Contemporary Issues in Air Transport
Air Law and Regulation

International Conference organised by
Institute of Air and space Law, McGill University, Montreal
Airport Authority of India
University of Petroleum and Energy, India
New Delhi
23-25 April, 2008
Aviation Environment

EU’s ETS

Role of ICAO

Some issues and way forward

Dr. Nasim Zaidi

New Delhi, 25th April 2008
Aviation growth and environment

- Contribution from aviation to the total radiative forcing by human activities is around 2.5-3% but expected to grow with rapid aviation growth.
- Human activities involving burning fuel include aviation and therefore the sector has responsibility in limiting aviation impact on climate change.
- Aviation is a contributor to economy. People desire to fly more and urge to have clean air at the same time-contradictory stance.
- A balance approach needed in continuing aviation growth and environment.
ICAO and UNFCCC

- The ultimate objective of the UNFCCC is to achieve stabilization of GHG in the atmosphere. The UNFCCC mandated ICAO to deal with international civil aviation due to difficulty in accounting of contribution of international aviation to aviation.
- UNFCCC and the Kyoto Protocol (KP) calls for Annex 1 parties to pursue limitation or reduction of GHG from aviation bunker fuels.
- ICAO works in full cooperation with UN and other bodies dealing with climate change.
- ICAO to study policy options, develop concrete proposals and provide advice to the UNFCCC including technical and market based measures for developed and developing countries.
ICAO and Environment

• ICAO recognizes sustainable growth of aviation for national and global economic growth, trade and tourism.
• Need for growth of aviation to be compatible with the quality of environment and to alleviate impact on environment.
• ICAO is the lead UN agency in matters involving international aviation, addresses the adverse impact on environment from civil aviation and is conscious of its responsibility to ensure maximum compatibility between safe and orderly development of civil aviation and environment.
• Environment is one of the six Strategic Objectives of ICAO and include three goals of limiting or reducing noise, engine emission on local air quality and aviation greenhouse gases emissions.
ICAO fosters cooperation amongst states, stakeholders, make standards and guidance material, the regulatory process and concrete actions.

ICAO has continuously strived to limit or reduce the impact of aviation greenhouse gas emissions (GHG) on the global climate by working through contracting states and industry.

A-36 has emphasized the leadership role of ICAO on all matters related with aviation and environment.

A-36 has also directed the council to maintain initiatives in developing policy guidance and continue to attach seriousness.

A-36 has also urged states to refrain from environmental measures that will adversely affect the orderly and sustainable development of international civil aviation.
EU proposal on ETS and work of ICAO

- EU’s plan of 2006 and 2007 to include international aviation in an emission trading scheme (ETS) from 2011 for European operators and from 2012 for foreign operators.
- The above scheme has been under discussion in ICAO for some time.
- ICAO set up CAEP, a technical body of the council to advise ICAO on matters relating to aviation emissions and noise.
- The council in Dec 2006 gave direction to CAEP to consider the issue of geographical scope of the proposal of EU on emission trading.
- CAEP/7 in 2007 discussed the issue of Geographical scope of efforts of the EU to incorporate emissions from international aviation into their ETS.
CAEP/7 addresses Geographical Scope of EU’S unilateral approach

- CAEP asked by the council in Dec 2006 to develop draft guidance on geographical scope for states by including different options and start to address the integration of foreign airlines in ETS on mutual basis.

- At the same time, the council in Dec 2006 urged states to refrain from unilateral ETS before the council reports to Assembly- 36

- The council also informed CAEP that UNFCCC and KP confers no guidance in relation to ETS and is not provided for in either of these agreements.

- CAEP suggested two approaches for states to adopt on ETS - Mutual and alternate to mutual agreement.
The council considered CAEP/7 report in March 2007. Sharp division amongst members noted on the issue of unilateral ETS of EU.

No consensus emerged in the council in March 2007 on geographic scope.

Majority of the council members rejected non-mutually agreed approach of ETS by EU.

CAEP’s proposed guidance remained draft guidance only till the consideration of the council report by A-36.

The President of the council gave a forward to the draft guidance reflecting views of the council.
Assembly-36 and its initiatives on aviation environment

- ICAO council started working towards a consensus formula in the run up to A-36 indeed a very big challenge to ICAO.
- An informal group of Friends of President (FOP) of the council was formed that worked during summer of 2007 and prepared ground work for A-36.
- Aviation and emission was a major topic of discussion at A-36 session. Assembly endorsed achievements of ICAO and its future planned work in the field of environment and emission limitation.
- Main focus of discussion in A-36 was on market based measures.
- A FOP of the Assembly President was set up to develop a best way forward due to differing views. The FOP worked throughout the session and on the last day submitted its recommendations regarding setting up of GIACC.
Developing world and EU’s ETS

- In A-36, EU presented a paper emphasizing that recourse to market based measures was necessary. The EU stated that ICAO has not done enough to limit or reduce GHG from aviation emission.
- The EU underscored the principle of non discrimination in ETS.
- The EU expressed willingness to accommodate concerns of developing countries and principle of CBDR.
- Developing countries in particular consider ETS as unilateral imposition and need to be reconsidered.
- Further, KP did not set emission target for developing countries, inclusion of developing countries in ETS by EU amount to setting targets through the back door.
Stakeholders views on ETS

- IATA’s vision is to put aviation on a gradual path towards carbon neutral growth and eventually to zero carbon future. Multi pronged approach. Coverage of airlines in ETS only on the basis of mutual consent. ICAO’s leadership to be further asserted.

- ACI consider that the issue should be dealt with at a global level under the leadership of ICAO; regional solutions to be interim measures only and want ICAO to develop a roadmap and a ICAO led global action.

- CANSO emphasize collaborative decision making to optimize use of the system, must ensure global participation; EU to first focus on SES

- Under UNFCCC, it is up to ICAO to propose how to deal with aviation emissions.
EU’s ETS and concerns at door steps

- IATA reminds EU to implement Single European sky (SES) to save CO2. ETS will not do much to improve environmental performance. ETS unilateral approach is counterproductive and will have limited impact in a region.
- IATA believes that unilateral application of ETS to foreign airlines is a clear breach of the Convention and dispute will distract government from making real progress.
- Association of European Airlines (AEA) representing 31 European airlines are very concerned with the text of ETS which, according to the AEA, will be damaging for the European and global aviation industry, consumers and citizens.
- The measures under ETS, as per AEA, are going to place heavy financial and economic burden not to be offset by environmental gains.
- If regional airlines find the scheme unacceptable, one can imagine the global acceptability.
World Tourism Organisation and Climate change

- World tourism dependent on climate and also contributor of emission with aviation being a substantial contributor
- WTO want ICAO to address the issue of GHG from aviation more substantively and an enhanced engagement between ICAO and UNWTO
- UNWTO fully support the efforts of ICAO member states to find a way forward on application of ETS
- UNWTO emphasize in particular the role of carbon offset scheme.
- ICAO has begun the process of developing carbon calculator methodology
EU’s ETS and legal aspect of the Convention

- Preamble lays down basic principles to provide for certain harmonised rules application and established ICAO
- Article 1 lays down exclusive sovereignty of each state over its airspace
- Article 11, 15 and 24 are cited in support and against the ETS by proponents and others opposed to unilateral approach of EU
- The legal aspects of ETS also need further consideration to avoid future protracted legal disputes
Assembly-36 and ETS

- There was a general agreement on importance of ETS as a major tool not in isolation but only together with reduction of emissions at source and operational measures.
- Assembly faced difficulty in reconciling the concept of Common but differentiated responsibilities (CBDR) in UNFCCC and the concept of non discrimination amongst states in the Convention.
- Of particular concern amongst majority of states was inclusion of operators from other states providing service to a state or region in ETS operated by that state or region which will be applied to all the emission from the flight even those created outside ETS region.
- A-36 going by majority of states passed resolution on mutual consent based ETS only and were opposed to ETS without mutual consent.
- EU states (42) reserved their position regarding this part of resolution and wanted to be reflected in the Resolution.
- EU ETS is a regional approach to a global problem—a paradox.
Are achievements of ICAO in emission reduction enough?

- ICAO in A-36 noted that to promote sustainable growth, a comprehensive approach is needed to reduce emission rather than one pronged approach as advanced by a region.
- ICAO acknowledged progress already made in aviation sector with aircraft being about 70% more fuel efficient per passenger kilometer basis than 40 years ago, some airlines achieving net reductions in emissions despite increase in operations and the commitment of airlines industry to achieving a further 25% fuel efficiency during next fifteen years.
- The A-36 did recognize that overall emission increasing due to growth in air traffic. The above progress will only partially offset the growth of aviation emission and more needs to be done.
- The sustainable growth of aviation at the same time was essential for developing countries and remotely located countries and also for promotion of tourism.
Group on International aviation and climate change (GIACC)

- ICAO in A-36 formed a new Group- GIACC composed of senior government officials representative of all ICAO region and equitable from developed and developing countries to develop an aggressive Plan of Action on the subject based on consensus and shared vision of all contracting states.

- Programme of action to include: Voluntary measures, technological advances in aircraft, operational measures, efficiency in ATM, positive economic incentives and market based measures.

- Measurement of progress and possible aspirational goals in the form of fuel efficiency

- Convene a High Level Meeting and advise 15th Conference of Parties of UNFCCC in Dec 2009.

- Council in Dec 2007 framed Terms of Reference (TOR) of GIACC by consensus.
Consensus approach of ICAO on aviation emission

- ICAO a specialized agency of UN working through consensus and multilateral framework mandated by UNFCCC to work on policies related to environmental aspects of international civil aviation.
- Majority of contracting states want ICAO to play leadership role on the subject essential for a well structured, long term and globally acceptable approach to the problem which allowed continued growth of aviation and managing its environmental impacts.
- This approach include fostering cost effective solutions based on international consensus and with cooperation of all member stated and aviation industry.
- ICAO majority of states want consensus and do not approve of unilateralism as proposed by EU.
Global will on concrete actions on aviation emissions

- Majority of states want ICAO to harmonize the global approach to global problem.
- Majority of states agree for the need of market based measures but only along with all other elements on which there is no disagreement as referred earlier and based on mutual consent only.
- Market based measures based on consensus evolved by ICAO. States want this to be based on reliable scientific data, reciprocity, respect for sovereignty. ICAO also to play role in developing guidance material.
- A-36 resolved on ETS and urged states not to implement an ETS on other state’s aircraft operators except on the basis of mutual agreement between those states.
ICAO in action on concrete measures for aviation emission limitation

- GIACC met in Feb 2008, reviewed emission related activities within ICAO and in the world.
- Three more meetings planned before 15th COP of UNFCCC.
- Exchange of views on elements of a framework of action programme to limit emissions, sustainable growth, technology transfer and fund mechanism for developing countries.
- Aspirational goals to be in the form of fuel efficiency, need for data on fuel efficiency.
- Broad consensus on common themes, data on fuel consumption, importance of fuel efficiency and elements of programme of action.
- Entire approach on consensus and multilateralism and not unilateralism or regionalism.
To Sum up and the best way forward

- EU’s ETS in present form not acceptable to majority of contracting states of ICAO and industry stakeholders.
- ICAO has demonstrated its achievements made so far. Climate change being a global concern must get a global response and hence the leadership role of ICAO in a multilateral regime needed.
- GIACC is the best way forward to develop an aggressive Program of Action to be ready before Dec 2009 meeting of UNFCCC.
- ICAO must demonstrate to the world that it means business and can achieve the same results through global consensus.
And finally

- The issue is not if something should be done about GHG emissions from aviation but how it should be done.
- ICAO’s current endeavors are promising and will develop a Program of action made of concrete and time bound actions by 2009.
- EU in the spirit of cooperation and recognition of opinion of majority of ICAO’s states should wait the outcome rather than going ahead with the scheme.
Thank you