## Basic information

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|---|---|
| **2005/2249(INI)**<br>INI - Own-initiative procedure | Procedure completed |
| Reducing the Climate Change Impact of Aviation<br>**Subject**<br>3.20.01 Air transport and air freight<br>3.70.02 Atmospheric pollution, motor vehicle pollution<br>3.70.03 Climate policy, climate change, ozone layer | |

## Key players

### European Parliament

| Committee responsible | Rapporteur | Appointed |
|---|---|---|
| ENVI Environment, Public Health and Food Safety | LUCAS Caroline (Verts/ALE) | 11/01/2006 |

| Committee for opinion | Rapporteur for opinion | Appointed |
|---|---|---|
| ECON Economic and Monetary Affairs | The committee decided not to give an opinion. | |
| TRAN Transport and Tourism (Associated committee) | HENNIS-PLASSCHAERT Jeanine (ALDE) | 11/10/2005 |

### European Commission

| Commission DG | Commissioner |
|---|---|
| Environment | |

## Key events

| Date | Event | Reference | Summary |
|---|---|---|---|
| 27/09/2005 | Non-legislative basic document published | COM(2005)0459 | Summary |
| 15/12/2005 | Committee referral announced in Parliament | | |
| 15/12/2005 | Referral to associated committees announced in Parliament | | |
| 30/05/2006 | Vote in committee | | Summary |
| 01/06/2006 | Committee report tabled for plenary | A6-0201/2006 | |
| 03/07/2006 | Debate in Parliament | | |
| 04/07/2006 | Decision by Parliament | T6-0296/2006 | Summary |

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|---|---|---|---|
| 04/07/2006 | Results of vote in Parliament | | |
| 04/07/2006 | End of procedure in Parliament | | |

| Technical information | |
|---|---|
| **Procedure reference** | 2005/2249(INI) |
| **Procedure type** | INI - Own-initiative procedure |
| **Procedure subtype** | Strategic initiative |
| **Legal basis** | Rules of Procedure EP 55 |
| **Stage reached in procedure** | Procedure completed |
| **Committee dossier** | ENVI/6/32454 |

Documentation gateway

**European Parliament**

| Document type | Committee | Reference | Date | Summary |
|---|---|---|---|---|
| Committee draft report | | PE371.946 | 04/04/2006 | |
| Committee opinion | TRAN | PE367.758 | 24/04/2006 | |
| Amendments tabled in committee | | PE374.036 | 04/05/2006 | |
| Committee report tabled for plenary, single reading | | A6-0201/2006 | 01/06/2006 | |
| Text adopted by Parliament, single reading | | T6-0296/2006 | 04/07/2006 | Summary |

**European Commission**

| Document type | Reference | Date | Summary |
|---|---|---|---|
| Non-legislative basic document | COM(2005)0459 | 27/09/2005 | Summary |
| Document attached to the procedure | SEC(2005)1184 | 27/09/2005 | |
| Commission response to text adopted in plenary | SP(2006)3874 | 29/09/2006 | |

# Reducing the Climate Change Impact of Aviation

2005/2249(INI) - 27/09/2005 - Non-legislative basic document

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.

# Reducing the Climate Change Impact of Aviation

2005/2249(INI) - 04/07/2006 - Text adopted by Parliament, single reading

The European Parliament adopted an own-initiative report drafted by Caroline **LUCAS** (Greens/EFA, UK) and, in a report adopted by 439 votes in favour to 74 against and 102 abstentions, proposes the EU take a leadership position in global aviation in order to reduce the climate change impact of aviation. Parliament advocates an aviation scheme as well as its inclusion in the EU Emissions Trading Scheme (ETS) It felt that the EU should show leadership in the fight against climate change.

Parliament stressed that the overall objective of the policy instruments chosen must be to reduce the climate change impact of aviation. The policy instruments must be chosen in such a way as to ensure that the reduction of greenhouse gas emissions was as high as possible while the distortion of competition between Europe based air carriers and carriers from outside the EU is minimised and the unfair competition between the air transport sector and other transport sectors within the EU is reduced.

The introduction of kerosene taxes was endorsed by Parliament. It urged the commission to begin immediately by requiring a tax on all domestic and intra-EU flights (with the possibility to exempt all carriers on routes on which non-EU carriers operate). The Commission should propose arrangements for their worldwide introduction.

Parliament underlined that the tax exemptions on air transport led to very unfair competition between aviation and other transport sectors, and this was particularly a burden for the railway sector, because the railway sector is not only covered by taxes but also by the EU Emissions Trading Scheme (ETS), which significantly raises the cost for this environmentally friendly transport system.

Special attention must be paid to the situation of the most isolated territories which are particularly dependent on air transport services, and especially to insular or outermost regions, where alternative solutions are limited, or do not exist.

Parliament went on to urge the Commission to promote the introduction of bio-fuels for aviation as a contribution to reducing the impact on climate change. With regard to the Seventh Framework Programme, research and development relating to clean engine technologies and alternative fuels must be assigned priority. Parliament pointed out that measures under the Seventh RTD Framework Programme to foster technological innovations in the aerospace sector and the improved air traffic management resulting from the Single Sky legislation are of decisive importance where emission reduction is concerned.

**On inclusion of aviation into the EU ETS**: Parliament recognised that emissions trading had the potential to play a role as part of a comprehensive package of measures to address the climate impact of aviation, provided it was appropriately designed. The environmental effectiveness of any emissions trading scheme would depend on it having sufficiently broad geographical scope; a rigorous cap; full auctioning of initial allocation; the technological level and early actions taken into account in the allocation; and addressing full climate impact.

Parliament proposed the introduction of a separate dedicated scheme for aviation emissions, recognising that, due to the lack of binding commitments for international aviation emissions under the UNFCCC and the Kyoto Protocol, the aviation sector would be unable to actually sell into the ETS. If aviation were to be eventually incorporated into the wider ETS, there should at least be a pilot phase of a separate scheme covering the period 2008-2012. Special conditions should be applied to ensure it does not distort the market to the detriment of less protected sectors: a cap on the number of emission rights it is permitted to buy from the market, and a requirement to make a proportion of the necessary emissions reductions without trading, before being allowed to buy permits.

The Commission was asked to put forward other policy instruments to address the non-CO2 impacts of aviation in parallel to the ETS. Where uncertainties exist over any of these impacts, policy should be based on the precautionary principle.

**On the scope of the aviation scheme**: a scheme for aviation should as a first step cover all flights to and from any EU airport (if possible also intercontinental flights transiting through EU air space), irrespective of the country of origin of the airline concerned. This would ensure a level playing field to operators with different route profiles, avoid distortion of the market in favour of flights to destinations outside the EU, ensure environmental effectiveness, prevent cross-subsidisation and influence aircraft design. Parliament stressed that a worldwide emission trading scheme needs to be introduced as soon as possible. The Commission and the Council were asked to defend this position against possible attacks of third countries in international organisations.

**On initial allocation**: the total initial allocation should be defined in line with the Kyoto commitment target and must therefore not allow for growth in emissions above the base year. The initial allocation amount must be set at EU level, as setting it at Member State level would risk overly generous initial allocations which would distort the market and undermine the environmental effectiveness of the scheme. The allocation method should not punish those companies having already introduced efficient airplanes.

**On the allocation method**: Parliament believed that auctioning was the best option for distribution of allowances, since it reflected the dynamic nature of the sector, with no prejudice against new entrants or against those regions which have yet to develop in this sector. An eventual partial free allocation of permits, whether through grandfathering or benchmarking, should not discriminate against operators who enter the scheme after the initial allocation period. Therefore, special provision would have to be made to accommodate new entrants. Free allocation of grandfathered emissions was the worst option as it punished early action by airlines.