

The Draft Action Plan commences with background material on aircraft engine emissions, identifies the principles that guide CAEP's work on emissions, and then describes the tasks that are being undertaken by three working groups. These are focussed on three areas:

- further development of technology and related world-wide standards;
- reducing fuel burn through improved operational measures; and
- analysing the use of market-based options.

Wherever possible, the Draft Action Plan includes an indication of the expected time-frame.

Market-based options

Since the last SBSTA session, progress has been made in all three areas, and especially towards identifying and evaluating the potential role of market-based options. Consideration is being given to the use of market-based options including emission-related levies, emissions trading and voluntary agreements, as a means of limiting greenhouse gas emissions. However, the use of market-based options raises a number of important economic, environmental, legal and administrative issues that must be fully evaluated.

As the IPCC Special Report has indicated, there are several different emissions from aircraft engines that play a role in climate change. However, this tends to complicate the design and evaluation of market-based options. It has therefore been decided to focus on CO₂ emissions only at this stage, while leaving open the possibility of accommodating other emissions later, if appropriate.

In order that different types of market-based options can be evaluated on a consistent basis, an initial set of common assumptions has been developed:

- Initially, two targets for emission reductions will be examined. Starting with a business-as-usual scenario, one target would reflect the average emission reduction required of all developed countries in the Kyoto Protocol for the first commitment period (5% below the chosen base year), while a second target would reflect a reduction of half the projected aviation growth rate in that period.
- Two alternatives for geographic scope will be examined, one assuming implementation on a world-wide basis, the other assuming developed countries only (as defined by Annex B to the Kyoto Protocol).

On this basis, the initial set of specifications for the various market-based options were developed.

As regards emission-related levies, the initial options to be evaluated are:

- A fuel tax, with revenue being used by governments to offset other taxes.