

CAAFI Biennial General Meeting Washington, 25 October 2016

Alternative Jet Fuel under International Aviation Climate Change Policy

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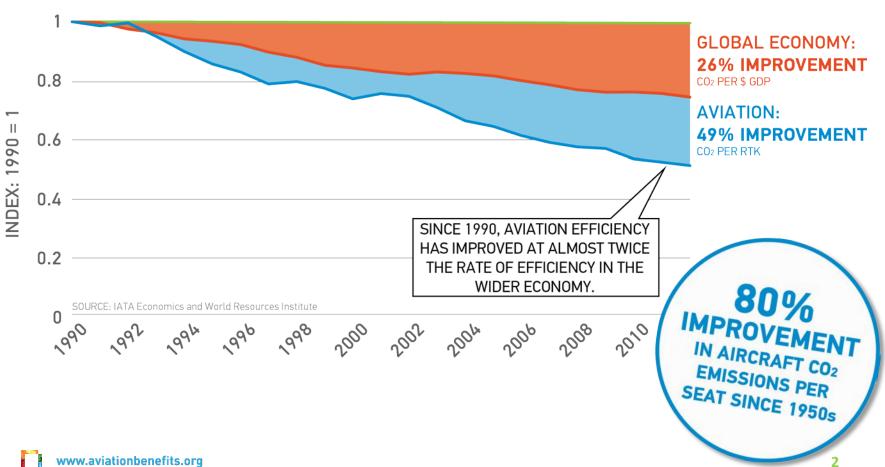
To represent, lead and serve the airline industry





Aviation has a strong track record on improving efficiency

AVIATION EFFICIENCY IMPROVEMENT **OUTPERFORMS THE WIDER ECONOMY**





Tackling the climate challenge







Setting the strategic direction



GOAL 1

GOAL 2

GOAL 3

PRE-2020 AMBITION

1.5% ANNUAL AVERAGE FUEL EFFICIENCY IMPROVEMENT FROM 2009 TO 2020.



IN LINE WITH THE NEXT UNFCCC COMMITMENT PERIOD

STABILISE NET AVIATION CO₂ EMISSIONS AT 2020 LEVELS WITH CARBON-NEUTRAL GROWTH.



ON THE 2°C PATHWAY

REDUCE AVIATION'S NET CO₂ EMISSIONS TO 50% OF WHAT THEY WERE IN 2005, BY 2050.



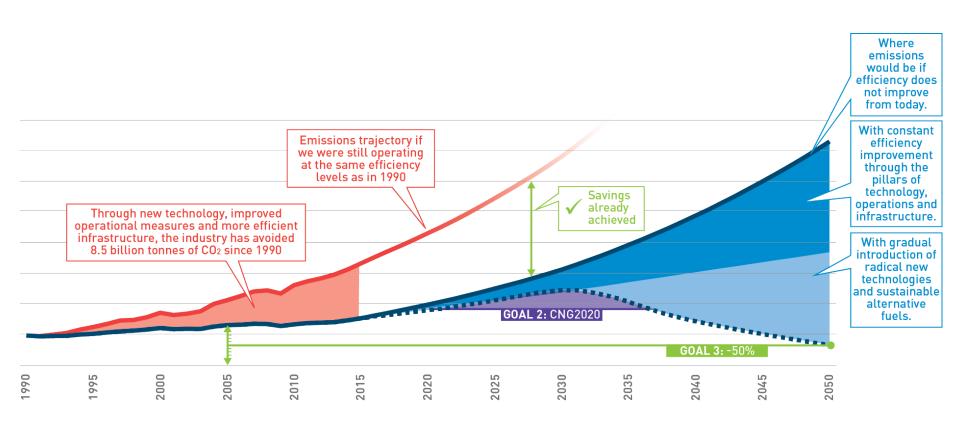
Making tactical improvements across the system

- TECHNOLOGY
- **O** OPERATIONS
- INFRASTRUCTURE
- M MARKET-BASED MEASURE



M

MARKET-BASED MEASURE





Aviation's global market-based measure has been agreed





Historic decision at ICAO Assembly

Nearly all 191 ICAO States supported 'CORSIA'

Industry was instrumental in agreement

Seven years since industry set goals and started pushing for a global MBM



Aviation's global market-based measure has been agreed



- Addresses increase in CO2 emissions from international civil aviation above 2020 levels
- The market-based measure applying to CO2 emissions from international aviation
- Complements a broader package of measures to achieve CNG2020
- Phased-implementation to address principles of Common but Differentiated Responsibilities (CBDR) and Special Circumstances and Respective Capabilities (SCRC)

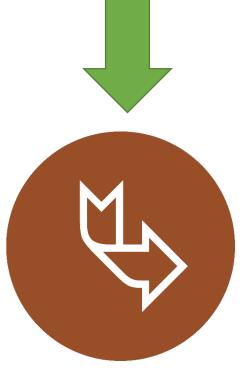
ICAO has considered three MBM options



Global levy



Global emissions trading scheme



Global offsetting

How does CORSIA work?

PILOT PHASE **FIRST PHASE** SECOND PHASE **VOLUNTARY MANDATORY** 65 States have volunteered to be Exemptions for: Small Islands, Least Developed Countries, part of the scheme from 2021 Land-locked Developing Countries and States which have less (more States are encouraged to volunteer). than 0.5% of air traffic (although they can still volunteer). Operators will offset Offset obligations shift to Offset obligations shift to be Operators in the States included will offset include over 20% of over 70% based on emissions based on the average CO2 growth of the based on average CO2 aviation sector. growth of the sector. individual operator growth. individual operator growth. 2021 2029 2032 2033 2022 2023 2024 2025 2026 2027 2028 2030 2031 2034 2035

OVER 80% OF THE GROWTH IN AIR TRAFFIC CO2 AFTER 2020 WILL BE OFFSET

MONITORING, REPORTING

& VERIFICATION

TO SET THE

BASELINE

2019

2020

Which States are included in the first (voluntary) phases?



AS OF 12 OCTOBER 2016, **66 STATES** HAVE VOI UNTERED TO BE PART OF CORSIA FROM THE START.

Route-based approach means market distortion is limited

