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## **WWF Response to the European Commission public Consultation on the policy options for market-based measures to reduce the climate change impact from international aviation**

*13 September 2013*

### **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?***

WWF was an intervenor in the 2011 European Court of Justice case which successfully defended the legality of including non-EU flights within the EU ETS, thus supporting the EU and UK government against the US airline industry. WWF continues to support a strong EU ETS and its inclusion of aviation until there is agreement on a global MBM through ICAO. We therefore also support reference to a Framework in the ICAO Resolution text, to be agreed at the 38<sup>th</sup> Assembly meeting.

Of the four geographical options currently being discussed within ICAO, WWF strongly prefers the departing flights option as it provides the greatest coverage of CO<sub>2</sub> emissions, although only representing 65% of current EU ETS coverage. We believe the major assessment considerations should be:

**Environmental:** This should be the most important assessment consideration given that aviation emissions, one of the fastest growing sources of CO<sub>2</sub>, are largely excluded from national, regional and international frameworks. Setting the geographical scope to potentially cover 100% of international civil aviation CO<sub>2</sub> emissions if all states implement measures within the Framework is also likely to result in a stronger global MBM. Conversely, weakening the emissions coverage of the EU ETS through an ICAO Framework would be a retrograde step.

**Political:** Having a strong EU ETS has, arguably, been one of the most important levers for faster progress towards a global MBM within ICAO. The 'stop the clock' on the implementation of the international aspects of ETS for the aviation sector, although offered with good intentions, has so far failed to deliver much in return. WWF believes that an additional drastic change in the reach and effectiveness of the EU ETS (for example by altering the geographical scope to national or regional airspace) through the ordinary legislative procedure would be politically unwise as it would both diminish the importance of the EU within the ICAO negotiations and result in a far weaker ETS.

**Emissions reporting:** WWF believe that a departing basis for flights offers the most accurate basis for geographical scope as it is already commonly used for member states' emissions reporting. Both national and regional geographical approaches suffer from lack of clarity over airspace boundaries and are administratively cumbersome and subject to misuse. They would also leave an increasing share of international aviation emissions uncovered as the percentage of long haul flights from non-EU countries grows.

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

All of the stated roadmap elements are important but a), b) d), e) and f)<sup>1</sup> are of particular concern to WWF. WWF recently published discussion documents, based on suggestions from a wide range of international aviation stakeholders that were convened by WWF at two high level workshops, as to what MBM package of measures would have broadest acceptability and how best to respect CBDR/SCRC principles within a global MBM.<sup>2</sup>

Regarding a) the most effective means of allocating emissions, a formula for allocating emissions across countries and/or carriers could be based on each country's aviation sector's share of global emissions in a chosen baseline year, with adjustment factors for a country's level of development, the scale and rate of growth of its aviation industry, and the sensitivity of its economy to increases in the cost of air travel. Alternatively, there could be the same requirement for all, with exemptions for least developed countries and small island developing states, on the basis of routes to and from these countries, rather than differentiate across countries through a formula.

Regarding b) CBDR/SCRC, WWF's stakeholders suggested differential treatment by route or channeling of revenues as the best ways to bridge the political barriers to a global MBM agreement. Route based differentiation could be based on national indicators as defined by economic or development criteria (such as GDP per capita) or aviation characteristics of the route. These would allocate allowable emissions differentially based on aviation growth on a particular route with faster growing routes being given more allowances than slower growing routes. This approach would not discriminate on the basis of state or carrier. Differentiation through

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<sup>1</sup> The Roadmap for a global MBM proposed by EU Member States is the following:

- a) Assessment of, and agreement to, the most effective means of allocating emissions limits/responsibilities in a global MBM;
- b) 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;
- c) Agreement to establish a harmonised monitoring, reporting and verification system for a global MBM;
- d) Assessment of, and agreement to, the effective means of administering a global MBM;
- e) Agreement to the quality criteria for offsets; and
- f) Agreement to a timetable and legal mechanisms for the introduction of a global MBM.

<sup>2</sup> These documents can be viewed at

[http://awsassets.panda.org/downloads/mbm\\_working\\_group\\_working\\_paper\\_28\\_may.pdf](http://awsassets.panda.org/downloads/mbm_working_group_working_paper_28_may.pdf) and  
[http://awsassets.panda.org/downloads/cbdrcc\\_working\\_group\\_working\\_paper\\_28\\_may.pdf](http://awsassets.panda.org/downloads/cbdrcc_working_group_working_paper_28_may.pdf)

distribution of any revenues generated by a global MBM, which WWF strongly supports, could be achieved by insuring no net incidence (NNI) on developing countries.

As regards d) an effective means of administering a global MBM, WWF's stakeholder group were strongly aligned on the need for an industry-managed system (perhaps in conjunction with ICAO or other global body to distribute any revenues generated).

WWF strongly supports the need for e) quality criteria for offsets given that this is the basis for the IATA Resolution being proposed within ICAO and currently appears to be the most likely design for a global MBM. However, we are surprised that there isn't a quantity criteria for offsets as well to ensure that offsets are supplementary to in sector action and contribute to global net mitigation of greenhouse gas emissions. WWF would be deeply concerned if an MBM based on offsetting did not cover at least 95% of aviation emissions, generate revenues for climate finance in developing countries or if it allowed access to low quality credits with no additionality criteria. WWF would like to see IATA take the lead in establishing Gold Standard<sup>3</sup> based quality criteria to be adhered to by its members, enforced by all ICAO states. These should ensure that all offsets are 'real, permanent, additional and verified'<sup>4</sup>, and deliver net mitigation results overall (by eg. using environmentally sound discounting rates such as 1 ton of aviation emissions accounted for 3 effectively reduced in host nation).

Concerning f) an optimal timeline, the EU should, above all, be focussing on getting substantial progress towards a global MBM agreed at the upcoming ICAO 38<sup>th</sup> Assembly. At a minimum, this means getting an in principle agreement for a global MBM approved in the Resolution, with a detailed timetable for designing the MBM in 2013-14, adoption at the 39<sup>th</sup> Assembly (ideally at a specially convened session in 2015) and full implementation by 2020.

***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?***

Any MRV requirements should above all be consistent and transparent with compliance enforced by the implementing agency(ies) across all countries. This is essential to respect the non-discriminatory principle of ICAO. Third party verifiers may also be needed to guarantee the quality of offsets if these are used within a global MBM. Another important requirement is that any MRV system is simple to implement, in order to encourage compliance.

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<sup>3</sup> <http://www.cdmgoldstandard.org/>

<sup>4</sup> <http://carbonmarketwatch.org/policy-brief-turbulence-ahead-market-based-measures-to-reduce-aviation-emissions/>