agreement best ensure the contribution of all major economies and sectors and minimise the potential risk of carbon leakage between highly competitive economies?**

IATA believes all sectors must play their part in addressing the global challenge of climate change. However, to best ensure the contribution of all sectors and minimise potential risks of market distortions or carbon leakage, the specific characteristics of each sectors must be duly recognised and taken into account. This is particularly true for aviation.

Aviation is intrinsically a global activity: it provides an interconnected network of air services spanning the entire globe, with aircraft – and their emissions – crossing continents and national jurisdictions on a daily basis. Many aircraft operators fly into dozens of different jurisdictions, with some large network airlines serving over a hundred different countries each day. The global and mobile character of aviation poses particular challenges for the application of market-based measures, and solutions adapted for stationary installations may not be suitable for mobile sources such as aircraft.

Recognising the specific nature of the aviation sector, governments at the 37<sup>th</sup> Assembly of the International Civil Aviation Organisation in 2010 demonstrated that multilateral collaborative action by all States through a global approach under ICAO is the most appropriate mechanism to effectively address international aviation emissions by formulating global targets for the sector, along with a set of principles for the use of market-based measures. Since then, ICAO has made excellent progress in a number of areas, including on the development of a CO<sub>2</sub> certification standard for aircraft, market-based measures, and State action plans documenting among others the actions undertaken to address emissions from aviation.

IATA therefore recommends that CO<sub>2</sub> emissions from aviation should be addressed as part of any post-2020 global climate change agreement, through the International Civil Aviation Organisation (ICAO). It also recommends that aviation emissions should be accounted for in a dedicated, global emissions inventory for the sector to reliably track progress, avoid double counting and ensure emissions reductions are only paid for once.

### **Question 3: How can the 2015 Agreement most effectively encourage the mainstreaming of climate change in all relevant policy areas? How can it encourage complementary processes and initiatives, including those carried out by non-state actors?**

No comments.



***Question 4: What criteria and principles should guide the determination of an equitable distribution of mitigation commitments of Parties to the 2015 Agreement along a spectrum of commitments that reflect national circumstances, are widely perceived as equitable and fair and that are collectively sufficient avoiding any shortfall in ambition? How can the 2015 Agreement capture particular opportunities with respect to specific sectors?***

As mentioned in our response to question 2, it is very important that the 2015 Agreement takes into consideration the specific characteristics of aviation. This is also true for the solutions considered to reflect national circumstances. Indeed, UNFCCC-style differentiation between Annex I and non-Annex I countries is inappropriate for aviation.

Developed and developing countries have played an equally significant role in the development of commercial aviation in the past 70 years. Many non-annex I countries (for example the United Arab Emirates, Singapore, South Korea, Chinese Taipei, Malaysia or Qatar) have a fully mature and internationally competitive aviation sector.

Applying the UNFCCC-style differentiation to aviation would therefore significantly distort the competitive balance in favour of airlines in non-Annex I countries.

***Question 5***

No comments.

***Question 6: What should be the future role of the Convention and specifically the 2015 Agreement in the decade up to 2030 with respect to finance, market-based mechanisms and technology? How can existing experience be built upon and frameworks further improved?***

The consultative communication points to “putting an international price on carbon emissions from international aviation” as an appropriate means to reduce emissions and provide necessary resources to support international climate change mitigation and adaptation measures (page 8).

It is however erroneous to believe that putting an international price on carbon emissions from international aviation will deliver emissions reductions. The high cost of jet fuel already creates a very strong incentive for aircraft operators to introduce technologies and operational measures that allow to reduce fuel consumption and hence emissions. Jet fuel costs approximately 900 USD a tonne and represents more than 30% of the average operating costs of airlines.

In reality, an international price on carbon emissions from international aviation is likely to have the opposite effect. By taking away funds from airlines, taxes and charges do not incentivize investment in new technology but, on the contrary, weaken the ability of the sector to dedicate resources to newer, cleaner equipment.



An international price on carbon emissions from international aviation would also be counterproductive if its aim is to assist developing countries. By adding to the cost of trade and tourism it is likely to affect the competitiveness, local economies and livelihoods in states such as small island states and developing countries.

**Questions 6 to 9**

No comments.

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