

# Revision of the EU Emissions Trading System for aviation

2021/0207(COD) - 20/05/2022 - Committee report tabled for plenary, 1st reading/single reading

The Committee on the Environment, Public Health and Food Safety adopted the report by Sunana GLAVAK (EPP, HR) on the proposal for a directive of the European Parliament and of the Council amending Directive 2003/87/EC as regards aviation's contribution to the Union's economy-wide emission reduction target and appropriately implementing a global market-based measure.

The proposal to amend the EU Emissions Trading Scheme (EU ETS) legislation as regards its application to aviation is part of the 'Adjustment to Target 55' package which aims to enable the Union to reduce its net greenhouse gas emissions by at least 55% by 2030 compared to 1990.

The committee recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

Members recalled that **aviation accounts for 2-3% of global CO2 emissions**. In the EU, aviation emissions account for 3.7% of total CO2 emissions. The aviation sector is responsible for 15.7% of transport emissions, excluding non-CO2 emissions.

## ***Inclusion of emissions from flights to non-European Economic Area (EEA) countries***

Members proposed that the EU ETS should apply to **all flights departing from an airport in the EEA** from 30 April of the year after the new rules enter into force. This would contribute to an international level playing field while ensuring a level playing field on routes.

To ensure that emissions are not double-counted, flights from the EEA to third countries operating the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) would be able to deduct the financial value of purchased CORSIA credits from the EU ETS surrender requirements.

## ***Phasing out free allocations by 2025***

Free allowances would be **reduced by 50% in 2024 and phased out by 2025**.

Of the total quantity of allowances for the period 1 January 2024 to 31 December 2029, it is proposed that 20 million be reserved for allocation in the same manner as a contract for difference, covering the price difference between fossil kerosene and sustainable aviation fuels, to aircraft operators that use more sustainable aviation fuels, giving priority to renewable fuels of non-biological origin.

## ***Directing financial resources to the climate transition***

Members proposed that:

- **75%** of the revenues generated by the auctioning of aviation allowances (except those earmarked as own resources in the EU budget) be used to support innovation and new technologies, including the deployment of decarbonisation solutions in the aviation sector through the Climate Investment Fund;
- **15%** of the revenue generated from the auctioning of allowances for emissions from flights leaving the EEA be allocated to the UNFCCC climate funds (in particular the Green Climate Fund and the Adaptation

Fund) to advance international action to mitigate the effects of climate change on the most vulnerable communities.

The report also proposed a number of additional measures to be taken by the Commission:

- the publication of all aircraft operator emissions **data** in a user-friendly format to improve data transparency;
- the publication of a **list of aircraft operators** that are not considered to be applying CORSIA for flights to and from third countries;
- a **monitoring, reporting and verification scheme for non-CO2 emissions** (nitrogen oxides, soot particles, sulphur dioxide, water vapour) and, if appropriate, by 2026, a legislative proposal to extend the scope of the EU ETS to these emissions;
- a **progress report**, by 1 January 2027 and every two years thereafter, on the International Civil Aviation Organisation (ICAO) negotiations to implement the global market-based measure to be applied to emissions from 2021 onwards;
- the submission, by 1 January 2027, of a report on the application of the Directive and its impact on the internal market as regards the aviation sector, including its social impact.