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) - 13/12/2017 - Final act

PURPOSE: extend the current rules on aviation under the EU Emissions Trading Scheme (ETS).

LEGISLATIVE ACT: Regulation (EU) 2017/2392 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.

CONTENT: in order to achieve the objectives of the Paris Agreement on climate change, all sectors will need to contribute. Action should therefore be taken through the International Civil Aviation Organisation ('ICAO') **to reduce emissions from international aviation**.

The ICAO's work on a **market-based measure for international aviation emissions** is one element of the so-called 'basket of measures' for achieving the aspirational goal of carbon neutral growth from 2020.

However, the practical implementation of this measure will require action at the national level by the ICAO Member States. In addition, ICAO needs to develop governance arrangements.

In this context, the purpose of this Regulation amending Directive 2003/87/EC is to **extend the current limitations** of the scope of the EU Emissions Trading Scheme (ETS) for flights from outside the European Economic Area (EEA) **until 31 December 2023** and to prepare to implement a global market-based measure from 2021.

Allowances for the aviation sector: the Regulation provides that **from 1 January 2013, 15 % of allowances shall be auctioned.**

From 1 January 2021 onwards, the number of allowances allocated to aircraft operators will be reduced annually in line with the linear reduction factor applicable to all other sectors in the EU ETS, subject to the review in view of the implementation of the ICAO scheme.

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

Revenues generated from the auctioning of allowances: revenues generated from the auctioning of allowances should be used to:

- **tackle climate change** in the Union and third countries, especially developing countries;
- fund **research and development** for mitigation and adaptation, including in the fields of aeronautics, air transport and sustainable alternative aviation fuels;
- **reduce emissions** through low-emission transport and to cover the cost of administering the EU ETS.

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.

Reporting and review 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.

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.

ENTRY INTO FORCE: 29.12.2017.