

Revision of the EU Emissions Trading System for aviation

2021/0207(COD) - 08/06/2022 - Text adopted by Parliament, partial vote at 1st reading/single reading

The European Parliament adopted by 479 votes to 130, with 32 abstentions, **amendments** to the proposal 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 matter was referred to the committee responsible for inter-institutional negotiations.

The proposal to amend the EU Emissions Trading Scheme (EU ETS) legislation as regards its application to aviation is part of the 'Fit for 55 in 2030 package', which is the EU's plan to reduce greenhouse gas emissions by at least 55 % by 2030 compared to 1990 levels.

The main amendments adopted in plenary are as follows:

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

In order to ensure ambitious greenhouse gas emission reductions in the aviation sector, in line with the Paris Agreement, and to help create an international level playing field while ensuring a level playing field on routes, Members proposed that the EU ETS should **apply to all flights departing from an airport located in the EEA** as of 30 April of the year following the entry into force of the new rules.

A derogation from the EU ETS should be provided for emissions from flights between an aerodrome located in an outermost region of a Member State and an aerodrome located in another region of the EEA and flights between two aerodromes located within the same outermost region.

In order to ensure that emissions are not double-counted, aircraft operators should be able to deduct the financial value of expenditure on credits they use under the **Carbon Offset and Reduction Scheme for International Aviation** (CORSIA) for flights falling within the scope of the Directive.

Phasing out free allowances by 2025

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 generates 15.7% of transport emissions, excluding non-CO₂ emissions, making it the second largest producer of greenhouse gas emissions after road transport.

Parliament plans to end free allowances to the aviation sector by 2025, two years ahead of the timetable proposed by the Commission. To ensure a gradual phase-out, an **accelerated 50% reduction in free allowances is proposed for 2024**, compared to the Commission's proposal.

Of the total quantity of allowances for the period 1 January 2024 to 31 December 2029, 20 million should be reserved for allocation in the same manner as a contract for difference, **covering the remaining price differential 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.

The Commission should ensure that 70% of these allowances are allocated specifically to the use of synthetic aviation fuels, with priority given to non-biobased renewable fuels.

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.

Framework for monitoring and reporting of non-CO2 emissions from aviation

The Commission should establish a monitoring, reporting and verification system for aviation emissions other than CO₂ (such as water vapour (H₂O), nitrogen oxides (NO_x), sulphur dioxide (SO₂) and soot particles). Based on the results of this scheme, the Commission should, by 31 December 2026, on the basis of an impact assessment, present a **legislative proposal** containing mitigation measures for non-CO₂ emissions, extending the scope of the EU ETS to cover these emissions.

Enforceability of CORSIA

In order to ensure data transparency and improve the enforceability of CORSIA and public access to information on CORSIA, aircraft operators should report in a user-friendly manner their emissions and offsetting in the process of assessing the impact of CORSIA on the global reduction of CO₂ emissions and its role in achieving the goals of the Paris Agreement.

In order to increase transparency, accountability and user-friendly accessibility of information, the Commission should publish a list of aircraft operators that are not considered to be applying CORSIA for flights to and from third countries.

Reporting and review

Parliament called on the Commission to present a progress report, **before 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.

Members also considered that the transition of the aviation sector towards sustainable aviation should **take into account the social dimension of the sector and its competitiveness**, to ensure that this transition is socially just and provides workers with access to training, re-skilling and up-skilling. The Commission should submit a report to the European Parliament and the Council on the application of the Directive and its impact on the internal market as regards the aviation sector, including its social impact.