



## Aviation and Carbon Markets On-going work on ICAO/CAEP

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### MBMTF tasks relevant to Carbon Markets

- Scoping study of issues related to **linking open emission trading systems** involving international aviation
- Examine the **potential for emissions offset measures** as a further means of mitigating the effects of aviation emissions on global climate change



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### Linking

- Why is linking important
- Experiences with linking to date
- Coverage
- Target structure
- Monitoring, verification, reporting
- Timing
- Transferring tradable units between systems
- Legal questions



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### Linking

#### Why is linking of systems important

- Expand carbon trading to a larger market with
- Greater environmental and economic efficiencies including greater market stability for the trading entities



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### Linking

#### Coverage

- Sectors
- Gases
- Use of offsets
- Leakage
- Inclusion of non-CO<sub>2</sub> effects
- Accountable entity
- Thresholds



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### Linking

#### Target structure

- Intensity based system or hard cap
- Stringency
- Environmental Integrity
- Enforcement/penalties



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**Linking**

**Timing**

- Banking
- Borrowing
- Compliance assessment



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### Linking

#### Transferring tradable units between systems

- Tracking system/transaction logs
- Kyoto AAU underpinning
- Gateways/clearinghouses



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### Linking

#### Legal issues

- International trade law
- Equivalency issues
- Structuring agreements between schemes (governance)



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### Linking

**MBMTF will look at case studies  
where available for the different  
linking issues**



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Examine the **potential for emissions offset measures** as a further means of mitigating the effects of aviation emissions on global climate change



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### Offsetting

- What is offsetting emissions?
- Role of offsetting in both voluntary and compliance carbon markets
- Current status of aviation offsetting activities – types of projects
- Analyses of offsetting for the aviation sector



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### Offsetting

What is offsetting emissions?

Companies or individuals compensating their GHG emissions by financing reductions of an equivalent amount of emissions elsewhere



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### Offsetting

#### What are offsets?

#### Different aspects of offsets and offsetting

- Buyer side
- Supplier side
  
- Report not going to deal with emissions trading as such



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### Offsetting

Role of offsetting in both voluntary and compliance carbon markets

- Buyer side – both regulated and not regulated entities
- Supplier side – both regulated and not regulated entities



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### Offsetting

#### Current status of aviation offsetting activities

- Discussion of current voluntary offset programs and project types in the marketplace from a principal point of view



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### Offsetting

Analyses of offsetting for the aviation sector

Assessing:

- Strengths
- Limitations regarding the potential for the use of offset measures
- Opportunities



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**THANK YOU**