



AUSTRALIA

Aviation and maritime emissions (bunkers) and the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol

This submission provides the further views of the Australian Government on the scope for addressing greenhouse gas emissions from international aviation and shipping (collectively known as bunkers) as part of the work of the Kyoto Protocol Ad Hoc Working Group (AWG).

Australia considers it important that all sectors and sources of greenhouse gas emissions be addressed in mitigating climate change. In this respect, it is important that countries seek to address international and domestic aviation and maritime emissions in a manner that is effective and equitable.

The AWG agreed in Bangkok that, at its resumed session of the fifth session and the first part of the sixth session, that it would continue its work on the analysis of means that may be available to Annex I Parties to reach their emission reduction targets and on ways to enhance their effectiveness and their contribution to sustainable development. Among the elements the AWG canvassed considering further was *“How approaches to limit or reduce emissions of greenhouse gases not controlled by the Montreal Protocol from aviation and marine bunker fuels could be used by Annex I Parties as a means to reach their emission reduction targets, taking into account Article 2, paragraph 2, of the Kyoto Protocol”*. It is unclear whether this refers to domestic or international bunkers or both.

Treatment of domestic bunkers under the Kyoto Protocol

Australia has committed to address its domestic aviation and maritime emissions as part of the economy-wide target it has committed to under the first commitment period for the Kyoto Protocol. Such an economy-wide target allows each Party to tailor its own national policies and measures to mitigate greenhouse gases according to their national circumstances. Australia would take the same inclusive approach to domestic emissions from these sectors if it commits to a second commitment period.

One question that is pertinent to the treatment of bunkers under the Kyoto Protocol is how such emissions are treated within a 'bubble arrangement'. The current rules do not explicitly count such emissions for traffic between two or more Parties within a 'bubble arrangement'.

Aside from this anomaly, and in the context of the work of this AWG, there is no compelling case for domestic aviation and maritime emissions to receive different treatment in the second commitment period than that for other sectors of national economic activity.

International aviation and maritime emissions

Australia considers multilateral action to act to mitigate emissions from international shipping and aviation to be highly desirable. It is a matter of urgency that the multilateral community agree on a global response to international bunkers that is effective and equitable. The issue is not whether the emissions from these sectors should be addressed, but what are the most effective fora to take action on this matter.

Emissions from international aviation and maritime sectors are global challenges that require truly global solutions.

- . The 10 largest airlines by scheduled international passenger-kilometres flown in 2006 were: Air France, British Airways, Lufthansa, Singapore Airlines, American Airlines, United Airlines, Emirates Airlines, KLM, Cathay Pacific and Japan Airlines. (Source: IATA, World Air Transport Statistics)
- . The 20 largest merchant marines ranked by country in 2007 were: Panama, Liberia, China, Malta, the Bahamas, Singapore, Russia, Antigua and Barbuda, Hong Kong, Indonesia, Marshall Islands, Cyprus, Greece, South Korea, Norway, Japan, Italy, Cambodia, Saint Vincent and the Grenadines, and the Netherlands. Australia's merchant marine was ranked 70th. (Source: CIA, World Fact Book)
- . The top five countries of registration with the largest registered dead weight tonnage as at January 2007 were: Panama, Liberia, Bahamas, Greece and the Marshall Islands. These account for 48 per cent of the world's dead weight tonnage. (Source: UNCTAD, Review of Maritime Transport, 2007)

The unique and integrated global nature of the international aviation and maritime sectors means that there are no apparent equity grounds for discrimination based on the national origin of the carrier.

Effective international action on bunkers requires all countries to make a concerted effort to act to mitigate emissions. Any other approach risks the distortion of international markets for no environmental benefit.

Australia further recognises that distortions in these sectors can have knock-on impacts for other aspects of national economies, such as tourism and trade.

While, as a matter of principle, international carriers should not be treated differently, the difficulty of providing effective international aviation and maritime services to geographically remote locations with limited commercial demand for services should be taken into account when addressing emissions from international bunkers. This is particularly relevant for geographically remote islands with small communities, such as those located in the South Pacific and Indian Oceans. In such cases there may be equity grounds for differentiated treatment or for compensatory measures where mitigation measures are put in place for international bunkers.

International emissions are specifically not covered by national targets under the Kyoto Protocol. Article 2.2 of the Protocol recognises the unique nature of these emissions and directs that, in seeking to pursue limitations or reductions, Parties work through the International Civil Aviation Organisation and the International Maritime Organisation. This obligation is appropriate and enduring.

Australia appreciates the existing efforts that are underway in the ICAO and IMO to address international bunkers. Australia supports the intensification of those efforts in the ICAO and IMO, and welcomes the recent steps taken by both ICAO and IMO to do so.

Australia welcomes further that the ICAO and IMO continue to support the development of practical measures that help all countries, not just Annex I Parties, to mitigate aviation and maritime emissions. The Asia Pacific Economic Community (APEC) also supports such action.

Australia recalls the mandate for the Ad Hoc Working Group on Long-Term Cooperative Action under the Convention. This mandate provides for a discussion on how cooperative sectoral approaches and sector-specific activities can contribute towards multilateral mitigation. While recognising and supporting the role played by the ICAO and IMO, Australia would welcome the Convention AWG exploring the scope for addressing international emissions from the aviation and maritime sectors.

Australia does not support the continued consideration of international bunkers by the AWG on Further Commitments for Annex I Parties under the Kyoto Protocol. Australia recalls that during the discussion at the AWG workshop held in Bangkok many Parties similarly questioned the merit of progressing further work on this matter in this AWG. The

prospect for consensus to proceed further on this matter appears neither possible nor desirable. Given the limited negotiating time available and the fact that this matter is being more appropriately taken up elsewhere, Australia recommends that the AWG give priority to advancing other matters.