

13 September 2013

**Re: Consultation on the policy options for market-based (MBMs) measures to reduce the climate change impact from international aviation**

In response to the European Commission's request for comments on policy options for MBMs to reduce climate change impact from international aviation, Cathay Pacific Airways Limited welcomes the opportunity to provide its comments as below:

***F.1. ICAO Framework for Market-Based Measures and Global MBM scheme***

1) When assessing the geographical scope options for the ICAO Framework, we believe that the considerations should include:

- **Compatibility with international legislation** particularly on agreements related to the sovereignty of states such as the Chicago Convention;
- **Straightforward in design and operation** for a cost-effective solution and avoids any competitive distortion
- **Meaningful level of coverage of aviation CO2 emissions** to ensure effectiveness

2) Priority should be placed on elements that represent the greatest challenges towards reaching a consensus for a global MBM. We believe the following elements should be considered a priority:

- Assessment of, and agreement to, the most effective means of allocating emissions limits/responsibilities in a global MBM;
- Agreement to the effective and non-distortionary means of taking the special circumstances and respective capabilities of developing states into account within the design of a global MBM; and
- Assessment of, and agreement to, the effective means of administering a global MBM.

Although the aviation industry is ahead of most other industries in its climate change aspirations, there is increasing pressure on the industry to come up with effective measures to address our climate change impact. It is important that ICAO work closely around the expectations of various stakeholders to demonstrate its leadership in guiding the industry towards MBMs for emissions from international aviation.

3) We believe the following are essential elements to be considered in the development of a recognised set of monitoring, reporting, and verification standards for measuring greenhouse gas emissions from international aviation:

- **Acceptability** through adopting a common set of definitions to ensure the comparability of emissions data;
- **Accuracy** of the emissions data through 3<sup>rd</sup> party verification;

- **Confidentiality** of emissions data be respected to avoid leakage of sensitive commercial information;
- **Ease of implementation** to reduce the compliance cost on airlines; and
- **Transparency** by making the monitoring, reporting and verification standard publicly available.

## ***F.2. Simplifications for small aircraft operators***

1) Not applicable

2) Within each industry, each stakeholder plays an important role in our common goal towards reducing our output of greenhouse gas emissions. While we believe that the framework should be consistently applied and not be confined to commercial operators, we recognise that special considerations should be given to flights operated for search and rescue, fire fighting, humanitarian, and medical services purposes.

3) Ensuring overall environmental effectiveness of the system is the most important consideration when determining the de minimis threshold for small operators. We also recognise the need to ensure operators, whether small or large, are not over burdened by the administrative requirements. A reasonable balance between reducing compliance cost and ensuring overall environmental effectiveness of the system should be achieved to maintain the integrity of the overall framework.

For queries regarding Cathay Pacific's response to this consultation exercise, please contact:

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