

Consultation on policy options for market-based measures to reduce the climate change impact from international aviation

Introduction

The European Commission has recently launched a consultation seeking input from EU citizens, stakeholders, organizations, and authorities. The objective of the consultation is to collect ideas and suggestions related to international and EU policies regarding the mitigation of climate change impacts from international aviation emissions through market-based measures.

The information on the consultation is available on the Commission's website: http://ec.europa.eu/clima/consultations/0022/index_en.htm.

General point of view of the Netherlands

The Netherlands attaches great importance to the preservation of a level playing field for airlines operating in international aviation. With regard to the reduction of CO₂ emissions by international aviation, we recognize that technical and operational improvements as well as the increasing use of biofuels may not fulfill the global aspirational goals as formulated within ICAO, let alone the EU's aspirational goals. It is our assessment that the cost-efficient mitigation of international aviation's CO₂ emissions is best achieved through the implementation of a global market based measure (MBM).

National or regional MBM's can contribute to reaching the aspirational goals in the period preceding the implementation of a global MBM. It is important, however, that states agree on the common criteria regarding such MBM's to prevent all sorts of practical problems for airlines, and/or debate between states. For that reason, the Netherlands sees value in the development of an enabling framework for national or regional MBM's. In this context it is important to note that at European level we have already agreed that aviation should contribute to the (regional) EU reduction target for transport. This has been implemented through the inclusion of aviation within the EU ETS.

Outline of the consultation

The consultation consists of two sections. The first section offers the opportunity to elaborate on the framework for national/regional market based measures (for the period preceding the implementation of a global measure) as well as on the elements for a roadmap for the implementation of a global market based measure. In the second section, the consultation seeks input specifically on the treatment of so called 'small emitters' within the current EU Emissions Trading Scheme (EU ETS).

Contribution from the Netherlands

Through this document the government of the Netherlands presents its views on the above mentioned issues by responding to the various questions put forward in the explanatory note provided by the European Commission. For further background information on the consultation and the questions reference is made to the above given link.

The various responses from the Netherlands are presented below in *italic*.

F.1. ICAO Framework for Market-Based Measures and Global MBM scheme

1) What should be the major considerations to assess the four different geographical scope options for the ICAO Framework listed above? [Max. 1000 characters]

An important consideration regarding a framework is that it should be possible for multiple states and/or regions to implement MBM's without overlaps or contradictions. National/regional MBM's, in other words, should be compatible. Another consideration is that such MBM's should be feasible, and preferably in line with the guiding principles in the 2010 ICAO Assembly Resolution. Furthermore, from an environmental perspective, MBM's should have maximum 'coverage' of CO₂ emission from international aviation.

Also, the Netherlands thinks that the international acceptability of different options for geographical scope should be taken into account. We believe it to be important to reach a realistic agreement with other states to facilitate the implementation of other 'local' MBM's preceding the implementation of a global MBM and, moreover, allow states to continue to work towards the implementation of a global MBM within the context of ICAO.

2) Which elements of the "Roadmap for a Global MBM" do you consider a priority, and what would be the optimal timeline for implementation? [Max. 1000 characters]

We think that a 'roadmap' should ideally include a timeline that allows for the finalization of the mentioned elements (activities) before the ICAO Assembly in 2016. During the 2016 ICAO Assembly it would be desirable to reach an agreement on the various design elements of a global MBM and on the work to be done in the light of its implementation. We advocate that the global MBM be applied no later than as of the year 2020.

The Netherlands believes that the design elements presented by in the European Commission's explanatory note are in the correct order of priority. It is important that the work to finalize these elements will continue as soon as possible after the 2013 ICAO Assembly. Therefore, we would consider it desirable to reach an agreement on the way to go forward.

3) What essential requirements should be taken into account for the development of a common set of monitoring, reporting, and verification standards for measuring greenhouse gas emissions from international aviation? [Max. 1000 characters]

Experience with the EU ETS has shown that a MRV system is a key element of a workable emission reduction scheme. A MRV system should be as simple as possible and easy to apply taking into account current practices applied by airline operators as well as an appropriate way for accreditation of relevant actors. This should also lead to a minimization of associated costs. Standardization of MRV should lead to minimization of corruption in the system and make it easy to compare data between airlines and regions.

The development of MRV standards should start before the final selection of a global MBM, working from general principles. Development should be tasked to a technical and specialized forum through ICAO to enhance global support. A working group under CAEP could be a possibility, but other options should be considered as well.

A point of attention should be, however, the enforcement of possible violations of the MRV requirements. Competent authorities should be able to impose a variety of sanctions with a gradually increasing degree of gravity. This would allow enforcement action without directly having to resort to heavy sanctions.

F.2. Simplifications for small aircraft operators

1) What could further decrease the compliance cost (cost for monitoring, reporting, verification, and registry) significantly for small aircraft operators? [Please rank the options below. Rank 1 - greatest cost decrease, 4 - no cost decrease]

- a. Management companies could be attributed to Member States for administration;
- b. No additional verification would be required in case of using the Eurocontrol Support Facility;
- c. All Member States would provide IT-tools for reporting;
- d. Simplified requirements to open an aircraft operator holding account in the Union Registry for small emitters (only for receiving and surrendering allowances).

The Netherlands would rank the mentioned options as following: b, c, d. Option 'a' is not a part of the ranking, because it is not completely clear to us what it means. If it means the execution of certain practical administrative tasks by the competent authority on behalf of the operator, we see considerable possibilities to decrease compliance costs. If, however, it means the execution of certain administrative tasks by 'management companies' we do not prefer this option, because it is already possible and also creates an additional level of bureaucracy. The other options provide ways to limit the workload for small aircraft operators by reducing their legal requirements and/or simplify the remaining work. These options could be implemented in the short term.

Nevertheless, we are of the opinion that the option mentioned below, a so called 'de minimis' exemption, would be even more effective and would also end the illogical distinction between commercial and non-commercial aircraft operators.

2) Would you be in favour of exempting non-commercial aircraft operators altogether from the scope of EU ETS similar to the *de minimis* exemption of commercial operators? [Possible answers: "Yes"/"No"/"Cannot decide"]

Yes, the Netherlands would be in favour of such an exemption for non-commercial aircraft operators. We see no reason to treat non-commercial aircraft operators differently from the commercial ones. Also, due to the very low amounts of CO2 emissions, these non-commercial operators hardly contribute to achieving the environmental goals of the EU ETS. At the same time, the current absence of such an exemption in our opinion leads to an excessive amount of administrative burdens and costs for both the operators and the competent authorities of the EU member states.

3) Which consideration is the most important when choosing a *de minimis* threshold for small aircraft operators? [Possible answers: "overall environmental effectiveness of the system", "administrative effort for operators", "other"]
Please, explain your answer [max 1000 characters].

In our view the environmental benefits from the current absence of such a threshold are limited and therefore the impact from the inclusion of a threshold would be small. At the same time, the administrative burdens and costs for both the operators and the competent authorities would decrease significantly. We therefore only see advantages to a 'de minimis' exemption/threshold.