

NGO letter to European Commission Vice President Šefčovič, Commissioners Bulc and Arias Cañete and to European Transport & Climate Ministers.

Brussels 25 April 2016

Dear Vice President, Commissioners, Ministers

We write concerning ICAO's recent decision on a CO<sub>2</sub> standard for new aircraft. Six years of intense effort have resulted in a failed standard that will not reduce emissions beyond what would have occurred without the standard. We have set out the reasons in the attached Annex. Set as a constant to regulate a changing parameter, and with stringency level dates that are too late, the standard may in fact delay the deployment of new technologies that the market might otherwise have delivered. We do not therefore believe that the standard can proceed in its current form. Europe should seek ways to remove the worst flaws or reject the standard and accelerate ICAO's work to develop a more environmentally effective measure consistent with the Paris Agreement ambition and EU 2030 objectives.

The standard will not generate emissions reductions of 650 Mton as was trumpeted afterwards in the press. These figures draw on theoretical ICAO calculations which falsely assume 300 Mton of purely voluntary manufacturer reductions between 2023 and 2028. The 2028 production cut-off delay means in fact that there will be no *regulatory* pressure on large manufacturers to produce better aircraft until at least 2028, and potentially later.

There are limited technical and challenging political options to address aviation emissions. This being so, the standard further weakens market incentives for efficiency improvements, because manufacturers can now claim their prolonged sales of older and less efficient in-production types through 2027 are in accordance with ICAO's standard. The ICAO decision could therefore well act as a perverse disincentive, potentially delaying the development of better than business as usual new models/technologies which would pump billions of euros into the R&D economy. This at a time when low fuel prices are already seeing carriers opt for inefficient second hand aircraft as a cheaper operating alternative to investing in new models.

Negotiations were conducted in secret but it seems commercial pressures drove the US and EU to accommodate future orders of US military Boeing 767 tankers and to delay any regulatory requirement to upgrade the Airbus A380. Decision-making at the behest of the manufacturer duopoly and facilitated by ICAO's closed door approach to climate negotiations is a clear betrayal of Europe's post-Paris climate ambition, of member states' commitments to Aarhus Convention standards of transparency, and of the EU's economy-wide efforts to mitigate emissions, particularly when the result is so falsely acclaimed a success.

The outcome also raises fundamental questions about Europe's approach to ICAO; industry pressure trumps realistic and achievable in-sector emissions reductions while cheap and potentially unreliable

offsets, excluded from EU climate policy in 2021, are deemed quite OK for ICAO's proposed market-based measure.

Europe must act now to fix the standard's flaws by taking up these issues at the first opportunity with the ICAO Council. Failing this, Europe should reject the standard as is and ensure that ICAO's technology review now underway leads quickly to the development of a dynamic, environmentally effective standard that incentivises ongoing efficiency improvements.

Sincerely,

Jos Dings



Executive Director, Transport & Environment  
[jos.dings@transportenvironment.org](mailto:jos.dings@transportenvironment.org)

*Drafted for and on behalf of:*

2 Celsius (Romania) [www.2celsius.org](http://www.2celsius.org)  
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## **Annex:**

There are a number of fundamental problems with the CO<sub>2</sub> standard. Boeing and Airbus aircraft generate over 90% of aviation CO<sub>2</sub> emissions. An effective standard must incentivise these manufacturers to improve on business-as-usual – as was its purpose. It does not. Set as a constant to regulate a dynamic parameter and with stringency level dates that are too weak and too late, the standard will not impact market-driven efficiency improvements.

The stringency for new aircraft types, Stringency Option (SO) 8.5, will almost certainly be surpassed by new types entering service in 2024. The recently introduced derivative in-production A320neo and B737-MAX aircraft now flying, are already very close to that level. All new aircraft types launched 8 years' time from now will surely meet it, standard or no standard.

The SO7 stringency requirement for current designs, known as in-production aircraft, is too weak and its justification remains a mystery. All aircraft over 60 tonnes launched since 2012 as well as project aircraft about to be launched, already meet both SO7 and SO8 stringency levels. Choosing SO8 would have been entirely possible; it would not have delivered savings but would have set a sounder baseline for any future review.

What's worse, a last-minute amendment to the standard (Option 3) effectively delays the SO7 stringency requirement for *improved* in-production designs until 2028. By that time, SO7 will be a design irrelevance (vide the A320neo and B737-MAX). Negotiations were conducted in secret but it seems commercial pressure drove the US and EU to accommodate future orders of US military Boeing 767 tankers and to delay any requirement affecting the Airbus A380. NGOs made clear at CAEP 10 their concerns as to Option 3's perverse consequences.

There are limited technical and challenging political options to address aviation emissions. Yet, by adopting this standard, Europe will pass up the opportunity to deliver 3-5% in-sector emissions reductions through regulating the design of some 25,000 new aircraft deliveries through 2040. Furthermore, the additional emissions alone from delaying the production cut-off until 2028 amount to at least 300 Mton of CO<sub>2</sub>.

Ideally, an aircraft efficiency standard should be defined dynamically setting an initial metric value and fixed percentage improvements per year of certification thereafter. In that way the standard will give an incentive to accelerate development of new types.