Including Aviation in the European Emissions Trading Scheme (EU ETS)

Mr. Niels Ladefoged
Policy Officer – European Commission
Overview

Background
- General EU climate change policy
- Aviation & climate change
  - International context
  - EU context
  - Commission strategy

Proposal to include aviation in the EU ETS
- Key design features
- Next steps
- EU position in ICAO

Bonn, SBSTA, 11 May 2007
Objective: limit temperature increases to max 2°C:

To achieve this GHG emissions reductions are needed:

- **Developed countries & EU**: -30% by 2020 (over 1990)
- **Developing countries**: Reduced emissions growth *asap*, absolute reductions after 2020
- **Deforestation**: halt within two decades, then reverse

EU Leadership:

- Firm independent commitment to achieve at least 20% reductions by 2020 (over 1990)
International context (1)

- International aviation emissions not included in the targets of the Kyoto Protocol (KP)

- KP requires Annex I Parties to pursue limitation or reduction of [GHG emissions of from aviation], working through the International Civil Aviation Organization..."
ICAO discussions on market-based measures since 1991 and emissions trading since 1998

2001 ICAO Assembly
- endorsed the development of open emissions trading for international aviation;
- requested ICAO Council to develop guidelines as a matter of priority
2004 ICAO Assembly
- decided not to work towards a new global legal instrument under ICAO
- endorsed the concept of open emissions trading for international aviation through:
  - voluntary emissions trading
  - the incorporation of international aviation into States’ existing emissions trading schemes
EU context

- Rapid growth in aviation emissions
- Strong public pressure to act
- Repeated calls for Commission to make proposals
- Individual MS considering a variety of actions
Commission strategy 2005

- Comprehensive approach proposed
  - R&D: more focus on "greening" air transport
  - infrastructure: better air traffic management
  - design standards: continued work in ICAO

- But further action needed: including aviation in the EU ETS would be most
  - cost-efficient
  - environmentally effective
  - in line with ICAO policies
Proposal (1)

- Legislative proposal
  - Presented in December 2006
  - Still to be adopted by legislative institutions

- Open scheme
  - Full trading with other sectors
  - JI and CDM credits can be used

- Administration
  - Aircraft operator will be responsible entity
  - Each operator administered by one Member State only
Proposal (2)

- **Environmental objective**
  - Stabilise emissions by cap at 2004-2006 levels

- **Distribution of allowances**
  - Mainly benchmarking: CO2/tonne-kilometre
  - Auctioning as in other sectors (average)
  - proceeds to be spent on administration and on climate change mitigation and adaptation (e.g. in developing countries)
Proposal (3)

Scope:

- 2011: intra-EU
  2012: flights to/from EU

- arriving flights excluded if 3rd country takes equivalent measures

- certain flights & small aircraft excluded

- CO$_2$ emissions only

Bonn, SBSTA, 11 May 2007
Next steps

Proposal is **first step, not final outcome**
- EU Parliament 1st reading expected Nov.’07
- EU Council 1st reading by end of 2007?
- 2nd readings in 2008-9?

➢ **Time to consider views from other parties**

➢ **EU position that int. aviation should be addressed in post-2012 climate regime**
“Mutual consent” approach unacceptable
- bilateral, not global
- forces States to discriminate against own carriers – or to negotiate endless no. of agreements
- leads to fragmented approach - or no action at all
- it contravenes fundamental ICAO principle about non-discrimination enshrined in Chicago Convention
- distinction based on nationality of carriers or aircraft is “invitation” to circumvention (flag of convenience,...)
Further information

http://ec.europa.eu/environment/climat/aviation_en.htm

Bonn, SBSTA, 11 May 2007