

Brussels September 13, 2013

Lufthansa Group response to the European Commission's consultation on the policy options for market-based measures to reduce the climate change impact from international aviation

LUFTHANSA GROUP welcomes the opportunity to respond to the consultation on the policy options for market-based measures to reduce the climate change impact from international aviation.

The aviation sector recognizes the need to address the global challenge of climate change and is playing its part. In 2009, it adopted an ambitious set of commitments for the short-, medium- and long-term, including that of carbon-neutral growth from 2020. LUFTHANSA GROUP is confident that technology, operations and infrastructure measures will provide the long-term solution for aviation's sustainable growth through concerted industry and government investment and engagement. However, LUFTHANSA GROUP recognizes that a market-based measure (MBM) may be needed to fill any remaining emission gap in the interim. A market-based measure for aviation should nevertheless only be considered as part of a broader package of measures to address aviation's CO₂ emissions that cannot otherwise be achieved through cost-effective, in-sector reduction measures.

LUFTHANSA GROUP believes that any MBM applied to aviation must be global in scope, ensure environmental integrity, preserve fair competition, and take account of different types and levels of operator activity. The safe, orderly and efficient functioning of today's air transport system relies on a high degree of uniformity in regulations, standards and procedures. The use of unilateral measures undermines this foundation. Particular attention needs to be given to avoid duplication with existing measures, or the layering of measures within a State or a group of States. LUFTHANSA GROUP therefore calls on the European Union and its Member States to work collaboratively through the International Civil Aviation Organization (ICAO) to reach an agreement on measures to address CO₂ emissions from aviation as part of a comprehensive package.

ICAO Framework for market-based measures and global MBM scheme

1. What should be the major considerations to assess the four different geographical scope options for the ICAO Framework listed above? [1000 characters limit]

The primary objective and priority should be to reach an agreement on a single global MBM since it is the only appropriate means to achieve a comprehensive and non-distortionary coverage of civil aviation CO₂ emissions.

Any ICAO framework for MBMs should only be a temporary measure to ensure regional and national schemes adhere to certain principles and do not hinder the adoption and implementation of a single MBM. It should build on the principles contained in the Annex to ICAO Assembly Resolution A37-19.

As regards the assessment of the four different geographical scope options, LUFTHANSA GROUP believes that political acceptability and administrative complexity should be determining considerations.

LUFTHANSA GROUP is in particular concerned that options under which States could apply MBMs to overflights would result in a disproportionate burden for operators. Indeed, during a single flight an aircraft will fly through the national airspace of several States and several FIRs.

2. Which elements of the "Roadmap for a Global MBM" do you consider a priority, and what would be the optimal timeline for implementation? [1000 characters limit]

LUFTHANSA GROUP believes that all the elements listed are critical for an agreement on a global single market-based measure.

LUFTHANSA GROUP supports the suggestion that the ICAO Council should rapidly develop a common set of monitoring, reporting and verification (MRV) standards for measuring CO₂ from aviation. The adoption of global MRV standards will not only be required for the implementation of a single global MBM but will also help prevent the multiplication of different regional or national MRV requirements and reduce the associated administrative burden for operators, as well as ensure environmental integrity. Any existing regional or national MRV requirements should be aligned with the global standards that will be developed in ICAO.

3. What essential requirements should be taken into account for the development of a common set of monitoring, reporting and verification standards for measuring greenhouse gas emissions from international aviation? [1000 characters limit]

Many operators fly into dozens of different jurisdictions on a daily basis, with some large network carriers serving over a hundred different countries each day; they need to have a single point of accountability. Also, small operators would face overwhelming administrative challenges in complying with a multiplicity of different schemes. To promote transparency and keep down administration costs, the monitoring, reporting and verification (MRV) requirements related to an MBM should be kept as simple as possible and should be scalable to accommodate both large and small operators, while ensuring data integrity.

Simplification for small aircraft operators

1. What could further decrease the compliance cost significantly for small aircraft operators? [rank options – 1 greatest cost decrease, 4 no cost decrease:]

1. No additional verification would be required in case of using the Eurocontrol Support Facility
2. Simplified requirements to open an aircraft operator holding account in the Union Registry for small emitters (only for receiving and surrendering allowances)
3. All Member States would provide IT-tools for reporting
4. Management companies could be attributed to Member States for administration

2. Would you be in favour of exempting non-commercial aircraft operators altogether from the scope of EU ETS similar to the de minimis exemption of commercial operators? [Yes/No/Cannot decide]

No

3. Which consideration is the most important when choosing a de minimis threshold for small aircraft operators? [overall environmental effectiveness of the system/administrative effort for operators/other] [1000 characters limit]

- Overall environmental effectiveness of the system
- Other: avoid competitive distortions