



EU ETS Aviation

DG CLIMA B.3

EU ETS Aviation

- *Aviation global emissions grow sharply.*
- *EU ETS Directive was amended to cover aviation activities in 2008: emissions from all flights to and from EU airports from 2012*
- *Stop the clock Decision in 2013.*
- *Regulation 411/2014 following the 2013 ICAO Assembly:*
 - EU ETS limited to intra EEA flights between 2013-2016
 - Working well and delivering
 - Facilitating constructive discussions in ICAO.
 - Mandate to review the scope in relation to flights to/from third countries following the 39th Assembly (October 2016)



2016 ICAO Assembly - CORSIA

- *Resolution on CORSIA:*
 - Offsetting mechanism aiming at CNG 2020.
 - Route based
 - Phase in approach (voluntary participation until 2027)
 - 20% gap. Review clause.
- *Outstanding work: MRV, registries, quality of offsets, alternative fuels ...*
- *Implementation:*
 - ICAO level (registry, decision on eligible units...)
 - Domestic implementation by States – need to monitor domestic action to implement CORSIA by third countries



Further context: relevant developments in climate policy since 2013

- *Paris Agreement:*
 - Well below 2 degrees target and decarbonisation in the 2nd half of century. All sources of anthropogenic emissions (all sectors) to contribute.
 - Accounting rules and new developments in carbon markets (SDM).
- *EU economy-wide 2030 target: at least 40% domestic reduction (without international credits).*





Impact Assessment

- *2017-2020:*
 - No global measure in place
 - CORSIA rules to be finalized; States should prepare for implementation
- *From 2021:*
 - Expectation to have CORSIA operational
 - Implementation of CORSIA on routes to and from third countries is assumed
 - Intra-EEA flights: different options are possible, from continuing the EU ETS to replacing it by CORSIA (or intermediate options).
- **Conclusion:** *continuation of intra-EEA 2017-2020; need for a new (in depth) analysis once CORSIA finalised.*



IA – Assessment of CORSIA

- *The IA includes a first analysis of CORSIA and its impacts in the EU based on its main features:*
 - Offsetting (international credits)
 - Baseline: CNG 2020 – average 2019/20 emissions
 - Expected participation
 - Legal form: Assembly resolution (not binding). SARPs expected (binding for States – unless differences are filed)
- *Comparison with EU ETS (use of allowances domestic reductions; cap = 95% of average 2004-2006 emissions; legally binding EU law)*
- *Contribution to EU 2030 climate targets (-40% domestic reductions)*

Legal proposal (I)

- *Continuation of intra-EEA scope from 2017 onwards*
- *Intra-EEA ETS continues until the next review: not time-limited*
- *Allocation maintained as in 2016. LRF applies from 2021 (in the absence of review)*
- *Exception for non-commercial operators < 1 000 tonnes CO₂ extended beyond 2020*
- *Entry into force on the day of its publication: urgency in view of 2017 compliance cycle.*



Legal proposal (II)

- *Review:*
 - Commission will report on developments in ICAO (SARPs) and implementation of CORSIA by 3rd countries
 - The report should consider CORSIA implementation through EU ETS legislation and rules for intra-EEA flights emissions
 - The report may be accompanied by a new legal proposal consistent with EU's 2030 climate targets.
- *Empowerment to the Commission to adopt MRV rules for the purpose of the CORSIA implementation*

