

The Carbon Markets & Investors Association (CMIA) supports emission reduction measures that encourage lowest cost abatement, are non-discriminatory, and build towards a global carbon market. In order to achieve those aims, the inclusion of aviation into the EU ETS must include all flights landing or taking off in the EU (equivalent measures and de minimus exemptions allowing).

CMIA believes that carbon markets are the most efficient means by which high emissions sectors can reduce their environmental impact. Europe has been a pioneer of these markets and part of that leadership has been to promote the inclusion of new sectors into a cap-and-trade scheme. Emissions from aviation are growing rapidly enough to merit inclusion in a reduction scheme. In the absence of a market-based proposal from the airlines' governing bodies, the EU has rightly legislated to bring all emissions from flights taking off or landing in the EU within the ETS.

CMIA would prefer to see the establishment of a global market in aviation emissions rather than inclusion in the EU's regional scheme. However, in the absence of that global market, CMIA welcomes the expansion of the EU ETS, provided it is done on a non-discriminatory basis. If commercially motivated calls from non-EU airlines operating within Europe, to be excluded from the EU ETS were to be answered, this would run counter to the principle of equal treatment, destroy environmental integrity and increase uncertainty within the EU ETS.

The amendments to the EU Directive expanding the scheme to aviation make it clear that flights landing in the EU can be exempted from compliance obligations if they are subject to equivalent measures on take-off. This carve-out is designed not only to encourage action against climate change in territories outside the EU but also to ensure that the integrity of the EU ETS is preserved and that all airlines operating within Europe are on a level playing field. CMIA rejects the concept of airline specific exemptions which would allow for carbon leakage, and would cause uncertainties in the allowance allocation process for airlines, with the knock-on impact of weakening price signals for low-carbon investments that would otherwise be enhanced by this expansion.

As emission reduction measures are applied to aviation worldwide it is right that the airlines can rely on the "equivalent measures" provisions of the Directive to prevent double counting. CMIA believes that any equivalent measures should be measures that have unquestionable environmental integrity and further the development of a global carbon market. Should any such measures be accepted, CMIA insists that such measures are introduced in accordance with a clear and carefully managed timetable so as to cause minimum disruption to allocation and trading within the EU ETS.

In the meantime, CMIA calls for all airlines taking off and landing in the EU to cooperate and participate with the EU ETS, and to use that experience to build a proposal for a global system to eventually replace compliance obligations in the EU. As the early phases of the ETS have shown, practical experience is essential to create a truly efficient carbon market. Participation in the EU ETS will give airlines and their regulators a clear understanding of the essential features they need to incorporate in the global scheme that all parties support. Furthermore, participation will show that the airlines are truly committed to using the most efficient, non-discriminatory means to join the fight against climate change.

ENDS

Notes to Editors:

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About the CMIA:

The Carbon Markets & Investors Association (CMIA) is an international trade association representing over 50 companies that finance, invest in, and provide enabling support to activities that reduce emissions. CMIA's membership accounts for an estimated 75 per cent of the global carbon market, valued at USD 120 billion in 2010. Solely representing organizations that provide services to and invest in the environmental sector, membership does not include any entities with compliance obligations under cap-and-trade schemes. This results in a unique advocacy platform with emphasis on the environmental integrity of market mechanisms and climate change policies.