

Carbon Market Watch recommendations for APA Items 3, 5 and 6 as they relate to international transport emissions

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International aviation and shipping emissions, referred to as bunkers emissions, are principally dealt with under the UN processes of the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO) respectively. However, they also significantly interact with the Paris Agreement. For International aviation emissions are clearly anthropogenic, and the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) has a direct impact on NDCs through the scheme's reference to potential eligibility of UNFCCC offsets. At the same time, IMO is under pressure to address the sector's emissions which will equally impact progress towards UNFCCC goals. Guidance under the Paris Agreement must ensure that bunkers targets outside of the national targets are accurately tracked and accounted for and do not undermine the achievement of nationally determined contributions (NDCs).

It is imperative that rules transparently reflect the aviation and shipping sectors' progress towards the Paris long term goal. This requires avoiding double counting with NDCs, strengthening public access to information, and ensuring that progress under ICAO and IMO feed into reviews such as the synthesis report, the facilitative dialogue, and the global stocktake.

- Integrate shipping and aviation progress into preparation and review of mitigation action
- Adjust NDCs to reflect transfers outside the scope of NDCs
- Provide information on units going to CORSIA participants in reports and updates under the Transparency Framework
- Introduce information on ICAO and IMO activities into the global stocktake

INTEGRATE BUNKERS CLIMATE MEASURES UNDER ICAO AND IMO INTO PREPARATION AND REVIEW OF MITIGATION ACTION (APA AGENDA ITEM 3(A)(B))

With the multiplication of climate goals and measures to achieve them, such as the recent agreement on the CORSIA, it is essential to clarify how they relate to NDCs to avoid overlap of mitigation activities. The facilitative dialogue is an important opportunity to encourage transparency of action and avoid double counting of state contributions outside of NDCs.

To facilitate accurate tracking of climate activities, NDCs should have a section on their contributions outside the scope of NDCs. This is important for countries that are providing emission units to sources other than states can be certain that emission reductions are not double claimed.

- The **facilitative dialogue** must address **ICAO and IMO climate efforts** to encourage transparency of action and avoidance of double counting
- **NDCs should have a section, 'contribution to targets outside the scope of NDCs' to allow for accurate tracking of states' mitigation activities.**

CLARIFY ADJUSTMENTS TO NDCs WHEN TRANSFERRED FOR USE OUTSIDE OF NDCs (APA AGENDA ITEM 3(c))

The accounting provisions relating to transfers under Article 6 in the Paris Agreement call for the avoidance of double counting when used for NDCs. However, the CORSIA has created the situation where a market outside of NDCs plans to transfer UNFCCC units for use towards its climate target. If transfers are used towards targets outside of NDCs, but are not recognized by states through adjusting their national inventories for NDCs, then overall emissions increase while two entities claim to reach their climate goals.

Without coordination between ICAO and the UNFCCC on this issue, international aviation could undermine the no double counting principle of the Paris Agreement. To ensure that CORSIA's use of UNFCCC units do not negatively impact the achievement of NDCs, a COP decision should request the cooperation of ICAO and the UNFCCC on the issue of avoiding double counting.

For countries party to the Paris Agreement, to ensure that unit transfers are not counted twice, under NDCs and CORSIA's obligations, countries generating offsets for ICAO should track and account for their transfer through adjustments to their national inventories.

- To account for the impact of transfers outside of NDCs for CORSIA compliance, a **COP decision** should request **formal cooperation between ICAO and the UNFCCC on avoiding double counting**
- **To avoid double counting**, states must **make corresponding adjustments to national inventories** when emissions reductions achieved in the host country are used towards other international climate targets

ACCOUNT FOR BUNKERS EMISSIONS INCLUDING UNIT USE FOR THE CORSIA UNDER THE TRANSPARENCY FRAMEWORK (APA ITEM 5)

The transparency framework will build on the existing measurement, reporting and verification system in the UNFCCC. UNFCCC reporting guidelines on annual inventories include the calculation of emissions from bunker fuels, although they are excluded from national totals and reported about separately.¹

The transparency framework should clarify how CORSIA offset use and NDC achievement affect each other. This is particularly important for countries that do not have multi-year budget targets. For example, countries' single year targets still must "regularly provide" a national inventory report of emissions and removals and information to track progress toward achieving their NDC. To ensure that reductions generated in a host country sold to ICAO does not impact a state's "progress made in implementing and achieving its nationally determined contribution", countries should account for sold units and indicate how they avoided double counting.

According to the ICAO CORSIA resolution, aircraft operators must report annually on purchased offsets.² To promote accuracy, avoid double counting and ensure environmental integrity, this information should be part of national communications and biennial reports of the countries where the units are generated.

- Include information on **bunker fuel burn** under the transparency framework

¹ http://unfccc.int/methods/emissions_from_intl_transport/items/1057.php

² http://www.icao.int/Meetings/a39/Documents/WP/wp_530_en.pdf , p.16

- Transparent climate action: national communications, biennial reports, biennial update reports and “Information necessary to track progress” of achievement of NDCs must reflect **offset contributions to ICAO**
- Parties must provide **annual reports on offsets sold for CORSIA use and indicate how the state avoided double counting** with their NDC.

INCLUDE BUNKERS ACTIVITIES INTO THE GLOBAL STOCKTAKE (APA ITEM 6)

The global stocktake is meant to assess collective progress on mitigation in view of the long term goal of restricting global warming to 1.5°C. This cannot be done without accounting for all anthropogenic emissions, including those from international civil aviation and shipping.

ICAO has an aspirational climate neutrality goal from 2020 levels but actual emissions are still projected to quadruple by 2050.³ Aviation emissions are supposed to be compensated through offset purchases under the CORSIA. As such, both fuel burn and offsets purchased under the CORSIA will need to be reported in the global stocktake.

IMO mitigation efforts must be strengthened beyond energy efficiency measures. Fuel burn including carbon dioxide (CO₂) and nitrous oxide (NO_x) emissions must be communicated in view of global efforts and the necessity to ratchet up ambition.

Both the ICAO Environmental and IMO Marine Environmental Protection Committee (MEPC) reports give an overview of these sectors’ climate efforts. Civil society involved in ICAO and IMO deliberations on climate change provide analysis on the achievement of the sectors’ goals. These sources can inform the global stocktake of overall progress towards the long term goal.

- Include **impacts and actions of the aviation and shipping sectors into the global stocktake**
- Information sources should include **ICAO environmental reports, IMO MEPC reports, and technical analysis from independent experts**

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³ <http://www.icao.int/environmental-protection/Documents/ICAO%20Environmental%20Report%202016.pdf>