












Procedure file

Basic information	
<p>COD - Ordinary legislative procedure (ex-codecision procedure) Directive</p> <p>2021/0207(COD)</p>	Awaiting Parliament's position in 1st reading
<p>Revision of the EU Emissions Trading System for aviation</p> <p>Amending Directive 2003/87/EC 2001/0245(COD)</p> <p>Subject</p> <p>3.20.01 Air transport and air freight</p> <p>3.20.15.02 Air transport agreements and cooperation</p> <p>3.70.02 Atmospheric pollution, motor vehicle pollution</p> <p>3.70.03 Climate policy, climate change, ozone layer</p> <p>3.70.18 International and regional environment protection measures and agreements</p> <p>Legislative priorities</p> <p>Joint Declaration 2022</p> <p>Joint Declaration 2021</p>	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Environment, Public Health and Food Safety	 GLAVAK Sunčana	17/09/2021
		Shadow rapporteur	
		 BRGLEZ Milan	
		 GAMON Claudia	
		 EICKHOUT Bas	
	 ZALEWSKA Anna		
		 MODIG Silvia	
	Committee for opinion	Rapporteur for opinion	Appointed
	 Transport and Tourism	 OETJEN Jan-Christoph	29/10/2021
	 Industry, Research and Energy	The committee decided not to give an opinion.	
Council of the European Union	Commission DG	Commissioner	
European Commission	Climate Action	TIMMERMANS Frans	
European Economic and Social Committee			
European Committee of the Regions			

Key events			
14/07/2021	Legislative proposal published	COM(2021)0552	Summary
13/09/2021	Committee referral announced in Parliament, 1st reading		
17/05/2022	Vote in committee, 1st reading		
20/05/2022	Committee report tabled for plenary, 1st reading	A9-0155/2022	Summary
07/06/2022	Debate in Parliament		
08/06/2022	Decision by Parliament, 1st reading	T9-0230/2022	Summary
08/06/2022	Matter referred back to the committee responsible		

Technical information	
Procedure reference	2021/0207(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Directive
	Amending Directive 2003/87/EC 2001/0245(COD)
Legal basis	Treaty on the Functioning of the EU TFEU 192-p1
Mandatory consultation of other institutions	European Economic and Social Committee European Committee of the Regions
Stage reached in procedure	Awaiting Parliament's position in 1st reading
Committee dossier	ENVI/9/06896

Documentation gateway					
Legislative proposal		COM(2021)0552	14/07/2021	EC	Summary
Document attached to the procedure		SEC(2021)0552	15/07/2021	EC	
Document attached to the procedure		SWD(2021)0555	15/07/2021	EC	
Document attached to the procedure		SWD(2021)0603	15/07/2021	EC	
Document attached to the procedure		SWD(2021)0604	15/07/2021	EC	
Economic and Social Committee: opinion, report		CES4708/2021	08/12/2021	ESC	
Reasoned opinion	IE_SENATE	PE700.506	13/12/2021	NP	
Committee draft report		PE703.137	17/01/2022	EP	
Amendments tabled in committee		PE719.687	22/02/2022	EP	
Amendments tabled in committee		PE719.690	22/02/2022	EP	
Committee opinion	TRAN	PE704.639	28/04/2022	EP	
Committee of the Regions: opinion		CDR4546/2021	28/04/2022	CofR	
Committee report tabled for plenary,		A9-0155/2022	20/05/2022	EP	Summary

1st reading/single reading					
Text adopted by Parliament, partial vote at 1st reading/single reading		T9-0230/2022	08/06/2022	EP	Summary

Additional information

Research document	Briefing	03/06/2022
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Revision of the EU Emissions Trading System for aviation

PURPOSE: to review the EU Emissions Trading Scheme (EU ETS) for aviation emissions in line with the EU's 2030 climate objectives.

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

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: [Directive 2003/87/EC](#) of the European Parliament and of the Council established a system for greenhouse gas emission allowance trading within the Union, in order to promote reductions of greenhouse gas emissions in a cost-effective and economically efficient manner (EU ETS). Aviation activities were included in the EU emissions trading system by Directive 2008/101/EC of the European Parliament and of the Council.

The European Green Deal launched a new growth strategy for the EU that aims to transform the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy. The [European Climate Law](#) has made the EU's climate neutrality target by 2050 legally binding.

The Commission has presented a complementary and interconnected set of proposals as part of the 2030 Climate and Energy Fit for 55 package to achieve the greenhouse gas emission reduction target of at least 55% compared to 1990. This Fit for 55 legislative package is the most comprehensive building block in the efforts to implement the ambitious new 2030 climate target, and all economic sectors and policies will need to make their contribution.

Considering current and projected emissions from the aviation sector, and in the context of an enhanced climate ambition of the EU for 2030, the climate contribution needs to be significantly strengthened, also with a view to allow for the necessary contribution to the EU climate neutrality by 2050.

CONTENT: under this proposal, the Commission introduces amendments to the EU Emissions Trading System (EU ETS) legislation in relation to its application to aviation to ensure that:

- aviation contributes to the 2030 emissions reduction target in accordance with the European Green Deal;
- the EU ETS is amended as appropriate in respect of the ICAOs Carbon Offset and Reduction Scheme for International Aviation; and
- allocation of emission allowances in respect of aviation is revised to increase auctioning.

The proposal makes amendments to Directive 2003/87/EC in order to:

- consolidate the total quantity of allowances for aviation at the level of allocation/auctioning for intra-European flights and departing flights from EEA airports to Switzerland and the UK. The allocation for year 2024 will be based on the total allocation to active aircraft operators in 2023. The total number of aviation allowances in the ETS will be capped at current levels and be reduced annually by 4.2% (linear reduction factor). The number of free allowances allocated to aircraft operators will be reduced progressively, with the aim of stopping free allocation to aviation by the end of 2026;
- include a time-limited derogation from the EU ETS for emissions from flights between an aerodrome located in an outermost region of a Member State and an aerodrome located in the same Member State;
- allows delegated acts to be adopted to supplement this Directive concerning the detailed arrangements for the auctioning by Member States of aviation allowances should include the modalities for the transfer of a share of revenues to the Union budget;
- delete the provisions on free allocation rules to aircraft operators are no longer needed after the transition to full auctioning;
- allow the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) to apply to emissions from EU-based airlines for flights to and from countries outside the EEA, Switzerland and the UK. When emissions from flights outside the EEA reach levels higher than those in 2019, they will have to be offset by corresponding carbon offsets;
- provide for EU-based airlines to use appropriate international credits for compliance for flights to or from third countries that are applying CORSIA;
- ensure that flights to and from most Least Developed Countries and Small Island Developing States not implementing CORSIA would be exempt from EU ETS or CORSIA obligations without end date for the exemption.

In parallel to these amendments to the EU ETS Directive, a [separate proposal](#) is being made to implement Member State notification to EU-based airlines of zero CORSIA offsetting for the year 2021. The separate proposal relates to CORSIA-related aspects that should be in place by November 2022, for notification of zero additional offsetting to take place by that date.

Revision of the EU Emissions Trading System for aviation

The Committee on the Environment, Public Health and Food Safety adopted the report by Sun?ana GLAVAK (EPP, HR) on the proposal for a directive of the European Parliament and of the Council amending Directive 2003/87/EC as regards aviation's contribution to the Union's economy-wide emission reduction target and appropriately implementing a global market-based measure.

The proposal to amend the EU Emissions Trading Scheme (EU ETS) legislation as regards its application to aviation is part of the 'Adjustment to Target 55' package which aims to enable the Union to reduce its net greenhouse gas emissions by at least 55% by 2030 compared to 1990.

The committee recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

Members recalled that aviation accounts for 2-3% of global CO₂ emissions. In the EU, aviation emissions account for 3.7% of total CO₂ emissions. The aviation sector is responsible for 15.7% of transport emissions, excluding non-CO₂ emissions.

Inclusion of emissions from flights to non-European Economic Area (EEA) countries

Members proposed that the EU ETS should apply to all flights departing from an airport in the EEA from 30 April of the year after the new rules enter into force. This would contribute to an international level playing field while ensuring a level playing field on routes.

To ensure that emissions are not double-counted, flights from the EEA to third countries operating the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) would be able to deduct the financial value of purchased CORSIA credits from the EU ETS surrender requirements.

Phasing out free allocations by 2025

Free allowances would be reduced by 50% in 2024 and phased out by 2025.

Of the total quantity of allowances for the period 1 January 2024 to 31 December 2029, it is proposed that 20 million be reserved for allocation in the same manner as a contract for difference, covering the price difference between fossil kerosene and sustainable aviation fuels, to aircraft operators that use more sustainable aviation fuels, giving priority to renewable fuels of non-biological origin.

Directing financial resources to the climate transition

Members proposed that:

- 75% of the revenues generated by the auctioning of aviation allowances (except those earmarked as own resources in the EU budget) be used to support innovation and new technologies, including the deployment of decarbonisation solutions in the aviation sector through the Climate Investment Fund;

- 15% of the revenue generated from the auctioning of allowances for emissions from flights leaving the EEA be allocated to the UNFCCC climate funds (in particular the Green Climate Fund and the Adaptation Fund) to advance international action to mitigate the effects of climate change on the most vulnerable communities.

The report also proposed a number of additional measures to be taken by the Commission:

- the publication of all aircraft operator emissions data in a user-friendly format to improve data transparency;

- the publication of a list of aircraft operators that are not considered to be applying CORSIA for flights to and from third countries;

- a monitoring, reporting and verification scheme for non-CO₂ emissions (nitrogen oxides, soot particles, sulphur dioxide, water vapour) and, if appropriate, by 2026, a legislative proposal to extend the scope of the EU ETS to these emissions;

- a progress report, by 1 January 2027 and every two years thereafter, on the International Civil Aviation Organisation (ICAO) negotiations to implement the global market-based measure to be applied to emissions from 2021 onwards;

- the submission, by 1 January 2027, of a report on the application of the Directive and its impact on the internal market as regards the aviation sector, including its social impact.

Revision of the EU Emissions Trading System for aviation

The European Parliament adopted by 479 votes to 130, with 32 abstentions, amendments to the proposal on the proposal for a directive of the European Parliament and of the Council amending Directive 2003/87/EC as regards aviation's contribution to the Union's economy-wide emission reduction target and appropriately implementing a global market-based measure.

The matter was referred to the committee responsible for inter-institutional negotiations.

The proposal to amend the EU Emissions Trading Scheme (EU ETS) legislation as regards its application to aviation is part of the Fit for 55 in 2030 package, which is the EU's plan to reduce greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels.

The main amendments adopted in plenary are as follows:

Inclusion of emissions from flights to non-European Economic Area (EEA) countries

In order to ensure ambitious greenhouse gas emission reductions in the aviation sector, in line with the Paris Agreement, and to help create an international level playing field while ensuring a level playing field on routes, Members proposed that the EU ETS should apply to all flights departing from an airport located in the EEA as of 30 April of the year following the entry into force of the new rules.

A derogation from the EU ETS should be provided for emissions from flights between an aerodrome located in an outermost region of a Member State and an aerodrome located in another region of the EEA and flights between two aerodromes located within the same outermost region.

In order to ensure that emissions are not double-counted, aircraft operators should be able to deduct the financial value of expenditure on credits they use under the Carbon Offset and Reduction Scheme for International Aviation (CORSIA) for flights falling within the scope of the

Directive.

Phasing out free allowances by 2025

Aviation accounts for 2-3% of global CO2 emissions. In the EU, aviation emissions account for 3.7% of total CO2 emissions. The aviation sector generates 15.7% of transport emissions, excluding non-CO2 emissions, making it the second largest producer of greenhouse gas emissions after road transport.

Parliament plans to end free allowances to the aviation sector by 2025, two years ahead of the timetable proposed by the Commission. To ensure a gradual phase-out, an accelerated 50% reduction in free allowances is proposed for 2024, compared to the Commission's proposal.

Of the total quantity of allowances for the period 1 January 2024 to 31 December 2029, 20 million should be reserved for allocation in the same manner as a contract for difference, covering the remaining price differential between fossil kerosene and sustainable aviation fuels, to aircraft operators that use more sustainable aviation fuels, giving priority to renewable fuels of non-biological origin.

The Commission should ensure that 70% of these allowances are allocated specifically to the use of synthetic aviation fuels, with priority given to non-biobased renewable fuels.

Directing financial resources to the climate transition

Members proposed that:

- 75% of the revenues generated by the auctioning of aviation allowances (except those earmarked as own resources in the EU budget) be used to support innovation and new technologies, including the deployment of decarbonisation solutions in the aviation sector through the Climate Investment Fund;

- 15% of the revenue generated from the auctioning of allowances for emissions from flights leaving the EEA be allocated to the UNFCCC climate funds (in particular the Green Climate Fund and the Adaptation Fund) to advance international action to mitigate the effects of climate change on the most vulnerable communities.

Framework for monitoring and reporting of non-CO2 emissions from aviation

The Commission should establish a monitoring, reporting and verification system for aviation emissions other than CO2 (such as water vapour (H2O), nitrogen oxides (NOx), sulphur dioxide (SO2) and soot particles). Based on the results of this scheme, the Commission should, by 31 December 2026, on the basis of an impact assessment, present a legislative proposal containing mitigation measures for non-CO2 emissions, extending the scope of the EU ETS to cover these emissions.

Enforceability of CORSIA

In order to ensure data transparency and improve the enforceability of CORSIA and public access to information on CORSIA, aircraft operators should report in a user-friendly manner their emissions and offsetting in the process of assessing the impact of CORSIA on the global reduction of CO2 emissions and its role in achieving the goals of the Paris Agreement.

In order to increase transparency, accountability and user-friendly accessibility of information, the Commission should publish a list of aircraft operators that are not considered to be applying CORSIA for flights to and from third countries.

Reporting and review

Parliament called on the Commission to present a progress report, before 1 January 2027 and every two years thereafter, on the International Civil Aviation Organisation (ICAO) negotiations to implement the global market-based measure to be applied to emissions from 2021.

Members also considered that the transition of the aviation sector towards sustainable aviation should take into account the social dimension of the sector and its competitiveness, to ensure that this transition is socially just and provides workers with access to training, re-skilling and up-skilling. The Commission should submit a report to the European Parliament and the Council on the application of the Directive and its impact on the internal market as regards the aviation sector, including its social impact.

Transparency					
GAMON Claudia	Shadow rapporteur	ENVI	01/03/2022	Transport and Environment (European Federation for Transport and Environment)	
BRGLEZ Milan	Shadow rapporteur	ENVI	20/04/2022	Airlines for Europe (A4E)	
BRGLEZ Milan	Shadow rapporteur	ENVI	01/06/2022	Ryanair Holdings	