

**SENSITIVE UNCLASSIFIED****DECONTROLLED****BUNKER FUEL EMISSIONS** **RELEASED IN FULL**  
**BRIEFING PAPER FOR COP-6**  
November 2, 2000**Background**

The aviation sector contributed approximately 2 percent of global carbon dioxide (CO<sub>2</sub>) emissions in 1992. According to the 1999 Intergovernmental Panel on Climate Change report, *Aviation and the Global Environment*, these emissions are expected to grow, despite anticipated technological and operational improvements. Other aviation emissions could also significantly affect the global climate, and the combined effects could be two to four times the global warming impact of CO<sub>2</sub> alone. Though emissions from shipping are less abundant than those from aviation and are not growing rapidly, they too, may have significant impacts on the global climate. Thus, greenhouse gas emissions from both international aviation and shipping fuels (*i.e.*, bunker fuels) were dealt with under the Kyoto Protocol.

Article 2.2 of the Protocol states that Annex-1 Parties shall pursue limitation or reduction of greenhouse gas emissions from bunker fuels by working through the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO). The U.S. pushed for and achieved having these two United Nations bodies seek mitigation options partly in response to concerns raised by the U.S. airline industry. The industry favored development of internationally-consistent control methods, but did not support the European call for an aviation fuel tax. In addition, countries could not decide on a feasible and equitable way to allocate emissions to Parties that occur in international airspace and waters, and thus delegating responsibility for managing emissions to ICAO and IMO was a reasonable approach.

During the Kyoto negotiations, nations also agreed to Decision 2/CP.3. It provides that, "emissions based upon fuel sold to ships or aircraft engaged in international transport should not be included in national totals, but reported separately." Thus, countries that sell bunker fuels are responsible for reporting the associated emissions so that the aggregate inventory of all Parties accurately reflects global emissions. The Decision also urges SBSTA to elaborate on how to include these emissions in Parties' "overall greenhouse gas inventories." Decision 2/CP.3 also excludes multilateral military operations' emissions from national targets, and thus effectively exempts the international portion of military aviation and maritime emissions from the Kyoto Protocol limitations. Only civil aviation and maritime emissions are covered by Article 2.2.

The U.S. (with support of the Umbrella Group) has strongly opposed pressure since Kyoto from the EU, the Swiss and NGOs to allocate international bunker fuels to Parties, as allocation would subject these emissions to the binding limitations assigned to Annex-1 Parties under the Protocol. At COP-5, the Europeans conceded that allocation was not an issue for the first budget period, but said that they support beginning work before then to figure out how to allocate them later. At SBSTA-12 (June 2000), the UNFCCC Secretariat asked ICAO and IMO to have action plans ready for consideration

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at SBSTA-14 (June 2001). This effectively delays any serious calls for allocation until at least then, and means that bunkers will not be a focus of COP-6.

**Efficient and effective work on the part of ICAO and IMO is essential if we are to preserve the status quo. Otherwise, pressure to allocate in the near term will intensify, and Parties will want the UNFCCC or the COP/MOP to take over where ICAO and IMO failed. (Please refer to page 3 for information on the status of ICAO's and IMO's work.)**

## USG Objectives

- Continue to encourage Parties to allow ICAO and IMO time to produce results. Press both organizations to work expeditiously to develop feasible policies, along with targets and timetables, to limit or reduce emissions.
- Stave off any calls for allocation to Parties under UNFCCC auspices. (Need to monitor side events at negotiations.)
- Ensure that any ICAO educational efforts (*e.g.*, the April 2001 meeting) remain limited to the issue of inventory improvements and communicating its progress in addressing Article 2.2.
- Ensure consistency or compatibility between ICAO inventory recommendations with the methodologies and reporting formats that the USG has been developing.
- Avoid any actions by SBSTA or the COP, (in elaborating the Kyoto mechanisms, for example), that would prevent ICAO from developing an "open" emissions trading system, *i.e.*, an ICAO system that would allow a Party to use Kyoto allowances to satisfy ICAO obligations.
- Ensure that the military protections are preserved.

**SENSITIVE UNCLASSIFIED****Status of ICAO and IMO Work**

ICAO's Committee on Aviation Environmental Protection (CAEP) is exploring market-based methods of reducing emissions, among other means. At its September 2000 meeting, CAEP presented its latest findings on the potential for an "open" emissions trading program under which aviation sector entities could buy credits from other sectors through the Kyoto trading system. (Note: The overwhelming majority of ICAO members are Annex-1 countries.) The U.S. also recommended developing voluntary agreements with industry prior to the first commitment period. CAEP will likely recommend at its next meeting in January 2001 that the ICAO Assembly endorse open emissions trading at its September 2001 meeting. ICAO will also meet on April 9-11, 2001, to Assembly members about CAEP's environmental decisions, which should promote favorable reception by the Assembly. Thus ICAO should be able to report on substantive progress at SBSTA-14.

IMO sponsored a study of greenhouse gas emissions which was completed this year, following a 1998 decision to evaluate technical and operational reduction measures. Japan also submitted a report on the reduction of CO2 emissions from vessels at the October 2000 Meeting of IMO's Marine Environment Protection Committee (MEPC). IMO member states were encouraged to consider what combination of technical, operational, and market-based measures would effectively address greenhouse gas emissions from ships. The United Kingdom, supported by some other European states, stressed that the IMO study appears to have rejected the idea of allocating emissions to national inventories and that the IMO should take a view on allocation. The Committee did not decide whether to formulate a view on the allocation issue.

States will discuss both the IMO and Japanese reports at the next MEPC session April 2001. and is not likely to take action on any of the report's mitigation options before 2005. This could rile the EU, but hopefully the more positive action by ICAO will mitigate their allocation cries or any call to attack Article 2.2; which applies equally to ICAO and IMO.

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