Aviation Global Deal Group

Contribution to a sectoral approach


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Members of Aviation Global Deal Group

- Air France
- KLM
- British Airways
- Cathay Pacific
- The Climate Group
- Finnair
- BAA
- Qatar Airways
- Virgin Atlantic
AGD Key Principles

1. Environmental integrity
   • Provides positive net effect on environment and avoids carbon leakage

2. A global policy
   • Sectoral approach avoids distortion & conflicting / overlapping policies

3. Maintain competitiveness
   • Airlines must face equal treatment in all origin-destination markets

4. Equity between countries
   • Reflecting “common but differentiated responsibilities” (CBDR)

5. Economic efficiency
   • Integrate with overall climate framework, open access to most cost-effective market-based instruments including carbon trading & CDM
Example of Origin-Destination Market

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AGD Proposed Framework

1. Airline and fuel company register fuel use
   - Airline
   - Fuel Company
   - UN Administrative Body (UNAB)
   - Airline & fuel company provide fuel data to UNAB
     - Quantity
     - Carbon content

2. Airline obtains and trades allowances
   - Airline
   - Other allowance sources
     - Distribution of allowances
     - Auctioning
     - Free allowances
     - UNAB
   - Airline gets allowances from UNAB or other sources to cover its emissions

3. Airline surrenders allowances to UNAB
   - Airline
   - UNAB
   - Airline reports emissions and surrenders allowances to UNAB

4. Revenues disbursed to climate change projects in developing countries
   - Adaptation
   - Biofuel cultivation & refining
   - Avoided deforestation
   - Aviation R&D
   - Funds disbursed to approved schemes
Key Features

- This is not a tax
  - Trading creates incentives & price of credits set by market
- The scheme is open
  - Aviation can trade credits with other sectors
- Based on the carbon content of fuel purchased
  - Lower lifecycle carbon fuels incentivised
- It applies equally across all airlines AND addresses CBDR
- It avoids market distortions and carbon leakage