



AGENDA

QUESTIONS FOR DISCUSSION

GREEN GROWTH AND THE FUTURE OF AVIATION

27th Round Table on Sustainable Development
to be held at OECD Headquarters
23-24 January 2012

27th ROUND TABLE ON SUSTAINABLE DEVELOPMENT

GREEN GROWTH AND THE FUTURE OF AVIATION

OECD Headquarters
Château de la Muette, Paris
23-24 January 2012

23 January – George Marshall Room

19:30

APERITIF

20:00

DINNER

21:00

After Dinner Speech: In the Wake of Durban

Mr. James Cameron

Vice Chairman

Climate Change Capital, United Kingdom

24 January

9:30 *Room C*

PLENARY* (See annotated agenda)

13:00 *Roger Ockrent Room*

BUFFET LUNCHEON

* At the Chair's discretion, there will be a brief coffee break.

Questions for Discussion

Do the particular facts of the aviation sector make it a ‘special case’ for policy makers?

The global aviation industry and associated economic activity may account for as much as 3% of global GDP and employ over 30 million people. Population growth, a burgeoning global middle class and increasing trade foreshadow strongly increasing demand for aviation over coming decades – by as much as 4.5% per annum. Growth of this magnitude implies a large increase in the sector’s contribution to greenhouse gas accumulation in the atmosphere and warming caused by side-effects such as contrails.

Aviation’s ability to respond to this problem is constrained. Unlike the power generation sector (which has recourse to a wide range of renewable energy sources and the ability to capture CO₂) or surface modes of transport (which can have recourse to plug-in or battery technologies drawing on renewables), airlines must use liquid fuel. Fossil-based liquid fuel prices have increased sharply in recent years and seem likely to become even more expensive. Alternative biofuels look to be more costly still.

The industry has been shaped by a long history of governmental support and regulatory constraints. In the light of all these factors:

How realistic are the growth prospects of the industry? To what extent has its development depended from the outset on cheap liquid fuel? What would the scale and shape of the sector look like in the absence of cheap fuel or alternatively in the face of a serious emissions constraint? Given the particular technical and regulatory constraints facing the industry, to what extent must policy makers regard it as a ‘special case’?

If there is a limited amount of additional capacity in the atmosphere to store human-produced carbon emissions, should airlines be given some preferential access to this resource as a result of their limited carbon abatement options?

To what extent can biofuels provide the aviation sector with a sustainable way forward?

Biofuels have been proposed as a ‘carbon neutral’ solution for the aviation sector. Recent regulatory approvals have given the green light for Bio-SPK to be used as a 50-50 blend with kerosene. However, whether biofuels are genuinely low-carbon is the subject of intense debate. The need to assess their performance on a life cycle basis, demonstrate that the biomass used to make them is genuinely ‘additional’ and avoid competition with land used for food production, place potentially significant limits on the amount of biofuels that can be sustainably produced. Alternative second generation cellulosic biofuels or fuels based on algae may relieve this constraint, but these too face significant hurdles.

What is the potential for low-carbon biofuel production to be scaled-up to the extent needed to meet future demand for aviation fuel? If there is a limited capacity to produce biofuels sustainably and cost-effectively on a large scale, should most or all of it be dedicated to airline travel, as other transport sectors have a larger range of abatement options? What changes to existing support policies for biofuel would be needed to make this possible?

What are the most important things governments can do to provide the aviation sector with a clear planning horizon?

Standard economic analysis would argue in favour of treating aviation no differently from any other sector. That has, however, not been the history of policy interventions in the aviation sector. Given the scale of

investment that will be needed in new aircraft and associated technologies that represent the easiest incremental sources of emissions improvements, the signals governments give will be decisive.

How can governments best provide the aviation sector with a clear planning horizon? Given the industry's global characteristics and the global nature of the environmental challenges it raises, do we have the necessary mechanisms to provide the sector with stable policies?