

The EU suggests that decisions within ICAO and IMO on policies and measures to limit or reduce emissions from international bunker fuels should be taken urgently. In any case they should be taken well before 2005 when progress will already have to be demonstrated according to Art. 3.2 of the Kyoto Protocol. Therefore the EU urges ICAO and IMO to consider first proposals no later than 2001.

In this context, the EU urges Annex I Parties to pursue work through ICAO and IMO to limit or reduce greenhouse gas emissions. The EU underlines that there can be no environmental justification for a tax exemption for aircraft fuel. Also, other market based options should be considered. In addition, the EU suggests that the issue of control options in these areas should also be addressed in the further work regarding best practices in policies and measures in consultation with the Working Group on Market Based Options of the ICAO Committee on Aviation Environmental Protection (CAEP) which is already pursuing this matter.

Inclusion of emissions from international bunker fuels in the national inventories of Parties (allocation)

The EU believes that the issue of the inclusion of emissions from international bunker fuels in the national inventories of Parties should be solved in due time before the negotiations for the second commitment period, i. e. before 2005. Based on the conclusions of SBSTA4, the EU sees three approaches to proceed, noting that different approaches could be pursued for aviation and marine bunker fuels:

- I. *No inclusion of emissions from international bunker fuels in the national inventories of Parties (this is option 1 in document FCCC/SBSTA/1996/9/Add.1) as in the current situation.*

Limitation or reduction of these emissions would be under the responsibility of the international community, to be pursued through ICAO and IMO. Parties would continue to have no direct responsibility for these emissions and therefore would have no direct incentive to limit or reduce them. This would therefore require a rate of progress along the lines mentioned earlier through ICAO and IMO.

- II. *Inclusion of emissions from international bunker fuels in the national inventory of the Party where the fuel is sold (this is option 3 in document FCCC/SBSTA/1996/9/Add.1).* This option seems to be the most practical option. It should increase the incentives to take action at the international level compared to approach I. Certainly, it would lead to quite considerable changes in emission levels at least for some Annex I Parties. Therefore it would have to be taken into account in agreeing differentiated legally binding commitments for Annex I Parties for the second and future commitment periods. In addition, internationally coordinated instruments inter alia taxes should be in place for Parties to be able to influence the level of emissions.