



# MARKET-BASED MEASURES



## WHAT ARE MARKET-BASED MEASURES?

Market-based measures (MBMs) are policy instruments used to address environmental challenges in various industries, including aviation. In the context of business aviation, MBMs have gained prominence in recent years as they address aviation's climate impact beyond what is achieved by technology, operational improvements & modernised infrastructure and SAF while also incentivising such measures.

## WHAT MEASURES?

Market-based measures can either be compliance-based or voluntary.



### COMPLIANCE-BASED MEASURES

These refer to regulatory requirements and mandates imposed by international or national regulators. They are obligatory and enforceable, aiming to set specific emission reduction targets and operational standards for aircraft operators.



#### CARBON TAXES

Some governments impose a tax on each unit of CO<sub>2</sub> emitted by aircraft operators. The tax amount may vary based on factors like aircraft size, distance flown, or fuel efficiency. Operators are then financially motivated to reduce emissions to minimize their tax burden.

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#### EU EMISSION TRADING SCHEME (ETS)

This is a regulatory framework established by the European Union to address carbon emissions from flights within its Member States and certain non-EU countries. Under this system, operators are allocated a certain amount of emissions allowances, and if they exceed their allocated limits, they must purchase additional allowances or carbon credits from more efficient operators.

*Similar schemes exist in the United Kingdom and Switzerland.*

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#### CARBON OFFSETTING AND REDUCTION SCHEME FOR INTERNATIONAL AVIATION (CORSIA)

This is a global initiative led by the International Civil Aviation Organization (ICAO) to address the carbon emissions of international flights. CORSIA sets a framework for aircraft operators to offset their emissions growth beyond a certain baseline by purchasing carbon offsets from verified emission reduction projects in other sectors.

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### VOLUNTARY MEASURES

Voluntary carbon offset, in the context of Business aviation, involves aircraft operators or stakeholders taking self-initiated actions to mitigate their carbon emissions beyond the regulatory requirements. This often includes purchasing carbon offsets which involve investing in sustainability or environmental projects to compensate for their carbon emissions and it is usually driven by a commitment to environmental responsibility and sustainability goals.

Carbon offsets are used to reduce the environmental impact of an individual, business or operation by mitigating the output of CO<sub>2</sub> either by removing CO<sub>2</sub> from the atmosphere or by avoiding it. It is a sort of compensation for CO<sub>2</sub> that has already been emitted.

[>>> MORE INFO](#)



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