

# Scheme for greenhouse gas emission allowance trading within the Community: implementation by 2020 of an international agreement applying a single global market-based measure to international aviation emissions

2013/0344(COD) - 16/10/2013 - Legislative proposal

**PURPOSE:** to amend Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Community, in view of the implementation by 2020 of an international agreement applying a single global market-based measure to international aviation emissions.

**PROPOSED ACT:** Directive of the European Parliament and of the Council.

**ROLE OF THE EUROPEAN PARLIAMENT:** the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

**BACKGROUND:** the 2001 International Civil Aviation Organisation (ICAO) Assembly endorsed the application of open emissions trading systems to international aviation. **The Union is endeavouring to secure a future international agreement to control greenhouse gas impacts from aviation** and, in the meantime, is limiting climate change impacts from aviation activities to and from aerodromes in the Union by autonomous action. In line with the outcome of the 38th ICAO Assembly held in September 2013, there should be a **single global market-based measure (MBM) applying to international aviation emissions from 2020 onwards**. In response to this progress and to promote further momentum towards the successful establishment of a global MBM, the Commission proposes to make amendments to the aviation activities covered by the EU ETS.

**IMPACT ASSESSMENT:** the Impact Assessment has shown that adapting the EU ETS to accord with what was expected to be ICAO's MBM Resolution for the period up to 2020 is feasible at low administrative costs.

The environmental benefit of this proposal comes from two key elements:

- it gives impetus to the global MBM that will cover the total emissions from international aviation from 2020 onwards. Depending on the ambition level agreed for the global MBM, total international aviation emissions will be capped at their 2020 level and even be halved by 2050 below 2005 levels;
- the EU ETS will continue to achieve substantial emission reductions that are expected to be up to 250 million tons CO<sub>2</sub> in the period from 2013 to 2020.

**LEGAL BASIS:** Article 192(1) of the Treaty on the Functioning of the European Union.

**CONTENT:** the Commission proposed amending the EU emissions trading system (EU ETS) so that aviation emissions would be covered for the part of flights that takes place in European regional airspace. The adjustment in the legislation would apply from **1 January 2014** and until a planned global market-based mechanism (MBM) becomes applicable to international aviation emissions by 2020.

The key features of the revised ETS system resulting from this proposal would be as follows:

- flights between aerodromes in the EEA remain fully covered, as under the original Directive and Decision No. 377/2013/EU;
- flights to and from third countries which are not developed countries and which emit less than 1% of global aviation emissions would be exempted;
- flights to and from third countries are responsible for emissions taking place not beyond EEA countries, as from 2014. A simplified procedure is proposed to determine the relevant proportion of emissions of a given flight which is covered by the ETS;
- overflights of EEA countries are exempt, as are emissions from flights between airports in third countries and EEA airports as regards European dependencies and territories, and flights to and from EEA airports and those territories.

As a simplification and to in order to lighten administrative tasks for the **smallest aircraft operators**, the proposal provides that action should not be taken against non-commercial aircraft operators in respect of emissions from small aircraft operators emitting less than 1000 tonnes CO<sub>2</sub> per annum. This is expected to reduce the number of aircraft operators regulated by Member States by around 2200 representing 0.2% of emissions.

All other obligations in respect of flights remain unaffected.

The Commission calls for this proposal to be adopted rapidly by the European Parliament and Council, so as to provide clarity for aircraft operators, who would otherwise have to surrender allowances.

**BUDGETARY IMPLICATION:** the proposal has no budgetary implications for the EU budget.