Reducing the Climate Change Impact of Aviation

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PURPOSE : to outline plans to reduce the impact of aviation on climate change.

CONTENT : this Communication is a basis for discussion with other European institutions and stakeholders on internalising the environmental costs of aviation emissions into the EU Emission Trading Scheme. This is part of a comprehensive approach which includes research into cleaner air transport, better air traffic management and the removal of legal barriers to taxing aircraft fuel. While the aviation sector is confronted with the highest oil and fuel prices in history causing significant economic impacts for the airlines, a number of recent dramatic weather events in Europe and abroad give a reminder of the potentially huge costs associated with the increase in the frequency and severity of such events that climate change is expected to cause. Although the economic context is difficult, the problem of climate change remains urgent and discussions have to be launched now in order to provide timely input for the planned review of the EU Emissions Trading Scheme in June 2006.

This communication outlines a strategy for complementing existing action by implementing a new market-based instrument at EU level. It is underpinned by stakeholder consultations and an impact assessment, which are reported separately.

To date, policies instituted at international, regional and national level to mitigate climate change have not required any substantial contribution from the aviation sector. In view of the likely future growth in air traffic, further policy action is needed to prevent this from leading to continued growth in its climate impact. Having analysed a number of options, the Commission considers that the best way forward, from an economic and environmental point of view, lies in including the climate impact of the aviation sector in the EU emissions trading scheme.

Emissions trading is likely to remain a core part of any future strategy to combat climate change, and the EU ETS will help foster the development of a truly international carbon market capable of tapping the potential for emission reductions across the globe.

To prepare for the necessary decisions to be taken, the Commission:

• **will set up an Aviation Working Group under the European Climate Change Programme**. This group will be assigned the task of considering ways of including aviation in the EU ETS in accordance with the terms of reference annexed to this communication. The results will feed into the ongoing

review of the existing framework for the EU ETSdue to report by 30 June 2006. The Commission will aim to put forward a **legislative proposal by the end of 2006**;

• invites the Council and the European Parliament to consider the policy and design recommendations in this communication, including questions of timing, in preparation for a future legislative decision.

In parallel, **a number of existing policies and actions should continue and be strengthened** as elements of a comprehensive and consistent approach:

• While research aimed at narrowing remaining uncertainty and further improving understanding of the effects of aviation on climate should continue, higher priority must be given to EU **aeronautics research** aimed at actually reducing the negative impacts of air transport on climate change, with this increased emphasis being reflected in the Seventh Framework Programme.

• Timely progress must be made on the processes already begun with the **Single European Sky** to enhance the performance of the European air traffic management system.

• Regarding the application of energy taxation to aviation fuel, the process of removing all legal obstacles from bilateral air service agreements remains essential and will continue.

• **The Commission will take the necessary action**, at both European and international level, **to continue to keep all options for economic instruments open** in the event that complementary measures are required alongside emissions trading to address the full climate impact of aviation.

• The Commission will work with EU Member States within ICAO towards continuous improvements in existing technical design standards, and where appropriate the development of new standards, aimed at limiting aircraft emissions at source.