Giovanni Bisignani
Farnborough, July 2008

To represent, lead and serve the airline industry
Aviation contributes 2% of global carbon emissions

673 million tonnes CO$_2$ in 2007
We are a growing industry
We are a growing industry: 5-6% a year
We are a growing industry: 5-6% a year

...limited the growth
We are a **growing** industry: 5-6% a year

...limited the growth in our carbon footprint
We are a growing industry: 5-6% a year

...limited the growth in our carbon footprint to half of that
Even by 2050
Even by 2050 our contribution could be limited to 3%.
Aviation is and will remain
Aviation is and will remain a small part of the big problem.
The challenge:

Enormous economic benefits & Eliminate the environmental impacts
We share a commitment
We share a commitment to reduce carbon emissions

- Crosses geographies
- Unites competitors
- It’s delivering results
IATA’s 4 pillar strategy
IATA’s 4 pillar strategy addresses climate change
IATA’s 4 pillar strategy addresses climate change

01 Investing in technology
IATA’s 4 pillar strategy addresses climate change

02 Flying planes effectively
IATA’s 4 pillar strategy addresses climate change

Building efficient infrastructure
IATA’s 4 pillar strategy addresses climate change

Using positive economic measures
All 179 states attending the 2007 ICAO Assembly endorsed it.
…it was the basis for a Declaration

Therefore, we, the undersigned aviation industry companies and organisations declare that we are committed to a pathway to carbon-neutral growth and aspire to a carbon-free future.

To this end, in line with the four-pillar strategy unanimously endorsed at the 2007 ICAO Assembly, we will:

1. push forward the development and implementation of new technologies, including cleaner fuels;
2. further optimise the fuel efficiency of our fleet and the way we aircraft and manage ground operations;
3. improve air routes, air traffic management and airport infrastructure; and
4. implement positive economic instruments to achieve greenhouse gas reductions wherever they are cost-effective.

Robert J. Aaronson
Director General

James C. Cherry
Chairman
...it was the basis for a
Declaration

Aviation Industry Commitment to Action on Climate Change

As leaders of the aviation industry, we recognise our environmental responsibilities and agree on the need to:

- build on the strong track record of technological progress and innovation that has made our industry the safest and most efficient transport mode, and
- accelerate action to mitigate our environmental impact, especially in respect to climate change while preserving our driving role in the sustainable development of our global society.

Therefore, we, the undersigned aviation industry companies and organisations declare that we are committed to a pathway to carbon-neutral growth and aspire to a carbon-free future.

To this end, in line with the four-pillar strategy unanimously endorsed at the 2007 ICAO Assembly, we will:

1. support and co-finance appropriate research and development in the pursuit of greener technological breakthroughs;
2. take urgent measures to improve aircraft design including innovatory solutions, air traffic management infrastructure and procedures for approving needed airport development, and
devise and implement an agnostic, equitable and stable emissions management framework for aviation through ICAO in line with the United Nations roadmap agreed in Bali in December 2007.

Our efforts and commitment to work in partnership with governments, other industries and representatives of civil society will provide meaningful benefits on tackling climate change and other environmental challenges.

We strongly encourage others to join us in this endeavour.
Our strategy is now
Our strategy is now a common commitment.
Our strategy is now a common commitment with aggressive targets. By 2050, we will achieve a 25% improvement in fuel efficiency.
IATA is even more ambitious
We are mapping the way
We are mapping the way to carbon-neutral growth
We are mapping the way to **carbon-neutral growth** …with a vision for a **carbon-emission-free future**
No other industry's approach
No other industry’s approach is as united, responsible or ambitious.
Airlines are in crisis
Airlines are in crisis

↑ Oil is above
US$140

↑ Jet fuel is over
US$180
In 5 years fuel went from
In 5 years fuel went from 14% of operating costs
In 5 years fuel went from 14% of operating costs to over 34%
If oil averages US$135
If oil averages US$135 for the rest of the year
If oil averages US$135 for the rest of the year, the industry bill will be US$190 billion.
...and next year it could be...

US$250 billion
Saving fuel not only reduces CO$_2$ emission
Saving fuel not only reduces CO$_2$ emission. It is a matter of survival.
IATA’s environmental leadership is delivering results
Best practices in fuel management

- In 2007 this saved 6.7 million tonnes of CO₂
- and US$1.3 billion in cost
Optimising 395 routes and procedures in 81 airports

- Saving 3.8 million tonnes of CO₂
- and US$831 million in cost
- We could save up to 73 million tonnes of CO₂
Optimising 395 routes and procedures in 81 airports

- Saving 3.8 million tonnes of CO$_2$
- and US$831 million in cost
- We could save up to 73 million tonnes of CO$_2$ with better air traffic management
While painting themselves green to win votes...
...governments are slow to deliver results
We have a mess of 35 air navigation service providers
2007:

- 21 million minutes of delays in Europe
- Each of those minutes cost the environment 159kg of carbon
The total cost of fragmentation in Europe

16 million tonnes of CO₂ a year

This must change
Vice President Tajani achieved Commission approval

†For the Single European Sky Second package
Europe’s governments
Europe’s governments must look beyond national self-interest
Europe’s governments must look beyond national self-interest to do what is best.
Europe’s governments must look beyond national self-interest to do what is best for Europe and the environment.
...turn Europe’s biggest environmental embarrassment
...into a success story
Crumbling US air traffic management system

ļ Needs to be replaced with NextGen technology
ļ To save 17 million tonnes of CO₂
Inefficient procedures in China’s Pearl River Delta

- Add 20 minutes
- Could save up to 340,000 tonnes of CO$_2$
Flying aircraft safely and closer together

- Avoids congestion
- and costly delays
Implementing RVSM in China

ⓥ Saved 1.1 million tonnes CO₂
ⓥ and US$250 million
Africa and Russia

- Saving 800,000 million tonnes CO₂
- and US$350 million
Every Continuous Descent Approach (CDA) saves 150-600kg of CO$_2$

Every Clean Airspeed Departure (CAD) saves 600-5000kg of CO$_2$
Progress is slow
Climate change
Climate change and high fuel prices
Climate change and high fuel prices demand faster action
The only time we see governments acting fast
...is when they are lining their own pockets with taxes.
Governments think green
Governments think green and see cash
Europe led the way
It’s fixated on one small part of the solution
...they picked the **wrong** agenda
Let’s see more investment in research
Let’s see more investment in research

- Alternative energy
- Radical aircraft design
- Tax credits
All I see is a rush
All I see is a rush to implement economic penalties
All I see is a rush to implement economic penalties.
UK’s Air Passenger Duty
…by 2010, it will be
…by 2010, it will be a £3.5 billion pot of honey for the UK Treasury
Who’s benefiting?
...just the Treasury...
Without planting a single tree
Uk’s politicians are completely lost in the woods...
The UK proposal
The UK proposal will distort markets
On top of ADP
On top of ADP we have Europe’s ETS
On top of ADP we have Europe’s ETS and more taxes in the Netherlands..
On top of ADP we have Europe's ETS and more taxes in the Netherlands..
It’s time for some political honesty

BASTA
It’s time for some **political honesty** about where the billions are going

BASTA
It’s time for some political honesty about what they are achieving

BASTA
This will cost the airlines €3.5 billion
By 2020 the cost could reach €13 billion
IATA supports emissions trading
IATA supports emissions trading

But it must be fair, global and effective
It’s **not** an effective financial incentive

- Developed when oil was US$55 per barrel
- It was meant to be an economic stick
Europe’s politicians have not seen
Europe’s politicians have not seen the giant club of US$140 oil

- Beaten the life out of 25 airlines this year
- We expect more to follow
To survive airlines are doing everything possible to reduce fuel burn.

- ETS will add cost.
- but not improve results.
There is no guarantee

ETS will add cost

but not improve results
There is no guarantee that any of the €3.5 billion will add cost but not improve results.
There is no guarantee that any of the €3.5 billion will be spent on the environment.
The timing is wrong
The timing is wrong
...the future is completely uncertain
The timing is wrong
...the future is completely uncertain even 5 years out
Why make fuel more expensive?

- Highest level ever
- 87% increase in the last year
Europe has failed to understand
Europe has failed to understand that it cannot decide global policy alone.
...their unilateral approach to hushkits...
...ICAO global standards won
Over 130 states have stated their opposition

- It contravenes Article 1 of Chicago Convention
- This will be challenged at ICAO
- and the International Court of Justice
...caught in a trade war...
...caught in a trade war...

...creating an international legal mess
...caught in a trade war...

BASTA

...creating an international legal mess...
Going global is the only way to success
Kyoto understood this
Kyoto understood this - in Article 2 of the Protocol

ICAO to lead aviation’s progress on the environment
G8 re-confirmed ICAO’s responsibility to deliver a global solution
...the European Parliament moved in the opposite direction
...the European Parliament moved in the opposite direction with a vote for a regional ETS
Good sense has been hijacked
Good sense has been hijacked ... by uncoordinated green policies
ICAO strengthened its approach
Europe can take the merit for raising awareness on environment
Europe’s responsibility is to ensure that ICAO is successful.
Our common objective with governments should be

- To reduce emissions
- not charge for them
Governments must play their role responsibly

- Taking the reality of $140 oil into account
- Stopping their green grand-standing
- Joining the industry’s global and comprehensive approach
Positive economic measures
Positive economic measures are part of the strategy.
...punitive taxes disguised as environmental measures are not part of the strategy.
Technology, operations and infrastructure
Technology, operations and infrastructure will be the real drivers of innovation.
...no matter what the incentive
Governments need to act.
Governments need to act. Fix air traffic management.
Governments need to act. Invest in research.
Governments need to act. Work towards an effective global solution on emissions trading.
It is our responsibility to work together
So airlines can continue
So airlines can continue to deliver massive economic benefits
While limiting
While limiting - and eventually reducing -
While limiting - and eventually reducing - their carbon footprint