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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	High-level Meeting (Montreal, 11-13 May 2016) and preparations for the ICAO Assembly (Montreal, 27 September - 7 October) - Information from the Presidency and the Commission

Delegations will find in Annex an information note from the Presidency and the Commission on the above subject, to be dealt with under "Any other business" at the Council (Environment) meeting on 20 June 2016.

Information Note from the Presidency**Preparation of the 39th ICAO General Assembly****1. *The context of the Global Market-Based Measure (GMBM)***

At the 2013 International Civil Aviation Organization ('ICAO') Assembly it was agreed to stabilise international aviation emissions at 2020 levels and accordingly to develop a GMBM, as part of a "basket of measures". It was agreed that a GMBM:

- was to be developed by 2016, for implementation from 2020;
- should achieve Carbon Neutral Growth from 2020 ("CNG 2020"), i.e. that all emissions above the 2020 levels should be offset; and
- should be cost-efficient and create incentives to invest in more efficient technologies and measures.

In addition, at the Paris climate conference (COP21) in December 2015, 195 countries adopted the Paris Agreement whose agreed objective is to limit the increase in global average temperature to well below 2°C above pre-industrial levels, and pursue efforts to limit the temperature increase to 1.5 °C above pre-industrial levels. The Agreement is meant to address all anthropogenic GHG emissions, and is thereby directed also at international aviation. Considering that international aviation emissions are expected to grow considerably, and given the international nature of aviation, the EU and its Member States are committed to the development, under the leadership of ICAO, of a GMBM in order to contribute to the goals set by the COP21.

2. *EU objective regarding a GMBM*

The EU, through the Commission and its Member States acting within the framework of ICAO, aims to achieve an agreement on a GMBM at the 2016 ICAO General Assembly. The measure should be developed in accordance with the agreement reached at the 2013 ICAO General Assembly. It should also be non-discriminatory; be designed so as to achieve environmental integrity; avoid distortion of competition (i.e. flights on the same route should be treated in the same way); and be effective, practical and enforceable. It should be reviewed over time as appropriate, in order to ensure that the measure remains fit for purpose, i.e. to duly contribute to the objectives agreed in Paris.

3. *Current State of Play*

Discussions on the GMBM are proving to be challenging. The recent High Level Meeting at ICAO proved useful for informing all States, notably those not directly involved in the negotiations so far, but also for creating the conditions for further convergence yet to come in the course of the next three months left before the Assembly. It is clear that positions are not yet stable and that some third-country partners have strongly differing views, either due to the perceived impacts of the GMBM on their own operators, or due to more political considerations on burden-sharing. Some argue that the GMBM should be built on voluntary contributions based on a bottom-up approach and that it should better reflect the capacities of developing countries (e.g. through a pilot phase). For the EU, it is important that these concerns should not contradict the creation of a truly global scheme which effectively reduces CO2 emissions without distorting competition.

During the ICAO Council session on 10 June 2016 a draft assembly working paper containing a draft version of the text of the GMBM resolution was discussed, but no further negotiation took place. Negotiations between ICAO states on a formal or informal basis will continue over summertime.

In order to continue to have an impact and operate as constructive partners striving for global consensus, the EU and its Member States must develop an ambitious yet realistic strategy that takes into account, to the extent that they are reasonable, the concerns of other partners, and should be ready to provide technical assistance for the implementation of the scheme. Against this backdrop, the EU and its Member States will need to develop, in the coming weeks and months, a strategic process of engagement that consists of an intensification of bilateral contacts with strategic partners and, more generally, of outreach activities.

4. *Exchange of views in TTE Council (Transport)*

On 7 June 2016 the TTE Council (Transport) had an exchange of views on the preparation of the ICAO Assembly concerning a Global Market-Based Measure. The Council underlined the need for a global agreement. Ministers agreed that clear goals, flexibility and close cooperation between Member States and the Commission and between Transport and Environment Ministers is required. The focus has to be on an effective and feasible system. The EU needs not only to show ambition but also to build bridges to third countries to successfully conclude an agreement.