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

<b>ICAO Framework for Market-Based Measures and Global MBM scheme</b>
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1) What should be the major considerations to assess the four different geographical scope options for the ICAO Framework listed above?

ICAO should aim for the maximum potential coverage which is realistic, and which all parties agree are feasible, but do not deter national and regional efforts to include broader coverage. The problem with covering "arriving and departing flights within national airspace" is that 45% of aviation emissions occur outside of national airspace, so it is not sufficient to reduce emissions from international aviation. IETA believes that the airspace model should involve the division of international airspace into regions, in order to ensure maximum coverage. National or regional airspace may be considered as part of the transition towards putting in place a global framework, with the recognition that it won't be sufficient in the long-run to cover all emissions from international aviation.

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

**High priorities:**

- **Agreeing a timetable and legal mechanisms for the introduction of a global MBM** is the highest priority in today's political context, in order to provide guarantees that efforts are being made internationally to put in place a global mechanism (option f). IETA recommends agreeing on a timeline for a global MBM during the 39<sup>th</sup> ICAO General Assembly, or at the very least a detailed roadmap, which would clarify when such decisions will be taken in the future. We urge ICAO members to make sufficient progress during ICAO's next General Assembly, in order to avoid the EU's unilateral rules re-applying where all flights in or out of the EU would be covered by the EU-ETS, without comparative efforts by other ICAO parties.
- Priority needs to be given to establishing a **harmonised monitoring, reporting and verification system for a global MBM** (option c) as the system's credibility depends on reliable and comparable data to ensure emission reductions are actually taking place.
- **Quality criteria for offsets** is also essential for the credibility of the scheme and to ensure environmental integrity (option e)

**Medium priorities:**

Other options such as **option a**, to identify the most effective way of allocating emissions limits and responsibilities may be difficult for all ICAO parties to agree to, but it is one that will need to be resolved in time for a global MBM to work in practice. **Option d** about the administration of a global MBM is also important to consider.

Taking into account special circumstances should be something that is looked into and addressed properly (**option b**) to avoid disproportionate costs on certain States. IETA supports the proposal presented by Belgium, France and the UK to exempt routes from LDCs.

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?

Reliability of the data is essential. ICAO should, in addition, consider what penalties would apply where airlines fail to submit the data in time. We could consider a body overseeing the quality of the data submitted (e.g. in a similar way to what is done at the UN level with Emission Reduction Projects, which receive credits that are certified by the UNFCCC).

Transparency and comparability of the data is also important and should be collected in a standardised manner.

<b>Simplifications for small aircraft operators</b>
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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) Management companies could be attributed to Member States for administration**

Article 17 of the ETS Directive already allows the possibility for management companies to be responsible for administrative arrangements instead of operators. However there are differences in national legislation, which means that in countries such as France, this option is basically unavailable.

Additional costs could be saved if:

- a. Operators operating in various countries could bundle their administrative requirements in one country only / or in a 'virtual country' (e.g. 'ETS small emitters agency').
- b. Management companies could bundle various small airlines together and be considered as 'the operator' instead of each individual company.

**(2) Simplified requirements to open an aircraft operator holding account in the Union Registry for small emitters (only for receiving and surrendering allowances)**

Some big challenges for small operators are the administrative steps surrounding the opening of a registry account. IETA would urge simplification of legal requirements for



small operators. Even though many accounts have been opened, many small airlines have not yet opened accounts. For those individual airlines, simplified requirements would enable considerable cost savings.

**(3) All Member States would provide IT-tools for reporting**

This proposal would make reporting easier for operators rather than filling-in paper work. Whilst this option should be supported, it may have limited cost reduction effects.

**(4) No additional verification would be required in case of using the Eurocontrol Support Facility**

Verification is one of the biggest cost factors. However, by-stepping verification would lead to mistakes and could impact credibility of the reporting and of the scheme in general. Whilst we recognise this step may be costly, it is important to ensure any sector covered by the ETS Directive monitors and reports its emissions in a credible manner. IATA recognises some Member States already use the Eurocontrol ETS Support Facility to calculate small aircrafts' emissions, and thereafter charging them for their emissions. We support further discussion on the role of the Eurocontrol Support Facility, to identify whether emissions data of all European non-commercial aircraft operators can be provided by the agency. But in any case, reliability of the data is an essential requirement for operators covered by the scope of the Directive.

**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, with the same rationale for excluding small installations from the scope of the EU-ETS. From a climate point of view, it makes little sense to exclude small commercial aircrafts and not small non-commercial aircrafts. We recognise however the political sensitivities of changing the scope of the EU-ETS to exclude a new category altogether. With this in mind, IATA encourages the Commission to look at the option of "route charging", whereby the Eurocontrol Support Facility would determine the CO<sub>2</sub> amounts. However, guarantees are required to ensure that the Eurocontrol Support Facility is able to calculate the level of emissions of all European non-commercial aircraft operators, in such a way as to ensure reliable data without additional verification.

**3) Which consideration is the most important when choosing a de minimis threshold for small aircraft operators?**

**Other:**

The decision should be based on comparing the positive impact on the environment with the administrative costs. The current threshold of using a CO<sub>2</sub> benchmark makes sense as it recognises the lower climate impact of a small aircraft operator compared to larger players. However a hybrid approach is also worth considering, i.e. excluding altogether small aircrafts that emit below a low CO<sub>2</sub> threshold; and creating a middle category whereby Maximum Take Off Weight of the aircraft is also taken into account; and creating an upper CO<sub>2</sub> threshold category, above which small aircrafts would be covered by the EU-ETS.