

Cap & Trade mechanisms on global aviation

Airneth,
The road to CPH

F. Kroesen

Environmental
Strategy, KLM

12 November
2009



Programme

- Introduction
- Copenhagen versus Kyoto
- EU-ETS principles
- Alternative mechanisms
- What's next



About KLM

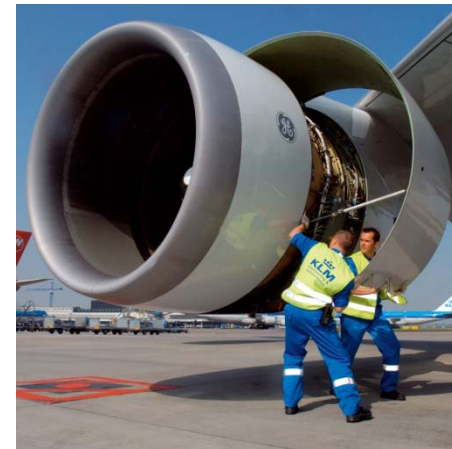
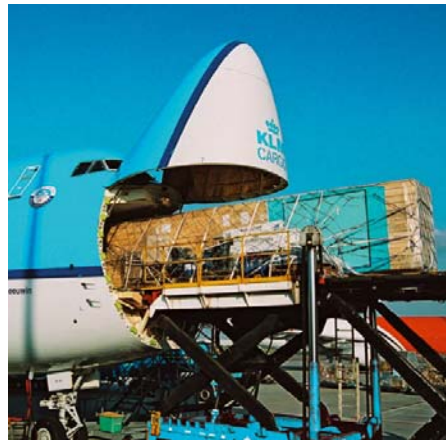
Founded 1919, international orientation



Merger with Air France in 2004:

- Europe's Leading Airline Group.
- KLM stay's its own airline with own identity

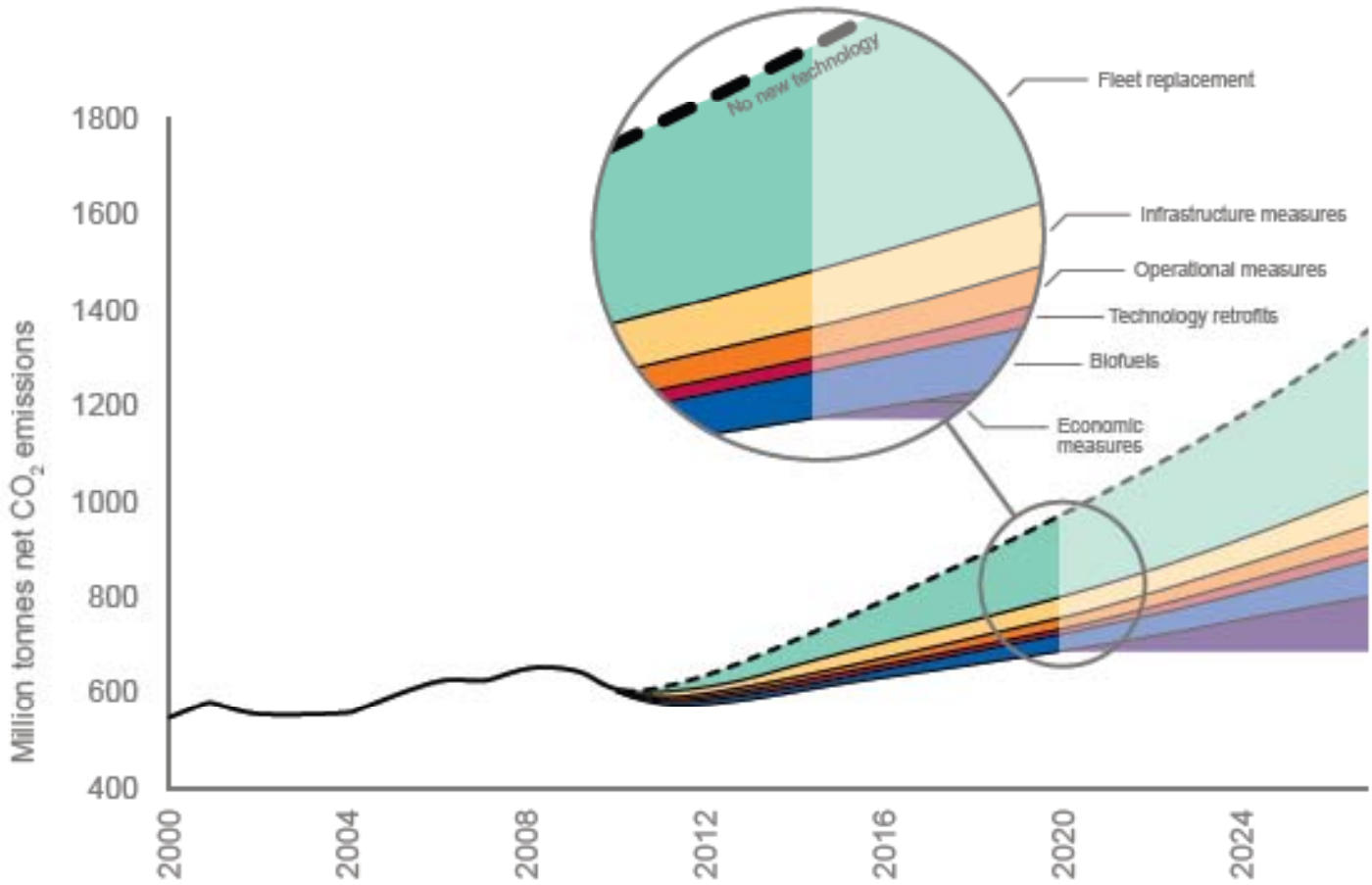
One Group, Two Airlines, Three Businesses (Pax, Cargo, E&M)



Turnover 2008-2009: 8 billion Euro

Ca. 30.000 employees in Netherlands

About CO₂ measures...

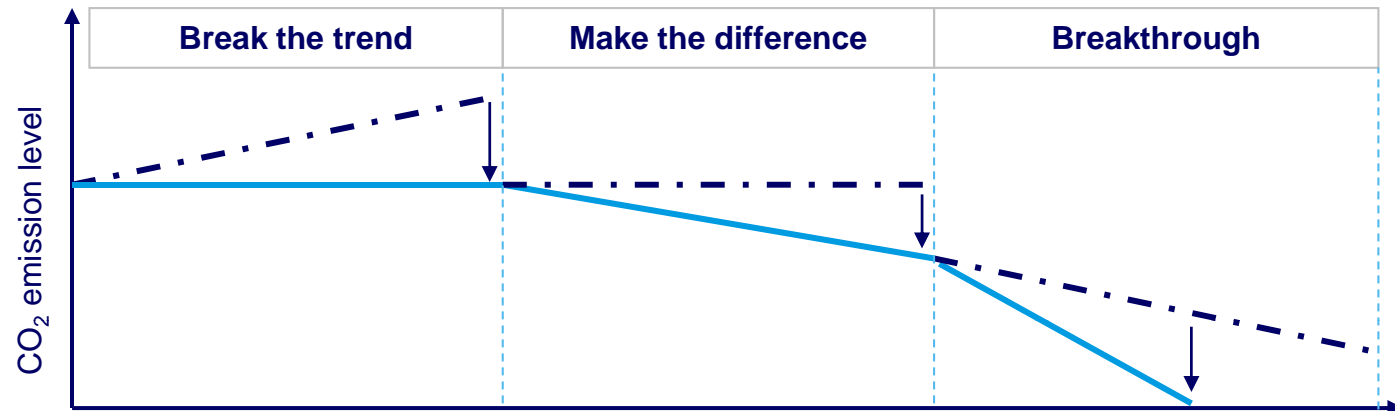


Source: ATAG paper October 2009, ...Common goals and a global solution

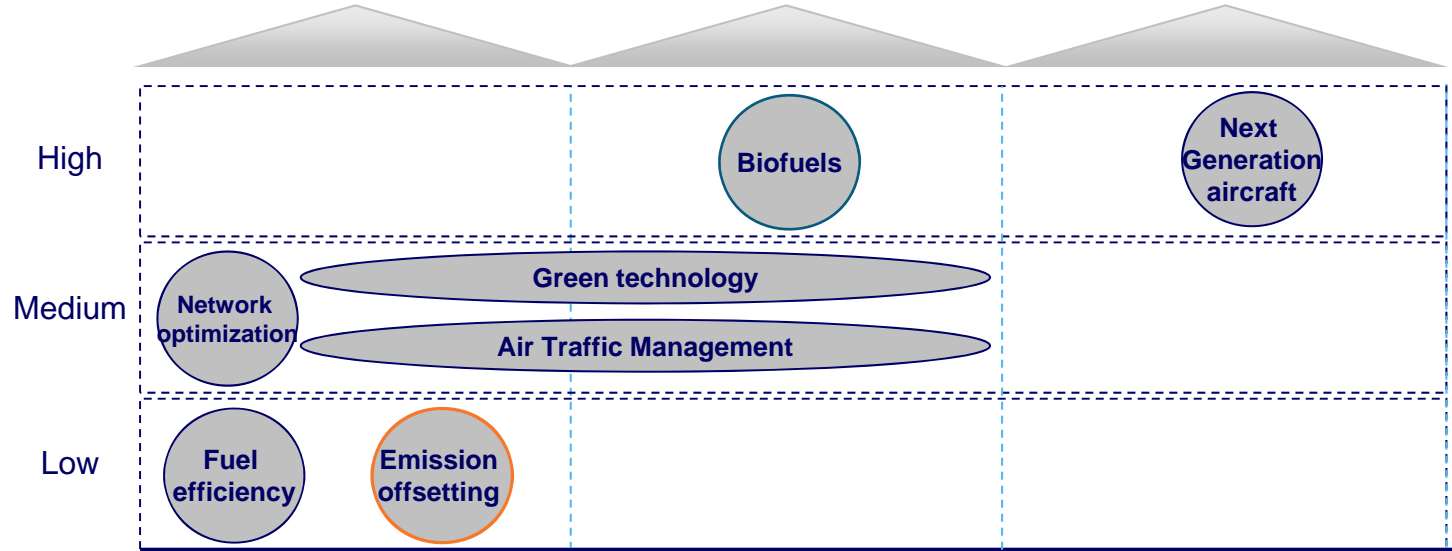


About CO₂ strategy...

CO₂ targets



Enablers



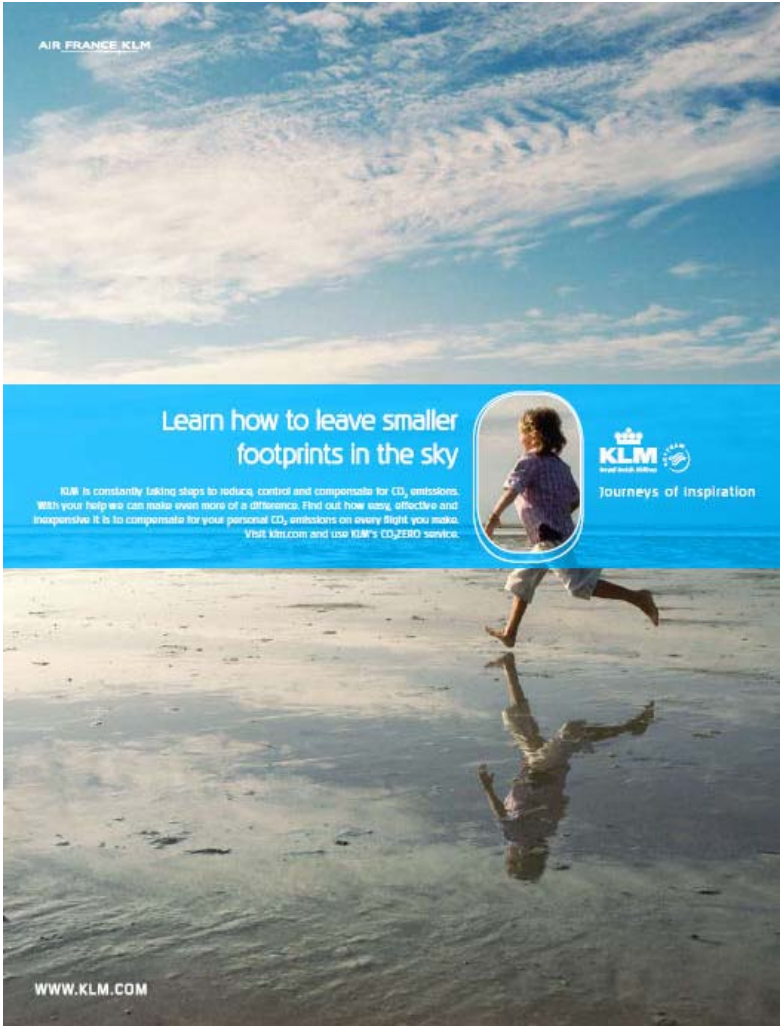
Break the trend: CO₂ neutral growth

- CO₂ neutral growth in 2007–2012
- First absolute CO₂ target in aviation industry
- Partnership WNF to settle KLM's internal ETS-mechanism

Partners in CO₂ reduction and nature conservation



Royal Dutch Airlines



CO₂-offsetting... the intermediate option

- Passengers: programme active from March 2008
 - information and compensation at websites (AF and KL)



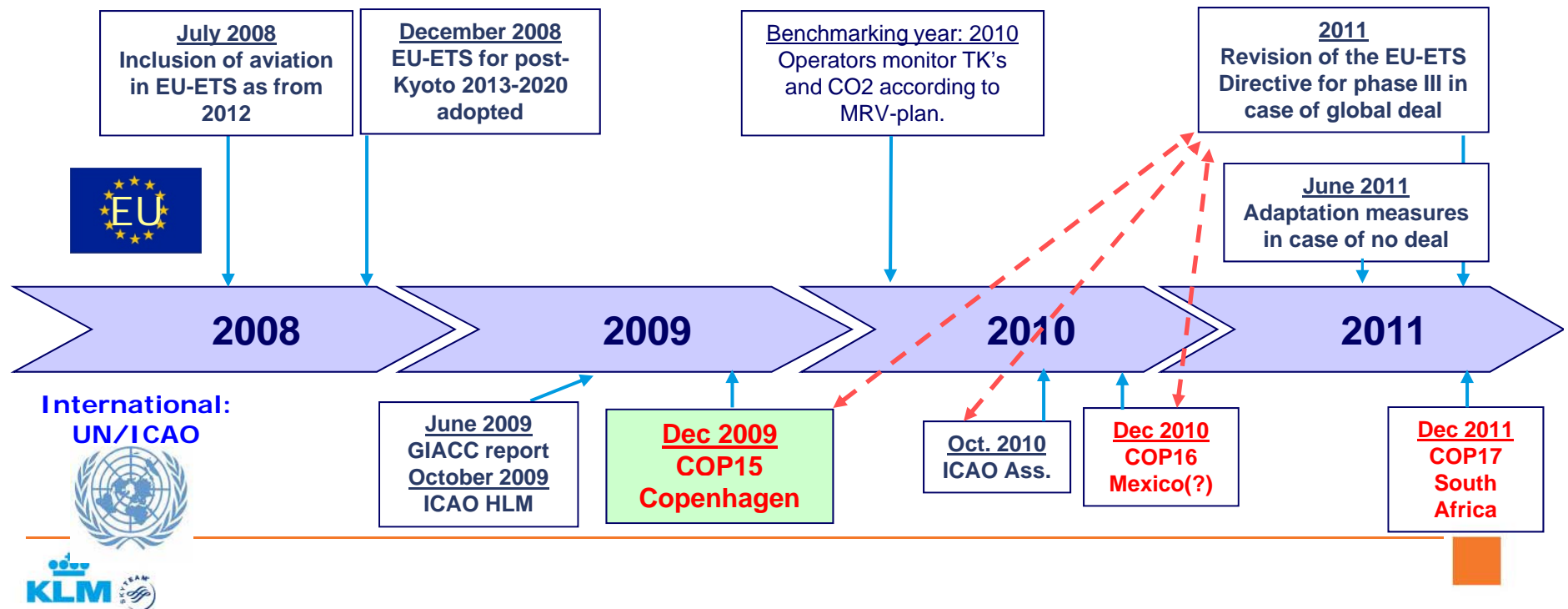
- Corporate programme: emission management information and CO₂-offsetting programme
- AFKL Cargo: start April 1, 2009
- Service trips: 100% offsetting of CO₂

EU and International tracks on climate regulations

Implementation of Kyoto: Aviation in EU-ETS from 2012



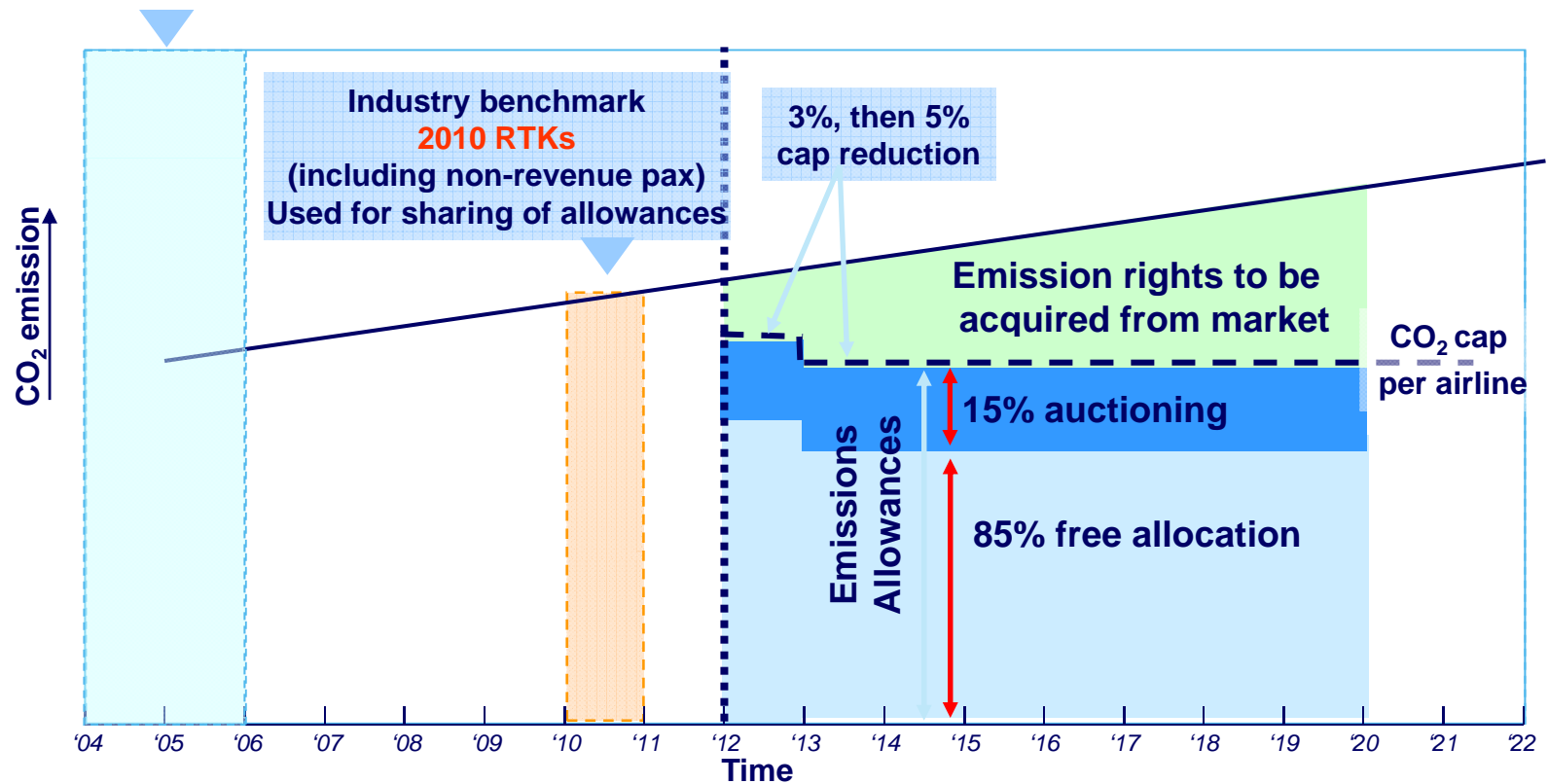
Prepare for Copenhagen: Aviation in a global deal



EU-ETS Principles

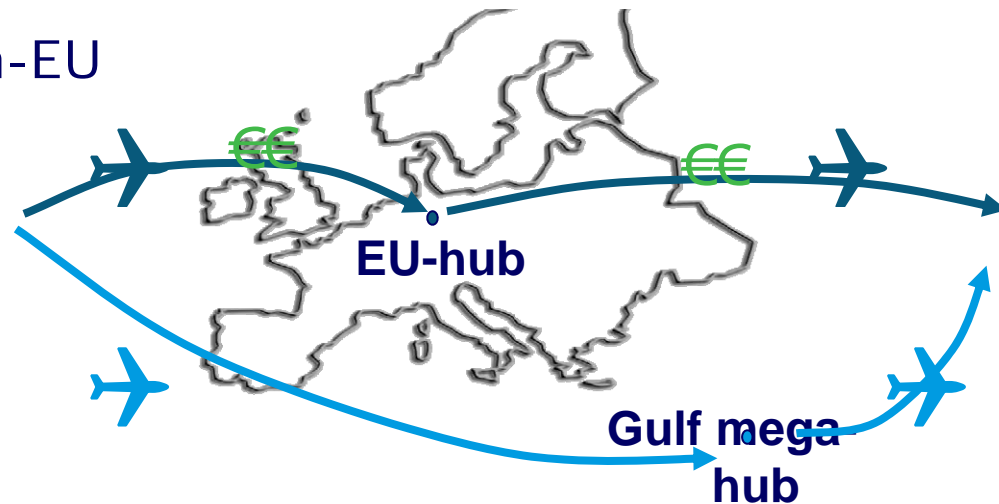
Industry emissions baseline:
avg 2004-2006
Publication postponed
(initially expected in Aug 09)

Schematic concept of EU-Emission Trading Scheme



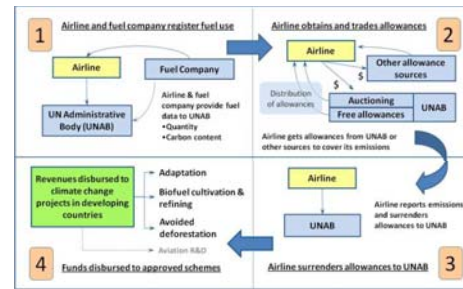
Issues

- Carbon leakage
- Level playing field
- Costs
- Harmonisation EU member states
- Compliance non-EU

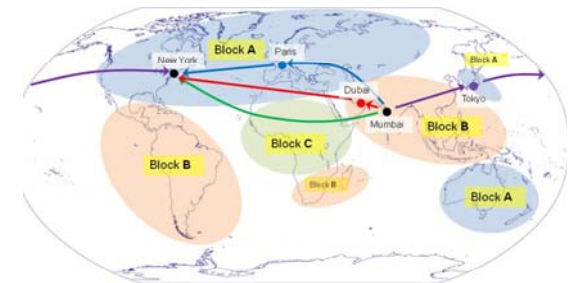


Alternatives: Proposals sector

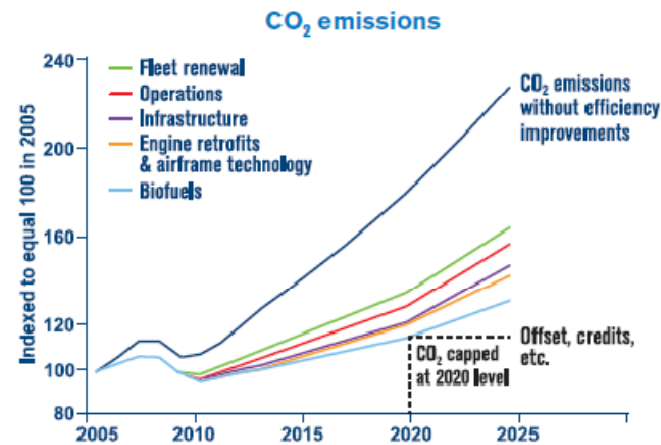
- Aviation Global Deal (AGD):



- Association of European Airlines (AEA):



- International Air Transport Association (IATA):



Comparing Cap & Trade mechanisms

	EU ETS	AEA-GAP	AGD
MRV, with cap & trade	Yes, regional target	Yes, at point of application	Yes, global target
Equal treatment in OD markets?	No	Yes	Yes
CBDR (common but differentiated responsibilities)	No	At point of application	Through revenue disbursement
Carbon leakage	Yes	No	No
New institutional arrangements	Yes	Yes	Yes
Incentive to use lower-carbon fuels	No?	Potentially	Yes

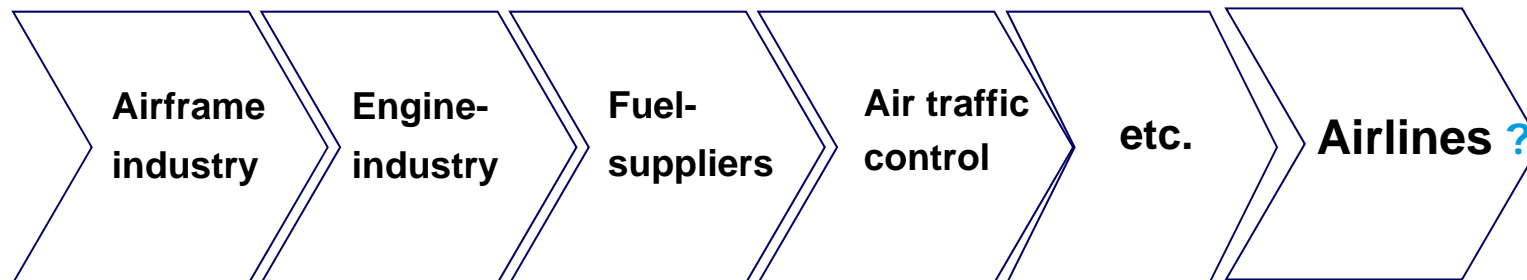


What's next (on the road beyond CPH)...?

- Implementation ETS aviation in EU
- Acceptation of the EU-ETS approach?
- Targets on aviation in Copenhagen?



... And who should be involved?





Thanks for your attention!

