

AVIATION WORKING GROUP**STATEMENT OF PRINCIPLES ON ENVIRONMENTAL REGULATION**

1. The aviation financing and leasing community, as a key participant in the aviation sector through the provision of capital for aircraft, aircraft engines, and other aviation-related infrastructure, should encourage practices and environmental regulation that reduce environmental impacts from aviation and contribute to the sustainable development of aviation.
2. In view of its uniquely international character, aviation environmental regulation should be developed under the auspices of International Civil Aviation Organisation.
3. In the interests of market efficiency, regional approaches towards regulating environmental issues should be avoided to eschew conflicting, inconsistent, and unnecessary regulation which may have unintended, adverse consequences.
4. The most effective environmental regulation should be market based, providing market incentives resting on sound financial modeling and data. Measures addressing greenhouse gas emissions should seek maximum efficiencies and reductions, viewed in the broad context of global transportation and its link to the world economy. Emissions trading mechanisms should permit trading in an open emissions market. It should be consistent among transport sectors. There should be a direct nexus between the activities generating revenues under environmental regulation and the environment-improving use of such revenues.
5. Air traffic management improvements are essential to environmental efficiencies. Accordingly, a substantial part of the proceeds from environmental measures should be used for research into alternative means of tackling inefficiencies in the aviation sector, such as advances in air traffic control and improvements in integrated airport management and IT systems.
6. Environmental regulation should promote stability in aircraft and aircraft engine values in order to sustain market confidence and future investment in the development of more efficient aviation products. Environmental regulation should support rather than undermine viable financial business models for participants in the aviation sector, and should encourage, rather than stifle, innovation.
7. Environmental regulation should not create market distortions, should ensure a level playing field among existing and potential aviation players, and should avoid barriers to entry or growth within agreed environmental targets, provided always that environmental efficiencies are promoted.
8. Enforcement of environmental regulation should not be taken against parties that do not produce the environmental impacts (such as owners that do not operate aircraft) or the property of such parties (such as through liens on aircraft owned by a non-operating party).
9. The AWG endorses the ATAG declaration of principles: “Aviation Industry Commitment to Action on Climate Change”.