

INTERNATIONAL AVIATION AND CARBON MARKETS: FROM AGREEMENT TO ACTION

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Climate change is a threat to the environment, the global economy, and future prosperity. As called for in the Paris Agreement of December 2015, there is an urgent need to keep global warming to below 2 degrees Celsius. To achieve this, bold action will be required by countries, societies and industries alike.

One of those bold actions would be a significant reduction in emissions of greenhouse gases from international aviation. To that end, the possible adoption of the Global Market-Based Measure (GMBM) by ICAO's 39th General Assembly is of great importance, not only to ICAO, its member states and the industry, but to the world. When implemented, the GMBM would allow the sector to achieve carbon-neutral growth from 2020 onwards. This would complement measures already being taken, such as technical and operational efficiency improvements. Not only would adoption of the GMBM demonstrate the commitment of the international aviation community to supporting the overall goals of the Paris Agreement – even though international aviation emissions were not included in the Paris Agreement – it would also be the first time an entire sector took global action to self-regulate its emissions of greenhouse gases. As such, it would be a major achievement.

However, building the infrastructure needed to comply with requirements under the GMBM will be a new and complex task for the aviation sector. The World Bank Group stands ready to support the efforts that will be made to implement it successfully. As a pioneer in the use of market instruments to mitigate climate change, the World Bank Group continues to play a leadership role in supporting future carbon markets and regulatory instruments, responding to the types of challenges that will be faced in implementing the GMBM effectively.

The World Bank Group is helping countries to design and implement a range of climate change mitigation policies at both the national and sector levels. This includes market-based carbon pricing instruments to help facilitate emissions reductions and investments in low-carbon infrastructure. The World Bank Group has extensive expertise in capacity building activities that are central to mechanisms under the GMBM, including designing and setting-up registries; monitoring, reporting, and verification systems; data collection and management tools; and regulatory frameworks for carbon markets.

Building the capacity of ICAO members and industry players to implement the GMBM starting in 2020 will require rapid action. The ICAO Secretariat started this work by organizing the Global Aviation Dialogues around the world in 2015 and 2016. These discussions have already identified areas where the World Bank Group, in partnership with ICAO, can extend expertise to stakeholders to ensure the GMBM's success.

The World Bank Group looks forward to helping ensure that members are ready to move forward with implementation of the GMBM in 2020.