


Procedure file

Basic information		
NLE - Non-legislative enactments	2017/0193(NLE)	Procedure completed
EU/Switzerland Agreement: linking of their greenhouse gas emissions trading systems		
Subject 3.70.03 Climate policy, climate change, ozone layer 3.70.18 International and regional environment protection measures and agreements		
Geographical area Switzerland		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ENVI Environment, Public Health and Food Safety		13/09/2017
		PPE FJELLNER Christofer	
		Shadow rapporteur	
		S&D PARGNEAUX Gilles	
	ALDE GERBRANDY Gerben-Jan		
	Committee for opinion	Rapporteur for opinion	Appointed
	AFET Foreign Affairs	The committee decided not to give an opinion.	
	ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	Economic and Financial Affairs ECOFIN	3592	23/01/2018
	Foreign Affairs	3573	10/11/2017
European Commission	Commission DG	Commissioner	
	Climate Action	ARIAS CAÑETE Miguel	

Key events			
16/08/2017	Initial legislative proposal published	COM(2017)0427	Summary
07/11/2017	Legislative proposal published	13076/2017	Summary
28/11/2017	Vote in committee, 1st reading/single reading		
29/11/2017	Committee referral announced in Parliament, 1st reading/single reading		
30/11/2017	Committee report tabled for plenary, 1st reading/single reading	A8-0386/2017	Summary
12/12/2017	Results of vote in Parliament		
12/12/2017	Decision by Parliament, 1st reading/single reading	T8-0483/2017	Summary

23/01/2018	Act adopted by Council after consultation of Parliament		
23/01/2018	End of procedure in Parliament		
16/02/2018	Final act published in Official Journal		

Technical information	
Procedure reference	2017/0193(NLE)
Procedure type	NLE - Non-legislative enactments
Procedure subtype	Consent by Parliament
Legal basis	Treaty on the Functioning of the EU TFEU 192-p1; Treaty on the Functioning of the EU TFEU 218-p6a
Modified legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	ENVI/8/10579

Documentation gateway					
Initial legislative proposal		COM(2017)0427	16/08/2017	EC	Summary
Document attached to the procedure		COM(2017)0428	16/08/2017	EC	
Legislative proposal		13076/2017	07/11/2017	CSL	Summary
Document attached to the procedure		13073/2017	07/11/2017	CSL	
Committee draft report		PE610.799	13/11/2017	EP	
Committee report tabled for plenary, 1st reading/single reading		A8-0386/2017	30/11/2017	EP	Summary
Text adopted by Parliament, 1st reading/single reading		T8-0483/2017	12/12/2017	EP	Summary

Final act
Decision 2018/219 OJ L 043 16.02.2018, p. 0001 Summary

2017/0193(NLE) - 16/08/2017 Initial legislative proposal

PURPOSE: to approve the conclusion, on behalf of the European Union, of an agreement between the European Union and Switzerland on the linking of their greenhouse gas emission trading schemes.

PROPOSED ACT: Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT: Council may adopt the act only if Parliament has given its consent to the act.

BACKGROUND: cap and trade systems are policy tools that cost-effectively reduce greenhouse gas emissions. The European Union has been implementing its Emissions Trading Scheme (ETS-EU) for more than ten years.

The development of a well-functioning international carbon market through bottom-up linking of emissions trading systems is a long term policy goal of the EU and the international community, notably as a means to achieve climate objectives, including under the Paris Agreement.

Linking enhances the cost-efficiency of emissions trading.

The [Directive](#) establishing the EU's Emissions Trading Scheme (EU ETS) allows for the EU ETS to be linked with other emissions trading systems provided they are mandatory, have an absolute cap on emissions and are compatible. In 2010, the Council adopted a Decision authorising the Commission to open negotiations with Switzerland for a link between the EU and the Swiss greenhouse gas emissions trading systems.

Overall, the design of the Swiss ETS is very similar to that of the EU ETS: the same gases and industry sectors are covered, with equal inclusion thresholds; definition of the liable entities at installation level; compatible allocation methodologies; similarity of quantitative and qualitative standards for international credits; same compliance periods (2013-2020).

In addition, like the EU ETS, the Swiss ETS is currently undergoing review for its next period from 2021 to 2030.

CONTENT: the Commission proposes that the Council decide to approve, on behalf of the Union, the agreement between the EU and Switzerland on the linking of their greenhouse gas emission allowance trading schemes.

In concrete terms, the agreement:

- sets out the key objectives and principles for linking the two emission trading schemes and establishes a joint committee, which is the main steering body of the agreement. Once the link between the EU ETS and the Swiss ETS is operational, emission allowances that originate from one system shall be eligible for compliance in the other system;
- provides that the two systems may adopt more stringent provisions than the essential criteria to ensure compliance, and that systems may be subject to legislative developments without the need for substantial re-negotiation provided that the systems continue to meet the essential criteria;
- establishes a process for information-sharing and coordination in areas of relevance to the agreement to ensure its proper implementation;
- specifies that Switzerland will mirror the EU ETS aviation provisions (not yet covered by the EU ETS) in the Swiss ETS before the entry into force of the Agreement;
- establishes a dispute resolution mechanism;
- specifies that allowances not allocated for free must be auctioned in an open, transparent and non-discriminatory manner;
- contains a commitment by the parties to protect sensitive information.

2017/0193(NLE) - 07/11/2017 Legislative proposal

PURPOSE: to approve the conclusion, on behalf of the European Union, of the Agreement between the European Union and the Swiss Confederation on the linking of their greenhouse gas emissions trading systems.

PROPOSED ACT: Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT: Council may adopt the act only if Parliament has given its consent to the act.

BACKGROUND: the development of a well-functioning international carbon market through bottom-up linking of emissions trading systems (ETS) is a long term policy goal of the Union and the international community, notably as a means to achieve the climate objectives, including under the Paris Agreement on climate change.

Cap and trade systems are policy tools that cost-effectively reduce greenhouse gas emissions. Linking cap and trade systems is expected to result in broader carbon pricing, increasing the availability of reduction opportunities and enhancing the cost-efficiency of emissions trading.

The Agreement between the European Union and the Swiss Confederation on the linking of their greenhouse gas emissions trading systems was signed, subject to its conclusion at a later date.

CONTENT: the draft Council decision aims to approve, on behalf of the Union, the Agreement between the European Union and Switzerland on the linking of their greenhouse gas emission allowance trading schemes.

The Agreement sets out the key objectives and principles for linking the two emission trading schemes and establishes a joint committee, which is the main steering body of the agreement. Once the link between the EU ETS and the Swiss ETS is operational, emission allowances that originate from one system shall be eligible for compliance in the other system.

While the Swiss ETS does not yet cover aviation, Switzerland is working on rules extending its ETS to aviation. The instrument of approval of the Union shall only be notified when Switzerland has brought into force the requisite rules extending its ETS to aviation and Annex I, Part B of the Agreement is amended accordingly.

2017/0193(NLE) - 30/11/2017 Committee report tabled for plenary, 1st reading/single reading

The Committee on the Environment, Public Health and Food Safety adopted the report by Christofer FJELLNER (EPP, SE) on the draft Council decision on the conclusion of the Agreement between the European Union and the Swiss Confederation on the linking of their greenhouse gas emissions trading systems.

The committee recommended that Parliament give its consent to the conclusion of the agreement.

As the explanatory statement accompanying the report pointed out, the EU Emissions Trading System (EU ETS) is the cornerstone of Europe's ambitious climate policy. Set up in 2005, it covers industrial manufacturers, electricity producers and air traffic and is the most important tool that EU has to its disposal to reduce greenhouse gas emissions in line with the 2014 European Council objective of cutting at least 40% greenhouse gas emissions to 2030 compared with 1990 levels.

The linking of the EU ETS with the Swiss Emissions Trading System (Swiss ETS) shall enable participants in one system to use units from the linked system for compliance. Thereby the market is expanded and the availability of reduction opportunities increased, which in turn enhances the effectiveness of the emissions trading and reduces cost.

The Swiss ETS is compatible with and has a similar design as the EU ETS. The same gases and industry sectors are covered and the same thresholds for inclusion applies.

Furthermore, the annual decrease in the quantity of allowances in the Swiss ETS is in line with annual decrease in the EU ETS.

The only major difference is that the Swiss ETS does not cover aviation activities, yet. Switzerland is however preparing an inclusion in its ETS of aviation that reflects the EU ETS rules.

Therefore, the linking of the EU ETS with the Swiss ETS is a first and important step to get other emitters to take their share of the responsibility and meet the long term EU policy goal of linking more emissions trading systems to EU, and effectively meet our climate objectives.

2017/0193(NLE) - 12/12/2017 Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 547 votes to 50, with 56 abstentions, a legislative resolution on the draft Council decision on the conclusion of the Agreement between the European Union and the Swiss Confederation on the linking of their greenhouse gas emissions trading systems.

In line with the recommendation made by the Committee on the Environment, Public Health and Food Safety, Parliament gave its consent to the conclusion of the Agreement.

2017/0193(NLE) - 23/01/2018 Final act

PURPOSE: to approve the conclusion, on behalf of the European Union, of the Agreement between the European Union and the Swiss Confederation on the linking of their greenhouse gas emissions trading systems.

NON-LEGISLATIVE ACT: Council Decision (EU) 2018/219 on the conclusion of the Agreement between the European Union and the Swiss Confederation on the linking of their greenhouse gas emissions trading systems.

CONTENT: the Council decided to approve, on behalf of the Union, the Agreement between the European Union and Switzerland on the linking of their greenhouse gas emissions trading systems.

The Agreement was signed on 23 November 2017, subject to its conclusion at a later date.

Linking cap and trade systems is expected to result in broader carbon pricing, increasing the availability of reduction opportunities and enhancing the cost-efficiency of emissions trading.

The development of a well-functioning international carbon market through bottom-up linking of emissions trading systems (ETS) is a long term policy goal of the Union and the international community, notably as a means to achieve the climate objectives, including under the Paris Agreement on climate change.

The instrument of approval of the Union shall only be notified when Switzerland has brought into force the requisite rules extending its ETS to aviation. The Swiss ETS does not yet cover the aviation sector but Switzerland is currently working on rules to extend its ETS to this sector.

ENTRY INTO FORCE: 8.3.2018.