



January 10th 2017

Dear Vice President Šefčovič, Commissions Bulc and Arias Cañete

International efforts to reduce maritime and aviation emissions fall far short of what is needed to meet Europe's 2030 and Paris commitments. It is therefore imperative that Europe **reduce emissions from the maritime and aviation sectors to sufficiently contribute to the objectives of the Paris Agreement to keep temperature rise to well below 2°C and pursuing efforts to limit it to 1.5°C.**

Europe must include these sectors in its 2030 climate commitments. Industry pressure to choose between action at global and European level is self-serving and a false choice, enabling these fast growing sectors to continue growing their emissions. This is not an option available to any other sector of the European economy.

Aviation:

The International Civil Aviation Organisation's (ICAO) Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) will offset a maximum of only 21% of all international aviation emissions 2021-2035. CORSIA is completely out of step with the temperature goals of the Paris Agreement, purely relies on offsets and does not require or lead to any in-sector reductions. It also does not include comprehensive accounting or offset quality rules, is not legally binding until at least 2027, and the level of compliance with ICAO Standard and Recommended Practices which sets the framework for the CORSIA is also unclear.

An independent study has calculated that, even if the accounting and quality issues of offsets were fully addressed with full compliance, CORSIA would deliver fewer emission reductions than having all flights to and from Europe in the EU ETS (full scope). In addition, ICAO's CO₂ new aircraft standard is too little too late and won't have any impact on reducing emissions. In the EU alone, fuel tax and VAT exemptions to the sector already represent a fossil fuel subsidy exceeding €40 billion per year. Therefore the EU should take the following actions:

- **The EU's Emissions Trading Scheme must go back to full-scope, including all flights to and from Europe from January 1st 2017 on.** This would generate 427 million tonnes of emissions reductions from 2017-2020, equivalent to the first 7 years of voluntary action under the CORSIA and represent significant pre-2020 ambition which is essential to achieving the objectives of the Paris Agreement.

- **After 2020, the full scope of the EU ETS must be maintained**, except in the event that CORSIA raised its target to be in line with the Paris Agreement.
- **Aviation in the ETS must be subject to the same 2030 emissions reduction target as the other ETS sectors.**
- **The aviation sector must not receive any free allowances from 2021 onwards and the auctioning revenues should be earmarked for the Green Climate Fund.**

Shipping:

The International Maritime Organisation (IMO) decided not to agree on a global CO₂ measure for shipping until 2023 at the earliest and the implementation of agreed measure would take many years beyond that date. The IMO recognised the need to tighten the Energy Efficiency Design Index (EEDI - the global CO₂ standard for new ships - but then decided to take no action before 2018. The Commission's 2013 impact assessment showed that, if no action is taken, EU-related ship emissions will rise by 80 million tons up to 2030 – equivalent to Austria's annual emissions. Therefore the EU should take the following actions:

- **All EU-related shipping emissions must be included within the 2030 ETS emissions reduction target. In addition, a Maritime Climate Fund should be established under the ETS Directive to help finance R&D and uptake CO₂ abatement technologies.**
- **Shipping companies should not receive any free allowances and the auctioning revenues should be earmarked for the Maritime Climate Fund.**

Amendments recently adopted by the Parliament's environment committee for the reforms of the ETS are important first steps. They improve aviation's reductions obligations and ensure shipping's inclusion in a reformed EU ETS, with review provisions to take into account any progress at ICAO and IMO. This provides certainty of climate action in these sectors, something ICAO and IMO are unable to provide. We urge you to give your full support to these provisions.

Europe cannot neglect its responsibility to reduce emissions in these sectors by delegating climate action to ICAO and IMO which have failed to act during the last two decades. Effective action, starting with inclusion of these sectors in a reformed ETS, is an essential first step.

Sincerely,

Wendel Trio

Director, CAN Europe

On behalf of CAN Europe, Transport & Environment, WWF Europe, Seas at Risk, Carbon Market Watch and the Aviation Environment Federation