

**54th CONFERENCE OF
DIRECTORS GENERAL OF CIVIL AVIATION
ASIA AND PACIFIC REGIONS**

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AGENDA ITEM 5: AVIATION AND ENVIRONMENT

**INDONESIA VISIONS ON ICAO SHORT-TERM PRIORITIES:
ALTERNATIVE FUELS AND THE CHALLENGE OF
IMPLEMENTING NEW CORSIA REGULATIONS (SARPS)**

(Presented by Indonesia)

SUMMARY

This paper presents Indonesia visions on two short-term ICAO priorities in the field of aviation and environmental protection: The celebration of the Second ICAO International Conference on Aviation and Alternative Fuels (CAAF2) in October 2017 and the challenges for a smooth implementation of the ICAO Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) related SARPs, currently under development, by 1 January 2019.

Action by the Conference is included in paragraph 4.

INDONESIA VISIONS ON ICAO SHORT-TERM PRIORITIES: ALTERNATIVE FUELS AND THE CHALLENGE OF IMPLEMENTING NEW CORSIA REGULATIONS (SARPS)

1. INTRODUCTION

1.1 Environmental Protection is one of ICAO's Strategic Objectives and is also becoming a growing social demand in Asia-Pacific region, driving to increasing regulatory and oversight needs to Civil Aviation Authorities in what refers to environmental policy implementation in air transport sector.

1.2 The 39th Assembly adopted in October 2016 the last ICAO's Consolidated Statement of continuing policies and practices related to environmental protection included in Assembly Resolutions A39-1, A39-2 and A39-3.

1.3 A39-3 in particular was a historical decision by adopting the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) which will be the first global market mechanism for addressing climate change from an industry sector.

1.4 In March 2017, the ICAO Council also adopted a new aircraft CO₂ emissions standard which will reduce the impact of aviation greenhouse gas emissions on the climate.

1.5 The Indonesia Directorate General of Civil Aviation (DGCA), Ministry of Transportation, submitted to ICAO in July 2013 its State Action Plan to reduce GHG emissions on the aviation sector and updated it in 2015 and 2016 as requested by the Assembly, showing Indonesia's commitment in supporting the ICAO global policy regarding aviation and environmental protection.

1.6 The implementation of such Action Plan has been fully based in cooperation with national and international stakeholders and it is in line with ICAO policies. Among the measures contained in the Plan, Indonesia has put special focus in two areas which coincides with some of the ICAO main short-term environmental priorities:

1.6.1 1) The promotion and development of Sustainable Aviation Alternative Fuels.

1.6.2 2) The adoption and implementation of the ICAO CORSIA at national level.

1.7 Through this paper Indonesia wishes to encourage discussion with the Asia and Pacific ICAO Member States and share its visions on those two particular ICAO environmental short-term priorities: The development of Alternative Fuels and the challenges of implementing new CORSIA regulations (SARPs) on Monitoring Reporting and Verification (MRV) by the end of 2018.

2. DISCUSSION ON THE SECOND ICAO CONFERENCE ON AVIATION AND ALTERNATIVE FUELS (CAAF2) – MEXICO CITY, 11 - 13 OCTOBER 2017

2.1 A first ICAO Conference on Aviation and Alternative Fuels (CAAF) was held in November 2009, and endorsed the use of alternative aviation fuels as an important means of reducing aviation emissions.

2.2 Its main recommendations, including encouraging Member States to develop policy measures, were later incorporated in ICAO Assembly Resolutions. Since then ICAO has actively encouraged Member States and industry in the promotion of initiatives for the development of Aviation Alternative Fuels considered Sustainable, or so called Sustainable Aviation Fuels (hereinafter SAF).

2.3 The use of SAF is considered an integral component for achieving ICAO's aviation carbon emission reduction goals. The ICAO CORSIA has also included the use of SAF as a mean for operators to reduce their offsetting requirements under the scheme in proportion of the emissions savings attained through its production and use on a life-cycle basis.

2.4 CORSIA itself is presented as an interim solution to achieve ICAO global climate goals (carbon neutral growth after 2020 and 50% net reduction in 2050 with respect to 2005) and should initially be substituted by other measures after 2035. SAF shall play a key role on achieving those goals after CORSIA.

2.5 But although enormous efforts have been made and progress achieved in proving the technical feasibility of drop-in SAF, the commercial scale-up and availability of supply is still at its very early stages with a little real contribution towards ICAO's climate aspirational goals.

2.6 The main barrier as identified in several studies (1) is that globally many SAF (or bioenergy) policies do not include aviation, or the existing ones do not establish a sufficient incentive in the industry to boost the large-scale production and to bridge the cost gap between fossil and SAF. The current policy landscape favors ground transport over aviation, and incentivizes production to be directed towards road-based end users.

2.7 The 39th Session of the Assembly welcomed the celebration of the ICAO Second International Conference on Aviation and Alternative Fuels (CAAF2), which will be held in Mexico City on 11 - 13 October 2017.

2.8 It has the objective of developing an *ICAO Vision on Aviation Alternative Fuels*. This Vision shall encourage States to take action at national and international levels to further develop and deploy sustainable aviation fuels.

2.9 Indonesia included the development of SAF as an important element of its State Action Plan to reduce aviation emissions. As a result, the government has included aviation on its national bio-energy policy and targets for transport, aiming to promote the supply of SAF on its airports at a level playing field with road transport.

2.10 Indonesia has the potential in becoming a regional supplier of SAF due to its capacity of producing sustainable feedstock and building up production chains. It can also become a supplier of sustainably certified raw material for the production in other countries in the region.

2.11 Guidance from ICAO based on positive and negative lessons learned from global existing policy frameworks can help States such as Indonesia and others in the Asia-Pacific region on the establishment and implementation of appropriate policies for the deployment of SAF supply chains.

2.12 Indonesia also wishes to develop such policy in a collaborative manner with ICAO and other Member States, in order to promote regional and global harmonization of policies and to avoid the establishment of any regional market competitive distortions.

2.13 Indonesia considers the Second ICAO Conference on Aviation and Alternative Fuels (CAAF2) as a very important short-term milestone for the discussion among ICAO States on how to promote coordinated policies for the global development and supply of SAF and would like to encourage Asia-Pacific States to participate, actively contribute to its outcomes and promote regional cooperation in this field.

2.14 Indonesia believes that although ICAO has made important steps to promote SAF, the current policies are not sufficient to drive its large-scale use and recommends that ICAO undertakes a stronger effort to promote policy action as done with the market-based mechanism CORSIA.

2.15 Stronger recommendations to Member States and clearer global objectives in this field promoted by ICAO are necessary and Indonesia will support establishing SAF production goals as part of the ICAO Vision on Aviation Alternative Fuels to be defined in CAAF2.

(1) IATA Sustainable Aviation Fuel Roadmap (2015);
EU Core-Jet Fuel Final Report on Policies, Incentives and Regulation (2016)

3. DISCUSSION ON THE CHALLENGE OF INCORPORATING NEW CORSIA REGULATIONS (SARPs) FOR ASIA PACIFIC STATES DURING YEAR 2018

3.1 An additional short-term priority and challenge for ICAO and its Member States is the incorporation of the new CORSIA related regulations at national level on a timely manner by the end of 2018, in order to achieve the objective of initiating the Monitoring Reporting and Verification (MRV) procedures with aircraft operators from 1 January 2019.

3.2 The 39th ICAO Assembly requested the Council to develop, with the technical contribution of its Committee on Aviation and Environmental Protection (CAEP), the SARPs and related guidance material for the implementation of the MRV system under the CORSIA for adoption by the Council by 2018.

3.3 As presented by ICAO during the Regional Asia-Pacific Seminar on States' Action Plans and CORSIA celebrated in Jakarta (Indonesia) on 10-13 April 2017, it is expected that CAEP will approve the CORSIA SARPs and guidance for preliminary review and approval in September 2017, and be presented by State Letter for revision in December 2017 after Council preliminary approval. The final adoption by the Council after the consultation process with States is finished, is expected in June 2018.

3.4 The Member State authorities whose aircraft operators undertakes international flights will need to develop the necessary arrangements to have national regulations in place in accordance with the MRV SARPs, to ensure that those operators can initiate the MRV process from 1 January 2019.

3.5 The above referred timings will be an important challenge for national authorities from the regulatory development point of view as will need to approve regulations based on the CORSIA SARPs in a very short-time since its final approval by the Council.

3.6 While Indonesia fully supports the implementation of CORSIA and considers the proposed roadmap is attainable in a timely manner, also thinks that such challenge can only be achieved with a strong support from ICAO and its Asia-Pacific Regional Office.

3.7 It will be fundamental for Asia and Pacific States to obtain all the SARPs related information on time and to receive as well guidance on its implementation, very much in particular to those States which have not been involved on its drafting through CAEP.

3.8 Indonesia thinks the programming of CORSIA Regional Seminars in March-April 2018 and the guidance to be provided there will be fundamental to attain the regulatory development challenge.

3.9 In addition believes it will be necessary further assistance to States from the ICAO Regional Office on helping solving regulatory and technical doubts on the process of incorporating the SARPs requirements to the national regulations.

4. ACTION BY THE CONFERENCE

4.1 The Conference is invited to:

- a) Note the content of this paper;
- b) Encourage Asia-Pacific States to participate in Second ICAO Conference on Aviation and Alternative Fuels (CAAF2), actively contribute to its outcomes and promote regional cooperation in this field; and
- c) Note the challenges for a timely implementation of the CORSIA SARPs at national levels and request ICAO all necessary support to its Member States on such process.