

Aviation Global Deal

Group

Contribution to a sectoral approach

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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)

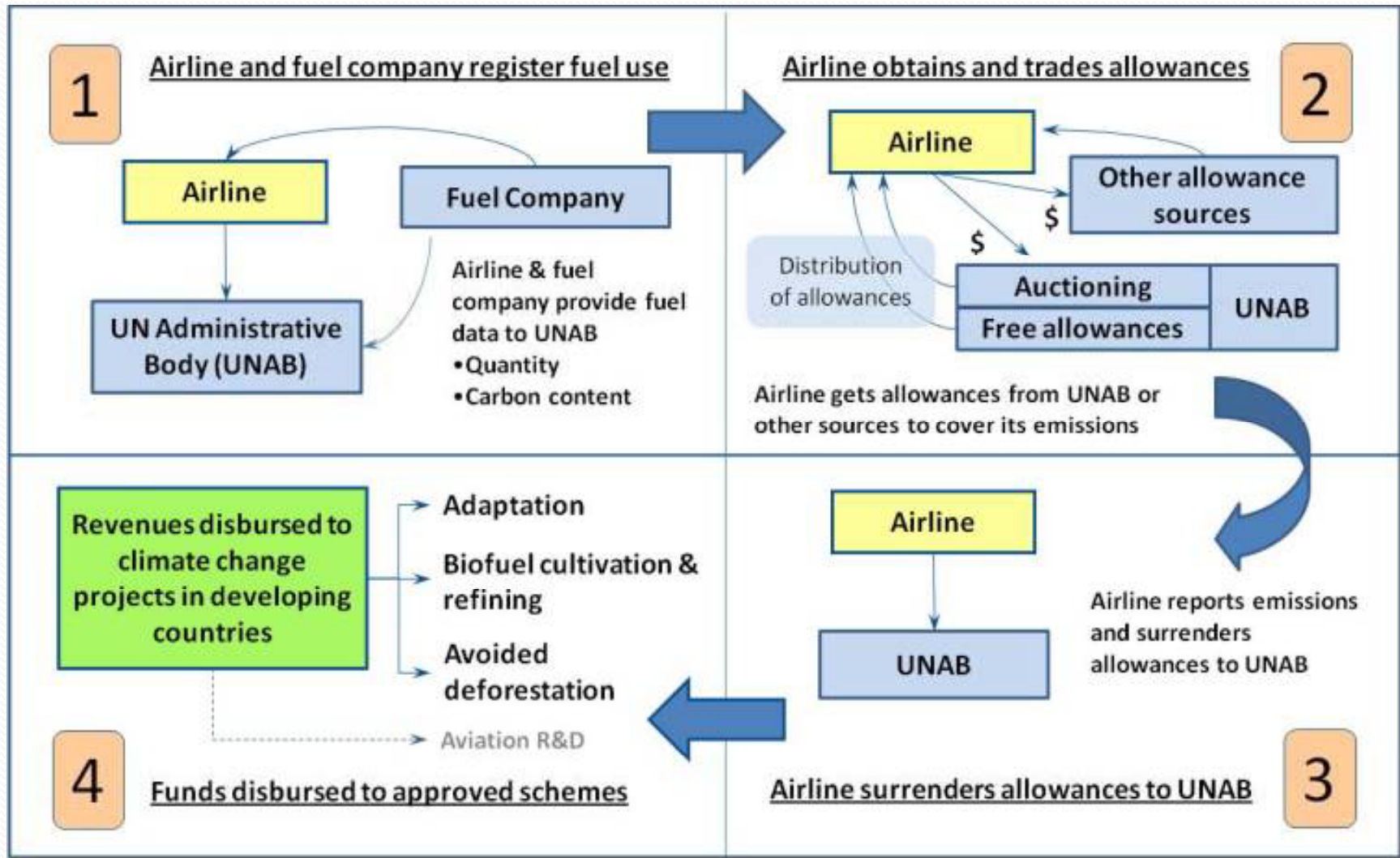
5. Economic efficiency

- Integrate with overall climate framework, open access to most cost-effective market-based instruments including carbon trading & CDM

Example of Origin-Destination Market



AGD Proposed Framework



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