

EU/Switzerland Agreement: linking of their greenhouse gas emissions trading systems

2017/0193(NLE) - 07/11/2017 - Legislative proposal

PURPOSE: to approve the conclusion, on behalf of the European Union, of the Agreement between the European Union and the Swiss Confederation on the linking of their greenhouse gas emissions trading systems.

PROPOSED ACT: Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT: Council may adopt the act only if Parliament has given its consent to the act.

BACKGROUND: the development of a well-functioning international carbon market through bottom-up linking of emissions trading systems ('ETS') is a long term policy goal of the Union and the international community, notably as a means to achieve the climate objectives, including under the Paris Agreement on climate change.

Cap and trade systems are policy tools that cost-effectively reduce greenhouse gas emissions. Linking cap and trade systems is expected to result in broader carbon pricing, increasing the availability of reduction opportunities and enhancing the cost-efficiency of emissions trading.

The Agreement between the European Union and the Swiss Confederation on the linking of their greenhouse gas emissions trading systems was signed, subject to its conclusion at a later date.

CONTENT: the draft Council decision aims to approve, on behalf of the Union, **the Agreement between the European Union and Switzerland on the linking of their greenhouse gas emission allowance trading schemes.**

The Agreement sets out the key objectives and principles for linking the two emission trading schemes and establishes a joint committee, which is the main steering body of the agreement. Once the link between the EU ETS and the Swiss ETS is operational, emission allowances that originate from one system shall be eligible for compliance in the other system.

While the **Swiss ETS does not yet cover aviation**, Switzerland is working on rules extending its ETS to aviation. The instrument of approval of the Union shall only be notified when Switzerland has brought into force the requisite rules extending its ETS to aviation and Annex I, Part B of the Agreement is amended accordingly.