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) - 12/12/2017 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 544 votes to 54, with 31 abstentions, a legislative resolution on 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 question was referred to the committee responsible for interinstitutional negotiations at the meeting of 13 September 2017.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amended the Commission proposal as follows:

Objective: the Regulation aims to extend the current limitations of scope for aviation activities **until 31 December 2023** and to prepare to implement a global market-based measure from 2021.

Allowances for the aviation sector: **from 1 January 2013, 15% of allowances shall be auctioned**. The Commission shall undertake a study on the ability of the aviation sector to pass on the cost of CO2 to its customers, in relation to the EU ETS and to the global market-based measure developed by the International Civil Aviation Organization ('ICAO').

As regards activity in the period **from 1 January 2017 to 31 December 2023**, Member States shall, before 1 September 2018, publish the number of aviation allowances allocated to each aircraft operator.

Any allocation of allowances for aviation activities to and from aerodromes located in countries **outside the European Economic Area (EEA) after 31 December 2023** shall be subject to a review.

Revenue from the auctioning of allowances: all revenues generated from the auctioning of allowances should be used to **tackle climate change** in the Union and third countries and to fund common projects to reduce greenhouse gas emissions from the aviation sector, such as the Single European Sky ATM Research (SESAR) Joint Undertaking and the Clean Sky Joint Technology Initiatives and any initiatives enabling the widespread use of GNSS for satellite-based navigation.

The proceeds of auctioning may also be used to fund contributions to the **Global Energy Efficiency and Renewable Energy Fund**, and measures to avoid deforestation.

Special consideration shall be given by Member States that use those revenues for co-financing research and innovation to programmes or initiatives under the **Ninth Research Framework Programme**.

The amended text also provides for measures to safeguard against the risk of obligations lapsing for aircraft operators and other operators regulated by a Member State. Therefore, allowances issued by such a Member State should only be useable if the obligations to surrender allowances for emissions are not at risk of lapsing in a way that results in undermining the environmental integrity of the EU ETS.

Reporting and review by the Commission concerning the implementation of the ICAO's global market-based measure:

- **before 1 January 2019 and regularly thereafter**, the Commission shall report on progress in the ICAO negotiations to implement the global market-based measure to be applied to emissions from 2021. It shall also report on efforts to meet the aviation sector's aspirational long-term emissions reduction goal of halving aviation CO2 emissions relative to 2005 levels by 2050;
- **within 12 months of the adoption by the ICAO of the relevant instruments**, and before the global market-based measure becomes operational, the Commission shall present a report in which it shall consider ways for those 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 on climate change.

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