



GAMA response to DG CLIMA consultation on the policy options for market-based measures to reduce the climate change impact from international aviation

September 2013

The General Aviation Manufacturers Association (GAMA) welcomes the opportunity to respond to the European Commission's consultation on the policy options for market-based measures to reduce the climate change impact from international aviation, and on the simplification of the EU Emissions Trading Scheme (ETS) for small operators.

In particular, we welcome the move to consider how to reduce the administrative effort for small aircraft operators under the EU ETS – something long advocated by the industry given the difficulties faced to date. The initial results of the PWC study considering the problems faced by small emitters has highlighted that for all of the operators classified as small emitters, their total emissions equal approximately 0.08% of the emissions under ETS. As such, we are keen to see any amendment to the EU ETS Directive also incorporate measures that can lessen the disproportionate burden on small emitters.

Background

GAMA is an international trade association representing over 80 of the world's leading manufacturers of general aviation aeroplanes and rotorcraft, engines, avionics, and related equipment. GAMA's members also manage fleets of aircraft, airport fixed-based operations, pilot training, and maintenance facilities worldwide.

In November 2009, the global business aviation community adopted an aggressive strategy to mitigate and reduce its greenhouse gas emissions. Business aviation has consistently improved its fuel efficiency, delivering 40 percent improvement over the past 40 years, and its worldwide carbon emissions are approximately two percent of all aviation and .04 percent of global man-made carbon emissions. Despite this excellent record, the business aviation community pledged to do even more, committing to specific targets:

- An improvement in fuel efficiency of an average of 2 percent per year until 2020;
- Carbon-neutral growth from 2020; and
- A reduction of total carbon emissions of 50 percent by 2050 relative to 2005 levels.

Moreover, business aviation joined with the broader global aviation community in 2010 to endorse the approach of the International Civil Aviation Organization (ICAO) to mitigate international aviation carbon emissions, based on a "basket of measures". Such measures include new aircraft technologies, improved operational procedures, modernized air traffic management, sustainable alternative fuels, and market-based measures (MBMs). The ICAO approach also agreed on aspirational goals similar to the

General Aviation Manufacturers Association

short- and medium-term goals of industry: average annual fuel efficiency improvement of two percent to 2020 and carbon neutral growth from 2020.

F. Questions for consultation

F.1. 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? [Max. 1000 characters]

GAMA is supportive of the concept of a single measure applying globally. When considering the means to achieve this, it is vital that the administrative requirements and feasibility of compliance of each of the above options are fully considered.

Alternatively, we support an approach whereby States would be responsible for the international emissions of their respective registered aircraft and operators, consistent with the global regulatory practice established by the Chicago Convention. With only one administering State, operators would benefit from administrative simplicity and reduced costs, and States would gain an improved understanding of progress toward the global, aspirational goals.

Given the global nature of aviation, it would be undesirable for any system to be unnecessary complex, given the patchwork of airspace often crossed during a single journey. This is particularly pertinent in the case of business aviation, where a very small operator may fly different routes to different countries on a daily basis.

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

GAMA is of the belief that the all elements can play a role in achieving an agreement on a global MBM. In particular, we would highlight some key characteristics for designing an MBM. An MBM should:

- Be simple and predictable;*
- Treat all operators in a fair manner and proportionate to activity levels;*
- Provide sufficient flexibility to recognize that one size does not fit all;*
- and*
- Impose the lowest possible administrative burden.*

ICAO must play a central role in ensuring global standards are framed in order to avoid discrepancies in MRV requirements – thus facilitating both operator compliance and the transparency of the system.

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? [Max. 1000 characters]

In order to facilitate compliance, it is highly desirable for smaller operators not to be unduly burdened with complex administrative procedures spread over multiple jurisdictions.

In keeping with this, GAMA strongly supports the concept of a monitoring, reporting, and verification framework which is appropriate for all sizes of operators. The concept of proportionality is key - allowing smaller operators to comply in a simplified manner, without imposing unnecessary administrative costs.

F.2. Simplifications for small aircraft operators

Certain flights are exempt from the Community system. According to paragraph (j) of Annex I to the EU ETS Directive, certain flights operated by a commercial air transport operator are exempt from the provisions of the EU ETS (*de minimis* exemption). The conditions are the following:

- the operator is a commercial air transport operator; AND
- the operator either operated less than 243 flights per three consecutive period of four months (Jan-Apr, May-Aug, Sep-Dec) or emitted less than 10,000 tonnes of CO₂ annually.

This exemption applies to commercial air transport operators. Non-commercial aircraft operators below the threshold are covered by the EU ETS. Small emitters can take advantage of simplified procedures to monitor their emissions. Recently, the threshold to make use of the simplified procedures has been increased to 25000 tonnes of emissions per year.

1) What could further decrease the compliance cost (cost for monitoring, reporting, verification, and registry) significantly for small aircraft operators? [Please rank the options below. Rank 1 - greatest cost decrease, 4 - no cost decrease]

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

1. *Simplified requirements to open an aircraft operator holding account in the Union Registry for small emitters (only for receiving and surrendering allowances).*
2. *No additional verification would be required in case of using the Eurocontrol Support Facility;*
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?
[Possible answers: "Yes"/"No"/"Cannot decide"]

Yes.

It would be appropriate for both commercial and non-commercial operators to be subject to a similar threshold within the ETS Directive. This would not only avoid discrepancies between the two categories and assist smaller operators, but also facilitate the work of competent authorities who must spend a disproportionate amount of time dealing with the smaller operators who emit the least. This issue is clearly highlighted in the initial results of the 2013 PWC study on small emitters, which was commissioned by the European Commission.

3) Which consideration is the most important when choosing a de minimis threshold for small aircraft operators? [Possible answers: "overall environmental effectiveness of the system", "administrative effort for operators", "other"]

Please, explain your answer [max 1000 characters].

Any market-based measure must strike a balance between delivering tangible environmental benefits whilst remaining feasible for those covered by the scheme. In short, the costs of compliance should be proportionate to each size of operator.