Basic information

2017/0017(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
EU Emissions Trading System (EU ETS): continuing current limitations of scope for aviation activities and preparing to implement a global market-based measure from 2021 Amending Directive 2003/87/EC 2001/0245(COD) **Subject** 3.70.02 Atmospheric pollution, motor vehicle pollution 3.70.03 Climate policy, climate change, ozone layer 3.70.18 International and regional environment protection measures and agreements	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ENVI Environment, Public Health and Food Safety	GIRLING Julie (ECR)	16/03/2017
	Shadow rapporteur LIESE Peter (PPE) DANCE Seb (S&D) GERBRANDY Gerben-Jan (ALDE) KYLLÖNEN Merja (GUE/NGL) EICKHOUT Bas (Verts/ALE) D'ORNANO Mireille (ENF)	

Committee for opinion	Rapporteur for opinion	Appointed
ITRE Industry, Research and Energy	LANGEN Werner (PPE)	16/03/2017
TRAN Transport and Tourism	FOSTER Jacqueline (ECR)	14/03/2017

Council of the European Union

Council configuration	Meetings	Date
Agriculture and Fisheries	3586	2017-12-12

European Commission	**Commission DG**	**Commissioner**
	Climate Action	ARIAS CAÑETE Miguel
European Economic and Social Committee		
European Committee of the Regions		

Key events

Date	Event	Reference	Summary
03/02/2017	Legislative proposal published	COM(2017)0054	Summary
13/02/2017	Committee referral announced in Parliament, 1st reading		
11/07/2017	Vote in committee, 1st reading		
17/07/2017	Committee report tabled for plenary, 1st reading	A8-0258/2017	Summary
11/09/2017	Debate in Parliament		
13/09/2017	Decision by Parliament, 1st reading	T8-0338/2017	Summary
13/09/2017	Matter referred back to the committee responsible for interinstitutional negotiations		
06/11/2017	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	PE613.267 GEDA/A/(2017)010275	
11/12/2017	Debate in Parliament		
12/12/2017	Decision by Parliament, 1st reading	T8-0477/2017	Summary
12/12/2017	Results of vote in Parliament		
12/12/2017	Act adopted by Council after Parliament's 1st reading		
13/12/2017	Final act signed		
13/12/2017	End of procedure in Parliament		
29/12/2017	Final act published in Official Journal		

Technical information

Procedure reference	2017/0017(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Amending Directive 2003/87/EC 2001/0245(COD)
Legal basis	Rules of Procedure EP 61 Treaty on the Functioning of the European Union TFEU 192-p1
Other legal basis	Rules of Procedure EP 165
Mandatory consultation of other institutions	European Economic and Social Committee

	European Committee of the Regions
Stage reached in procedure	Procedure completed
Committee dossier	ENVI/8/09211

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE602.955	08/05/2017	
Amendments tabled in committee		PE606.033	08/06/2017	
Committee opinion	TRAN	PE604.687	20/06/2017	
Committee opinion	ITRE	PE604.549	21/06/2017	
Committee report tabled for plenary, 1st reading/single reading		A8-0258/2017	17/07/2017	Summary
Text adopted by Parliament, partial vote at 1st reading /single reading		T8-0338/2017	13/09/2017	Summary
Text agreed during interinstitutional negotiations		PE613.267	27/10/2017	
Text adopted by Parliament, 1st reading/single reading		T8-0477/2017	12/12/2017	Summary

Council of the EU

Document type	Reference	Date	Summary
Coreper letter confirming interinstitutional agreement	GEDA/A/(2017)010275	27/10/2017	
Draft final act	00055/2017/LEX	13/12/2017	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2017)0054	03/02/2017	Summary
Document attached to the procedure	SWD(2017)0030	03/02/2017	
Document attached to the procedure	SWD(2017)0031	03/02/2017	
Commission response to text adopted in plenary	SP(2018)32	24/01/2018	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	IT_SENATE	COM(2017)0054	10/04/2017	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES1228/2017	31/05/2017	

Additional information		
Source	**Document**	**Date**
European Parliament	Briefing	
European Commission	EUR-Lex	

Final act	
Regulation 2017/2392 OJ L 350 29.12.2017, p. 0007	Summary

EU Emissions Trading System (EU ETS): continuing current limitations of scope for aviation activities and preparing to implement a global market-based measure from 2021

2017/0017(COD) - 13/09/2017 - Text adopted by Parliament, partial vote at 1st reading/single reading

The European Parliament adopted by 601 votes to 69, with 26 abstentions, **amendments** to the proposal for a regulation of the European Parliament and of the Council amending Directive 2003/87/EC to continue current limitations of scope for aviation activities and to prepare to implement a global market-based measure from 2021.

The matter was referred back to the committee responsible for interinstitutional negotiations.

The main amendments adopted in plenary concerned the following:

Quotas for the aviation sector: Parliament called for the international exemption from EU Emissions Trading System (ETS) rules until December 2020, pending the introduction of a worldwide scheme to offset CO2 emissions from air transport.

Members requested that:

- the total quantity of allowances to be allocated to aircraft operators in 2021 shall be **10 % lower** than the average allocation for the period from 1 January 2014 to 31 December 2016, so as to bring the cap for the aviation sector more in line with the other EU ETS sectors by 2030;
- for aviation activities to and from aerodromes located in countries outside the EEA, the quantity of allowances to be allocated from 2021 onwards may be adjusted taking into account the ICAO global market-based measure to be implemented from 2021 to offset international aviation emissions above 2020 levels.

As from 1 January 2021, the number of allowances auctioned shall be 50% (compared with 15% in the Commission proposal). All revenues generated shall be used to **tackle climate change** in the Union and in third countries and for joint projects to **reduce greenhouse gas emissions** in the energy sector, (such as SESAR and Clean Sky). On this point, Members suggested that special attention should be given to those Member States that use those revenues for co-financing research and innovation programmes or initiatives under the Ninth Research Framework Programme (FP9).

Commission reports on the implementation of the ICAO global market mechanism: Parliament called on the Commission to present:

- **by 1 January 2019 at the latest** and regularly thereafter, on ICAO standards and recommended practices (SARPs), ICAO Council approved recommendations relevant to the global market-based measure or other legal instruments;
- **by 1 March 2020** a report on the adequacy of those ICAO instruments and options for those ICAO instruments to be implemented in Union law through a revision of this Directive. The report shall also examine the ambition and overall environmental integrity of the global market-based measure including its general ambition in relation to targets under the Paris Agreement. If necessary, the Commission may propose to amend, delete or replace the derogations, with the aim of reducing any ambiguity in advance of CORSIA becoming operational.

By 1 January 2020, the Commission shall present an **updated analysis of the non-CO2 effects of aviation**, accompanied, if appropriate, by a legislative proposal on how best to address those effects.

Transparency: Members considered that ICAO member states, aircraft operators and civil society continue to be engaged in the ICAO's work to implement the global market-based measure and that the ICAO reaches out to all stakeholders to inform them about progress and decisions in a timely manner. In order to achieve that, they suggested revising the non-disclosure protocols for members and observers of the ICAO Committee on Aviation Environmental Protection (CAEP).

EU Emissions Trading System (EU ETS): continuing current limitations of scope for aviation activities and preparing to implement a global market-based measure from 2021

2017/0017(COD) - 12/12/2017 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 544 votes to 54, with 31 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending Directive 2003/87/EC to continue current limitations of scope for aviation activities and to prepare to implement a global market-based measure from 2021.

The question was referred to the committee responsible for interinstitutional negotiations at the meeting of 13 September 2017.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amended the Commission proposal as follows:

Objective: the Regulation aims to extend the current limitations of scope for aviation activities **until 31 December 2023** and to prepare to implement a global market-based measure from 2021.

Allowances for the aviation sector: **from 1 January 2013, 15% of allowances shall be auctioned**. The Commission shall undertake a study on the ability of the aviation sector to pass on the cost of CO2 to its customers, in relation to the EU ETS and to the global market-based measure developed by the International Civil Aviation Organization ('ICAO').

As regards activity in the period **from 1 January 2017 to 31 December 2023**, Member States shall, before 1 September 2018, publish the number of aviation allowances allocated to each aircraft operator.

Any allocation of allowances for aviation activities to and from aerodromes located in countries **outside the European Economic Area (EEA) after 31 December 2023** shall be subject to a review.

Revenue from the auctioning of allowances: all revenues generated from the auctioning of allowances should be used to **tackle climate change** in the Union and third countries and to fund common projects to reduce greenhouse gas emissions from the aviation sector, such as the Single European Sky ATM Research (SESAR) Joint Undertaking and the Clean Sky Joint Technology Initiatives and any initiatives enabling the widespread use of GNSS for satellite-based navigation.

The proceeds of auctioning may also be used to fund contributions to the **Global Energy Efficiency and Renewable Energy Fund**, and measures to avoid deforestation.

Special consideration shall be given by Member States that use those revenues for co-financing research and innovation to programmes or initiatives under the **Ninth Research Framework Programme**.

The amended text also provides for measures to safeguard against the risk of obligations lapsing for aircraft operators and other operators regulated by a Member State. Therefore, allowances issued by such a Member State should only be useable if the obligations to surrender allowances for emissions are not at risk of lapsing in a way that results in undermining the environmental integrity of the EU ETS.

Reporting and review by the Commission concerning the implementation of the ICAO's global market-based measure:

- **before 1 January 2019 and regularly thereafter**, the Commission shall report on progress in the ICAO negotiations to implement the global market-based measure to be applied to emissions from 2021. It shall also report on efforts to meet the aviation sector's aspirational long-term emissions reduction goal of halving aviation CO2 emissions relative to 2005 levels by 2050;
- **within 12 months of the adoption by the ICAO of the relevant instruments**, and before the global market-based measure becomes operational, the Commission shall present a report in which it shall consider ways for those instruments to be implemented in Union law through a revision of this Directive. The report shall also examine the ambition and overall environmental integrity of the global market-based measure, including its general ambition in relation to targets under the Paris Agreement on climate change.

Before 1 January 2020, the Commission shall present an updated analysis of the non-CO2 effects of aviation, accompanied, where appropriate, by a proposal on how best to address those effects.

EU Emissions Trading System (EU ETS): continuing current limitations of scope for aviation activities and preparing to implement a global market-based measure from 2021

2017/0017(COD) - 13/12/2017 - Final act

PURPOSE: extend the current rules on aviation under the EU Emissions Trading Scheme (ETS).

LEGISLATIVE ACT: Regulation (EU) 2017/2392 of the European Parliament and of the Council amending Directive 2003/87/EC to continue current limitations of scope for aviation activities and to prepare to implement a global market-based measure from 2021.

CONTENT: in order to achieve the objectives of the Paris Agreement on climate change, all sectors will need to contribute. Action should therefore be taken through the International Civil Aviation Organisation ('ICAO') **to reduce emissions from international aviation**.

The ICAO's work on a **market-based measure for international aviation emissions** is one element of the so-called 'basket of measures' for achieving the aspirational goal of carbon neutral growth from 2020.

However, the practical implementation of this measure will require action at the national level by the ICAO Member States. In addition, ICAO needs to develop governance arrangements.

In this context, the purpose of this Regulation amending Directive 2003/87/EC is to **extend the current limitations** of the scope of the EU Emissions Trading Scheme (ETS) for flights from outside the European Economic Area (EEA) **until 31 December 2023** and to prepare to implement a global market-based measure from 2021.

Allowances for the aviation sector: the Regulation provides that **from 1 January 2013, 15 % of allowances shall be auctioned.**

From 1 January 2021 onwards, the number of allowances allocated to aircraft operators will be reduced annually in line with the linear reduction factor applicable to all other sectors in the EU ETS, subject to the review in view of the implementation of the ICAO scheme.

Any allocation of allowances for aviation activities to and from aerodromes located in countries outside the EEA after 31 December 2023 shall be subject to a review.

Revenues generated from the auctioning of allowances: revenues generated from the auctioning of allowances should be used to:

- **tackle climate change** in the Union and third countries, especially developing countries;
- fund **research and development** for mitigation and adaptation, including in the fields of aeronautics, air transport and sustainable alternative aviation fuels;
- **reduce emissions** through low-emission transport and to cover the cost of administering the EU ETS.

The proceeds of auctioning may also be used to fund contributions to the **Global Energy Efficiency and Renewable Energy Fund,** and measures to avoid deforestation.

Reporting and review concerning the implementation of the ICAO's global market-based measure: before 1 January 2019 and regularly thereafter, the Commission shall report on progress in the ICAO negotiations to implement the global market-based measure to be applied to emissions from 2021.

Before the global market-based measure becomes operational, the Commission shall present a report in which it shall consider ways for those instruments to be implemented in Union law.

ENTRY INTO FORCE: 29.12.2017.

EU Emissions Trading System (EU ETS): continuing current limitations of scope for aviation activities and preparing to implement a global market-based measure from 2021

2017/0017(COD) - 17/07/2017 - Committee report tabled for plenary, 1st reading/single reading

The Committee on the Environment, Public Health and Food Safety adopted the report by Julie GIRLING (ECR, UK) on the proposal for a regulation of the European Parliament and of the Council amending Directive 2003/87/EC to continue current limitations of scope for aviation activities and to prepare to implement a global market-based measure from 2021.

The committee recommended that the European Parliament's position adopted at first reading in accordance with the ordinary legislative procedure should amend the Commission proposal as follows.

Quotas for the aviation sector: Members called for the intercontinental **exemption from EU Emissions Trading System (ETS) rules until** December 2020, pending the introduction of a worldwide scheme to offset CO2 emissions from air transport.

They requested that the total quantity of allowances to be allocated to aircraft operators in 2021 shall be **10 % lower** than the average allocation for the period from 1 January 2014 to 31 December 2016, so as to bring the cap for the aviation sector more in line with the other EU ETS sectors by 2030.

For aviation activities to and from aerodromes located in countries outside the EEA, the quantity of allowances to be allocated from 2021 onwards may be adjusted taking into account the ICAO global market-based measure to be implemented from 2021 to offset international aviation emissions above 2020 levels.

From 1 January 2021, 50 % of allowances shall be auctioned and the resulting revenue should be reserved to **finance climate change**. On this issue, Members suggested that special attention should be paid to Member States using revenue from auctioned allowance to co-finance research and innovation programmes or initiatives under the Ninth Research Framework Program (FP9).

As regards activity in the period from 1 January 2017 to 31 December 2020, Member States shall publish the number of aviation allowances allocated to each aircraft operator by 1 September 2018.

Commission report on the implementation of the ICAO global market mechanism: the Commission shall report to the European Parliament and the Council, by **1 January 2019** at the latest and regularly thereafter, on ICAO standards and recommended practices (SARPs), ICAO Council approved recommendations relevant to the global market-based measure or other legal instruments.

By 1 March 2020, the Commission shall report on the adequacy of those ICAO instruments and options for those ICAO instruments to be implemented in Union law through a revision of this Directive. The report shall also examine the ambition and overall environmental integrity of the global market-based measure including its general ambition in relation to targets under the Paris Agreement.

If necessary, the Commission may propose to amend, delete or replace the derogations, with the aim of reducing any ambiguity in advance of CORSIA becoming operational.

Transparency: Members considered that ICAO member states, aircraft operators and civil society continue to be engaged in the ICAO's work to implement the global market-based measure and that the ICAO reaches out to all **stakeholders to inform them about progress and decisions** in a timely manner. In order to achieve that, they suggested revising the non-disclosure protocols for members and observers of the ICAO Committee on Aviation Environmental Protection (CAEP).

EU Emissions Trading System (EU ETS): continuing current limitations of scope for aviation activities and preparing to implement a global market-based measure from 2021

2017/0017(COD) - 03/02/2017 - Legislative proposal

PURPOSE: to amend Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading (EU ETS) within the Community to continue current limitations of scope for aviation activities and to prepare to implement a global market-based measure from 2021.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

BACKGROUND: the **strong growth in greenhouse gas emissions (GHG) from the aviation sector** risks undermining the EU's and global efforts to effectively tackle climate change.

A centrepiece of the 2030 framework is the binding target to **reduce overall EU greenhouse gas emissions by at least 40%** domestically below 1990 levels by 2030.

The Union and its Member States have been endeavouring to advance international agreement to reduce greenhouse gas impacts from aviation since 1997 and they have legislation in place since 2008 to limit the climate change impacts from aviation activities through the EU emissions trading system (EU ETS) that has been operating since 2005.

In order to advance progress at the International Civil Aviation Organization (ICAO), the Union has twice adopted time-bound derogations to Directive 2003/87/EC on the EU ETS so as to **limit compliance obligations to emissions from flights between aerodromes situated in the European Economic Area** (EEA).

In October 2016, ICAO agreed at its 39th Assembly on a Resolution for a **global market-based measure** (GMBM) to address the growth in international aviation emissions globally from 2021 through an offsetting system, aimed at enabling the aspiration goal of stabilising international aviation emissions at 2020 levels.

In the absence of amendment to the existing legislation, the initial scope of the ETS (i.e. including extra EEA flights) would apply again. In view of the agreement on the GMBM at ICAO, the EU support towards its completion and timely operationalisation, and the EU's intended implementation of the GMBM from 2021 onwards, it is deemed necessary to review the EU ETS legislation.

CONTENT: in response to the progress achieved by the 39th ICAO Assembly and to promote further momentum towards the successful implementation of a global market-based measure to address international aviation emissions from 2021, the Commission proposed to amend Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading (EU ETS).

Scope of the application of the EU ETS: it is proposed to extend the current approach to application of the EU ETS as set out in Regulation No. 421 /2014 beyond 2016 until there will be sufficient clarity about the nature and content of the legal instruments adopted by ICAO for the implementation of the global market-based measure to allow the European Commission to carry out further assessments and review the EU ETS for the post-2020 period.

Following the same approach as under Regulation (EU) No 421/2014 for the 2013-2016 period, the application of the EU ETS Directive to flights to and from outermost regions and third countries is derogated from after 2016, while flights between aerodromes in the EEA remain fully covered.

Given that the scope remains as in 2016, the amount of free allocation received by aircraft operators will continue to be the same as in 2016 so, proportional to the intra-EEA activity, and the linear reduction factor applicable to all sectors under the EU ETS Directive will apply but only from 2021 onwards.

Prepare for the implementation of a global market-based measure from 2021: the proposal introduced a new provision that requires the Commission to report to the European Parliament and the Council on international developments of relevance for the implementation of the global market-based measure as well as on the actions taken by third countries to implement the measure. Thereby, the Commission is to consider ways to implement the relevant ICAO instruments in Union law through a revision of the EU ETS Directive. This may be accompanied with legislative proposals as appropriate.

Annex I: Annex I to Directive 2003/87/EC is amended by extending the exemption for non-commercial aircraft operators emitting less than 1 000 tonnes CO2 per annum from 2020 until 2030. The exemption reduced the number of aircraft operators regulated by Member States by around 2200 representing only 0.2% of emissions.

Delegated acts: in order to prepare for the implementation of the global market-based measure, the Commission is empowered to adopt delegated acts to provide for the appropriate monitoring, reporting and verification of emissions applicable to aircraft operators for the purpose of implementing the global market-based measure being elaborated in ICAO.