

PRESS RELEASE

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Airlines set out global targets for aviation emissions reductions

Tuesday 9 June 2009 - BONN, Germany - Airlines belonging to the Aviation Global Deal (AGD) Group have returned to Bonn with the next version of their proposal for how international aviation emissions should be dealt with under a new global deal on climate change.

The Group's updated proposal sets out a range of emission reduction scenarios and targets for UN negotiators to consider. The AGD Group believes that negotiators should set a target for the international aviation sector as part of a broader global climate agreement that would cover all international flights.

Hosting a side event at the UN Negotiating Sessions in Bonn today, the AGD Group will emphasise the importance of reaching a global deal in Copenhagen in December that fairly and equitably addresses aviation CO₂ emissions. They will present three scenarios based on differing emissions reduction targets for the sector.

The AGD Group has considered a 'carbon neutral growth' target, a 5% reduction and a 20% reduction in emissions through to 2020, using a 2005 base-year and estimated future carbon prices. These targets were chosen to reflect the range of government, industry and NGO views regarding the role international aviation should play in helping to address global climate change. Under all scenarios, the airlines would be active participants in international carbon markets in order meet their emission targets most cost effectively.

Under the AGD proposal a proportion of the sector's emission allowances would be auctioned to generate revenues for climate change initiatives in developing countries. Based on the scenarios assessed, auction revenues of up to USD\$5 billion per annum could be generated to support activities such as climate adaptation programmes and initiatives to combat tropical deforestation, a major source of greenhouse gas emissions. AGD members highlighted the critical role these auction revenues could play in delivering a fair and equitable deal in Copenhagen.

The AGD Group also presented, for consideration by UN negotiators, a draft text on international aviation for inclusion in the 'Copenhagen Agreement'. In line with the Group's proposal, the text suggests a range of possible emission targets and calls for a global sectoral agreement, developed through the International Civil Aviation Organisation (ICAO), and designed to ensure equal treatment of airlines and avoid carbon leakage.

Mark Kenber, Policy Director, The Climate Group, said, "The AGD approach reflects a business perspective on what is necessary to deliver a fair and equitable outcome for airlines, informed by an understanding of the political realities of the international climate change negotiations. The AGD proposal would ensure a robust environmental outcome, achieved at the lowest cost, while generating important financial flows for addressing climate change in developing countries. This is a solution that works for the environment, the aviation industry and critically the international climate negotiations".

Virgin Blue Airlines Group became the first Australasian airline to join the AGD Group last week.

The AGD Group will continue to engage with the industry and negotiators on its proposal in the months leading up to the Copenhagen climate conference in December.

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Notes to Editors:

The AGD Group's proposal will be hosted online at www.agdgroup.org from 1300hrs CEST on Tuesday, 9 June 2009.

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Background on The AGD Group Proposal:

In April 2009, the AGD Group hosted an event alongside the UN negotiating session in Bonn, Germany, to present their ideas on including international aviation emissions in a post-Kyoto deal to be negotiated in Copenhagen in December. Their draft proposal was well received by UN negotiators and other stakeholders. Based on feedback received over the past two months, the group has further developed its proposal and will present this work in Bonn on June 9. The AGD Group expects to continue to engage with negotiators and stakeholders over the remainder of the year to ensure a successful outcome for international aviation in Copenhagen.

The AGD Group's Proposal sets out an "ambitious, equitable and effective" way of tackling these emissions designed to maintain a level playing field for airlines. It proposes that:

- International aviation CO2 emissions should be addressed through a global sectoral agreement, rather than a patchwork of regional initiatives, in order to avoid carbon leakage and maintain a level playing field;
- A global target is set for the sector, to ensure it plays its part in global CO2 emissions reductions;
- this is achieved through a 'cap and trade' emissions trading mechanism, where the sector has open access to global carbon markets;
- An airline's CO2 emissions is based on the carbon content of its annual fuel purchases and the use of sustainable, lower life-cycle carbon alternatives are incentivised;
- An international body administers the system;
- Revenue generated from auction of a proportion of CO2 allowances is used for climate change adaptation and mitigation activities in developing countries and also research into greener aviation technology.