EU Emissions Trading System (EU ETS): continuing current limitations of scope for aviation activities and preparing to implement a global market-based measure from 2021

2017/0017(COD) - 13/09/2017 - Text adopted by Parliament, partial vote at 1st reading/single reading

The European Parliament adopted by 601 votes to 69, with 26 abstentions, **amendments** to the proposal for a regulation of the European Parliament and of the Council amending Directive 2003/87/EC to continue current limitations of scope for aviation activities and to prepare to implement a global market-based measure from 2021.

The matter was referred back to the committee responsible for interinstitutional negotiations.

The main amendments adopted in plenary concerned the following:

Quotas for the aviation sector: Parliament called for the international exemption from EU Emissions Trading System (ETS) rules until December 2020, pending the introduction of a worldwide scheme to offset CO2 emissions from air transport.

Members requested that:

- the total quantity of allowances to be allocated to aircraft operators in 2021 shall be **10 % lower** than the average allocation for the period from 1 January 2014 to 31 December 2016, so as to bring the cap for the aviation sector more in line with the other EU ETS sectors by 2030;
- for aviation activities to and from aerodromes located in countries outside the EEA, the quantity of allowances to be allocated from 2021 onwards may be adjusted taking into account the ICAO global market-based measure to be implemented from 2021 to offset international aviation emissions above 2020 levels.

As from 1 January 2021, the number of allowances auctioned shall be 50% (compared with 15% in the Commission proposal). All revenues generated shall be used to **tackle climate change** in the Union and in third countries and for joint projects to **reduce greenhouse gas emissions** in the energy sector, (such as SESAR and Clean Sky). On this point, Members suggested that special attention should be given to those Member States that use those revenues for co-financing research and innovation programmes or initiatives under the Ninth Research Framework Programme (FP9).

Commission reports on the implementation of the ICAO global market mechanism: Parliament called on the Commission to present:

- **by 1 January 2019 at the latest** and regularly thereafter, on ICAO standards and recommended practices (SARPs), ICAO Council approved recommendations relevant to the global market-based measure or other legal instruments;
- **by 1 March 2020** a report on the adequacy of those ICAO instruments and options for those ICAO instruments to be implemented in Union law through a revision of this Directive. The report shall also examine the ambition and overall environmental integrity of the global market-based measure

including its general ambition in relation to targets under the Paris Agreement. If necessary, the Commission may propose to amend, delete or replace the derogations, with the aim of reducing any ambiguity in advance of CORSIA becoming operational.

By 1 January 2020, the Commission shall present an **updated analysis of the non-CO2 effects of aviation**, accompanied, if appropriate, by a legislative proposal on how best to address those effects.

Transparency: Members considered that ICAO member states, aircraft operators and civil society continue to be engaged in the ICAO's work to implement the global market-based measure and that the ICAO reaches out to all stakeholders to inform them about progress and decisions in a timely manner. In order to achieve that, they suggested revising the non-disclosure protocols for members and observers of the ICAO Committee on Aviation Environmental Protection (CAEP).