

## Greenhouse gas emission allowance trading within the Community: inclusion of aviation activities in the scheme

2006/0304(COD) - 19/11/2008 - Final act

**PURPOSE:** to address the growing climate change impact attributable to aviation by including aviation in the Community emissions trading scheme.

**LEGISLATIVE ACT:** Directive 2008/101/EC of the European Parliament and of the Council amending Directive 2003/87/EC so as to include aviation activities in the scheme for greenhouse gas emission allowance trading within the Community.

**CONTENT:** the aim of this Directive is to include aviation in the scheme for greenhouse gas emission allowance trading within the Community. In adopting this directive, the Council accepted almost all amendments that the European Parliament voted in second reading.

The EU greenhouse gas emission allowance trading system (ETS) works by allocating to operators a number of allowances, each giving them a right to emit 1 tonne of carbon dioxide per year. The total number of permits sets a limit on the overall emissions from participants in the scheme. Operators must redeem allowances commensurate to the volume of their emissions and can trade permits so that emissions reductions can be made where they are most cost-effective.

**Date of commencement and scope of the scheme:** as from 1 January 2012, all flights arriving at or departing from an EU airport will be included in the scheme. Operators from all states providing such flights will therefore be included, regardless of whether they are based in the EU. In this context, the EU considers that the new directive is only a first step towards its final goal of a global sectoral agreement concerning the reduction of greenhouse gas emissions from aviation. The new legislation also contains provisions that allow for its adjustment in case third countries adopt similar measures to reduce greenhouse gas emissions from their aviation sectors.

**Emissions cap and allocation of allowances to aircraft operators:** in 2012, overall emissions from the aviation sector will be equivalent to 97% of the sector's historical emissions, i.e. the annual average emissions in the years 2004-2006. From 2013 onwards, the annual cap will be reduced to 95% of these emissions.

85% of the allowances will be allocated free of charge, based on a simple benchmark. The remaining 15% will be auctioned.

These percentages could be modified if different decisions are taken as part of the general review of the EU ETS.

By 2 August 2009, the Commission must decide on the historical aviation emissions, based on best available data, including estimates based on actual traffic information.

**Special reserve for new entrants or fast-growing aircraft operators:** the Directive creates a special reserve for new entrants or fast-growing aircraft operators (i.e. those that can demonstrate a growth rate of more than 18% annually) ? a feature that was introduced by the Council. Accordingly, 3% of overall allowances will be set aside for eligible aircraft operators on the basis of a benchmark. This provision ensures that new aircraft operators or those in Member States with initially very low but increasing mobility rates are not penalised by the scheme. In order to avoid market distortions, distribution of permits under this special reserve is a one-off and must not be greater than the annual allocation per tonne-kilometre to aircraft operators under the main allocation.

**Use of auctioning revenues:** each Member State will determine the use to be made of its revenues from the auctioning of allowances. These proceeds should be used to tackle climate change in the EU and in third countries as well as for the research in the field of low-emissions transport, particularly in aeronautics and aviation. Member States must report about the use of their revenues to the Commission.

**Exemptions:** the directive excludes from the system flights related to search and rescue, fire-fighting, humanitarian aid, emergency medical services and checking aircraft as well as flights performed under public service obligations (police, customs and military).

In addition, operators with very low traffic levels will also be excluded from the scheme in order to avoid disproportionate administrative costs. This provision is aimed, inter alia at operators from developing countries.

**Compliance:** the new measures provide the possibility, as a last resort, of imposing an operating ban at Community level on an aircraft operator that persistently fails to comply with the requirements of the Directive, if this is requested by a Member State.

**ENTRY INTO FORCE:** 02/02/2009.

**TRANSPOSITION:** 02/02/2010.