

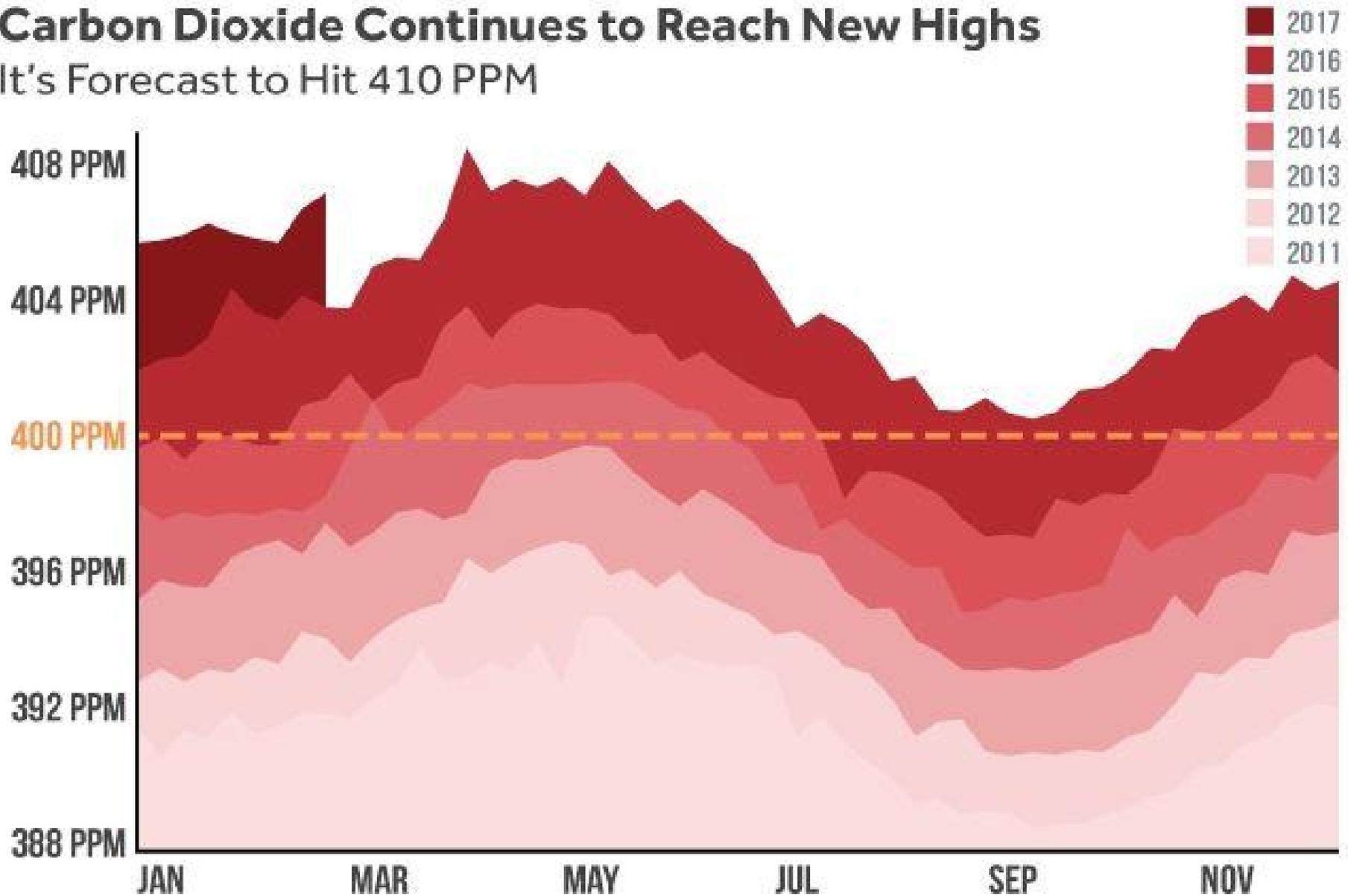
How to ensure effective climate action in the aviation sector

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European Parliament
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Carbon Dioxide Continues to Reach New Highs

It's Forecast to Hit 410 PPM



Source: Greenhouse Gas Reference Network

One sector, one measure?

A single international market measure is the preferred solution if it meets the following criteria:

- Sovereign climate targets are met
- Target is adequate (and enforceable)
- Accurate pricing of externalities

If not fulfilled, other measures must fill the gaps.



Objectives for aviation in Europe

The review of the EU ETS for aviation should ensure that:

- Aviation fairly contributes to the EU's climate targets in the period 2017-2020, but also after 2020
- The development and implementation of the CORSIA are pursued

COVERAGE SCENARIOS FOR AVIATION EMISSIONS IN THE EU ETS



COVERAGE	
FULL SCOPE (Jan 2017 - ?)	35%
INTRA EU + Departing Flights (Basis for EU INDC)	22%
INTRA EU (2012 - Dec 2016 situation)	8%



CORSIA



EU ETS

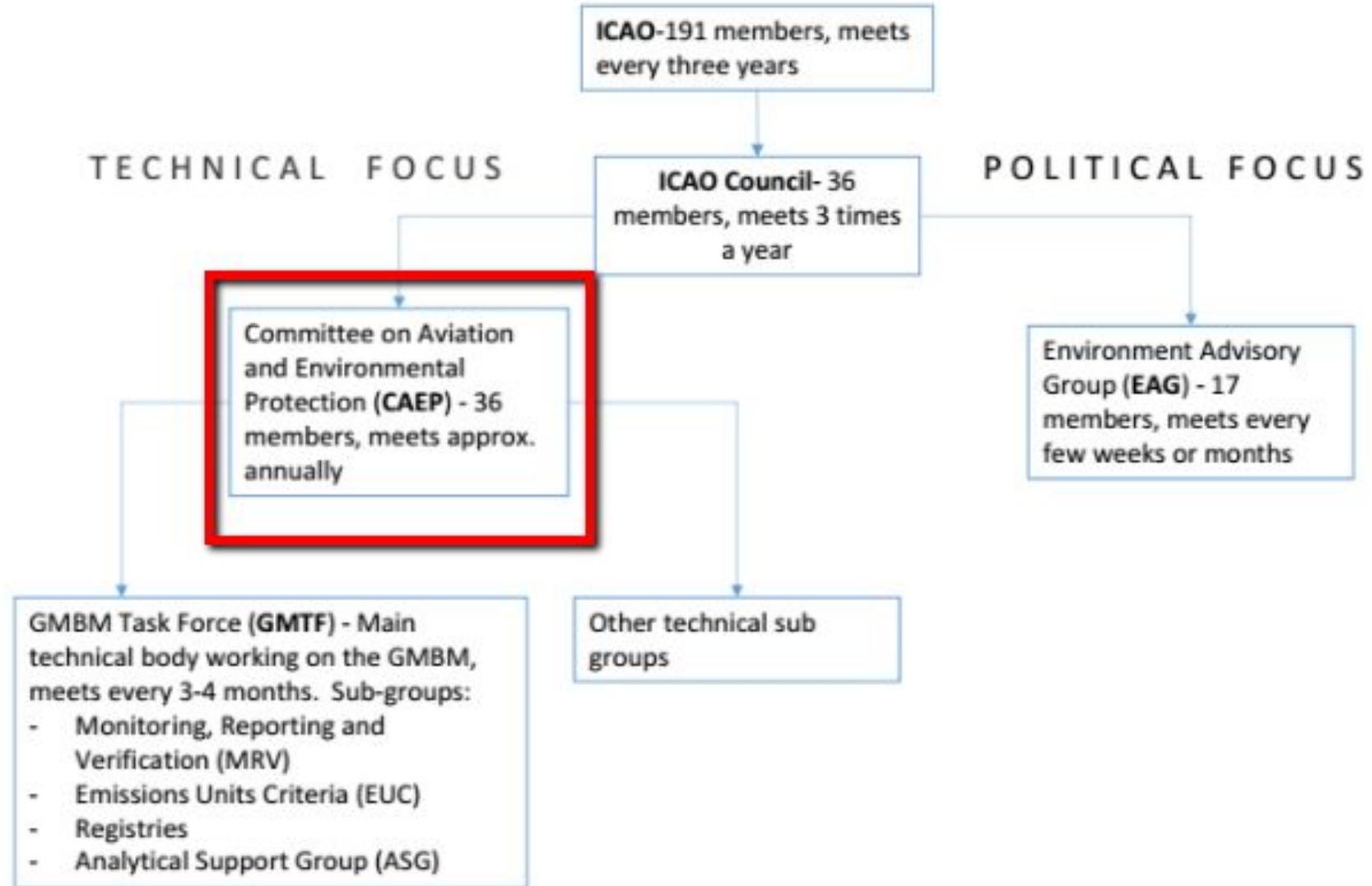
Unlimited Growth	Absolute Cap
Nothing for emissions below 2020 level	Covers all aviation emissions
Only 25% of all aviation emissions	
Completely based on offsetting	No offsetting after 2020
Offset quality undetermined	Current negative list, only UNFCCC credits from LDCs
Voluntary until 2027	Mandatory
No known penalties for non-compliance	Penalties for non compliance
No generation of climate finance	Over €100 Million in state revenue (2014-2016)

When we know more, we can act on CORSIA

The extent to which any European flights are covered by the CORSIA can only be determined by comparing the ambition and effectiveness of the global scheme with the EU ETS. What we need:

- Adequate information
- Criteria to compare the environmental and regulatory integrity of the two measures

The essential info: beyond ICAO standards



Criteria to determine post-2020 scope

The CORSIA and EU ETS should be measured against clear criteria on environmental and regulatory effectiveness for carbon markets:

- Adequacy of the target in relation to the 1.5° goal of the Paris Agreement
- Enforceability and penalties for non-compliance
- Processes for public input and stakeholder consultations
- Stringency of offset quality criteria



Is this an undo burden on airlines?

For an average of **18.82 EUR** paid per ton of CO2 emitted "...the airline industry has been able to manage similar global increase in operating costs in the past with minimal impact on traffic growth" (HLM-GMBM-WP/12, presented by IATA)

So what price on carbon is the sector currently subject to?



CURRENT CER PRICES



EUA/EUAA PRICE



SOCIAL COST OF CARBON

Are all EUAs paid for? The free allocation problem

How much airlines pay

€100 million for the 15% of auctioned allowances from 2014-2016

What airlines don't pay: Fuel tax, VAT...

How much airlines cost us

€600 million in lost auctioning revenues from 2014-2016

\$700 billion climate impact from 2021 to 2035

Airport expansion subsidies...

Recommendations

- **Include international flights in the EU ETS to protect the EU climate targets**
- **Require full transparency of information on the CORSIA** by demanding that all deliberations on the CORSIA by ICAO's Committee on Aviation and Environmental Protection (CAEP) be made public
- **Compare CORSIA ambition with that of the EU ETS to determine adequate scope in 2019.** Clear criteria should be set out to compare the environmental efficacy, and regulatory and compliance strength of both measures.
- **Increase aviation's contribution to climate finance.** Revenues should be used for research and development to reduce aviation's climate impact and for international climate finance.

Thank you!

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