

Revision of the EU Emissions Trading System for aviation

2021/0207(COD) - 14/07/2021 - Legislative proposal

PURPOSE: to review the EU Emissions Trading Scheme (EU ETS) for aviation emissions in line with the EU's 2030 climate objectives.

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: [Directive 2003/87/EC](#) of the European Parliament and of the Council established a system for greenhouse gas emission allowance trading within the Union, in order to promote reductions of greenhouse gas emissions in a cost-effective and economically efficient manner (EU ETS). Aviation activities were included in the EU emissions trading system by Directive 2008/101/EC of the European Parliament and of the Council.

The European Green Deal launched a new growth strategy for the EU that aims to transform the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy. The '[European Climate Law](#)' has made the EU's climate neutrality target by 2050 legally binding.

The Commission has presented a **complementary and interconnected set of proposals as part of the 2030 Climate and Energy 'Fit for 55' package** to achieve the greenhouse gas emission reduction target of **at least 55% compared to 1990**. This 'Fit for 55' legislative package is the most comprehensive building block in the efforts to implement the ambitious new 2030 climate target, and all economic sectors and policies will need to make their contribution.

Considering current and projected emissions from the aviation sector, and in the context of an enhanced climate ambition of the EU for 2030, the **climate contribution needs to be significantly strengthened**, also with a view to allow for the necessary contribution to the EU climate neutrality by 2050.

CONTENT: under this proposal, the Commission introduces **amendments to the EU Emissions Trading System (EU ETS)** legislation in relation to its application to aviation to ensure that:

- aviation contributes to the 2030 emissions reduction target in accordance with the European Green Deal;
- the EU ETS is amended as appropriate in respect of the ICAO's Carbon Offset and Reduction Scheme for International Aviation; and
- allocation of emission allowances in respect of aviation is revised to increase auctioning.

The proposal makes amendments to Directive 2003/87/EC in order to:

- consolidate the total quantity of allowances for aviation at the level of allocation/auctioning for intra-European flights and departing flights from EEA airports to Switzerland and the UK. The allocation for year 2024 will be based on the total allocation to active aircraft operators in 2023. The total number of

aviation allowances in the ETS will be capped at current levels and be reduced annually by 4.2% (linear reduction factor). The number of free allowances allocated to aircraft operators will be reduced progressively, with the aim of stopping free allocation to aviation by the end of 2026;

- include a time-limited derogation from the EU ETS for emissions from flights between an aerodrome located in an outermost region of a Member State and an aerodrome located in the same Member State;

- allows delegated acts to be adopted to supplement this Directive concerning the detailed arrangements for the auctioning by Member States of aviation allowances should include the modalities for the transfer of a share of revenues to the Union budget;

- delete the provisions on free allocation rules to aircraft operators are no longer needed after the transition to full auctioning;

- allow the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) to apply to emissions from EU-based airlines for flights to and from countries outside the EEA, Switzerland and the UK. When emissions from flights outside the EEA reach levels higher than those in 2019, they will have to be offset by corresponding carbon offsets;

- provide for EU-based airlines to use appropriate international credits for compliance for flights to or from third countries that are applying CORSIA;

- ensure that flights to and from most Least Developed Countries and Small Island Developing States not implementing CORSIA would be exempt from EU ETS or CORSIA obligations without end date for the exemption.

In parallel to these amendments to the EU ETS Directive, a [separate proposal](#) is being made to implement Member State notification to EU-based airlines of zero CORSIA offsetting for the year 2021. The separate proposal relates to CORSIA-related aspects that should be in place by November 2022, for notification of zero additional offsetting to take place by that date.