



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

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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



EU Climate Objectives

- 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...”



International context (2)

- **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**



International context (3)

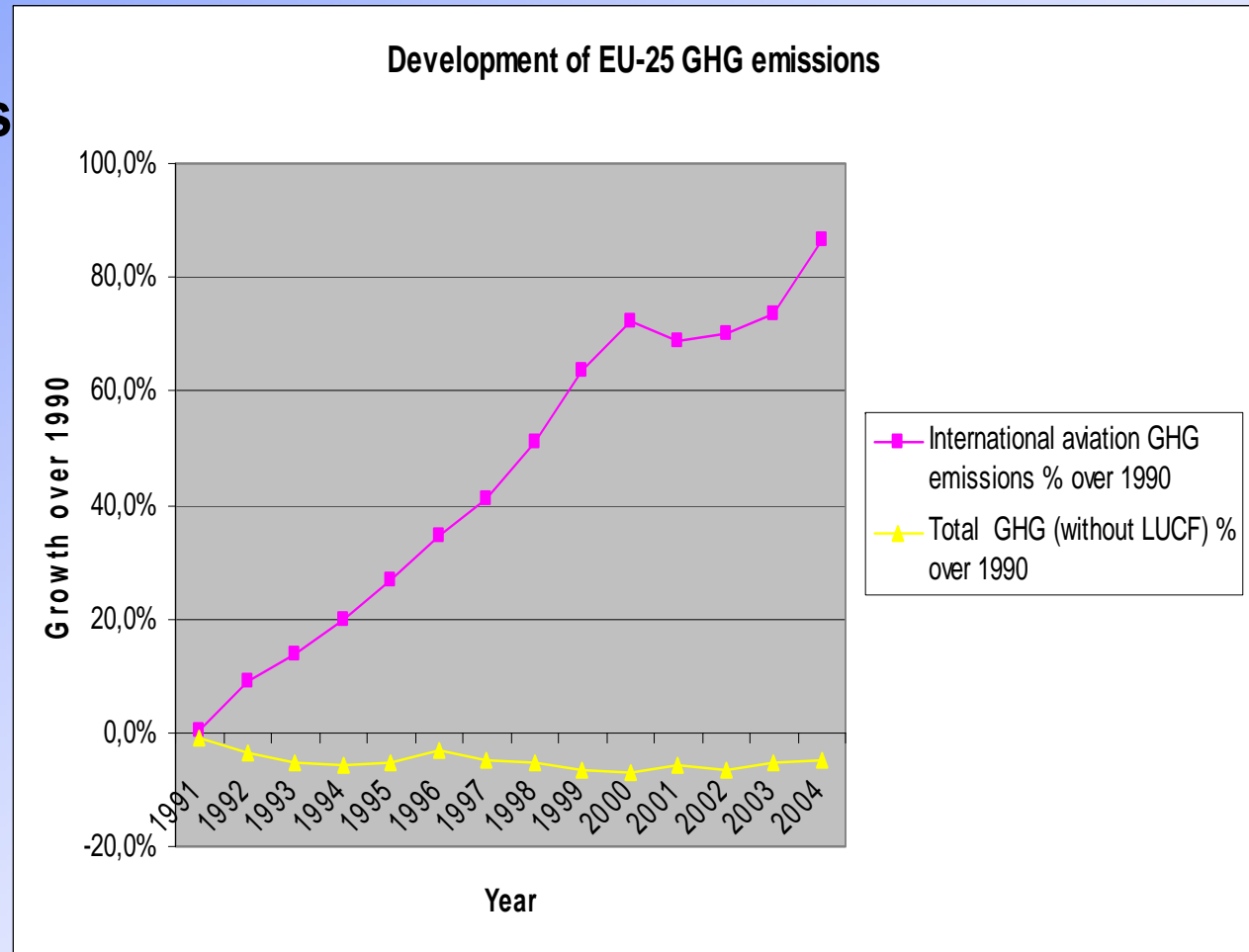
➤ 2004 ICAO Assembly

- 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**
- **Jl and CDM credits can be used**

➤ **Administration**

- **Aircraft operator will be responsible entity**
- **Each operator administered by one Member State only**



Proposal (2)

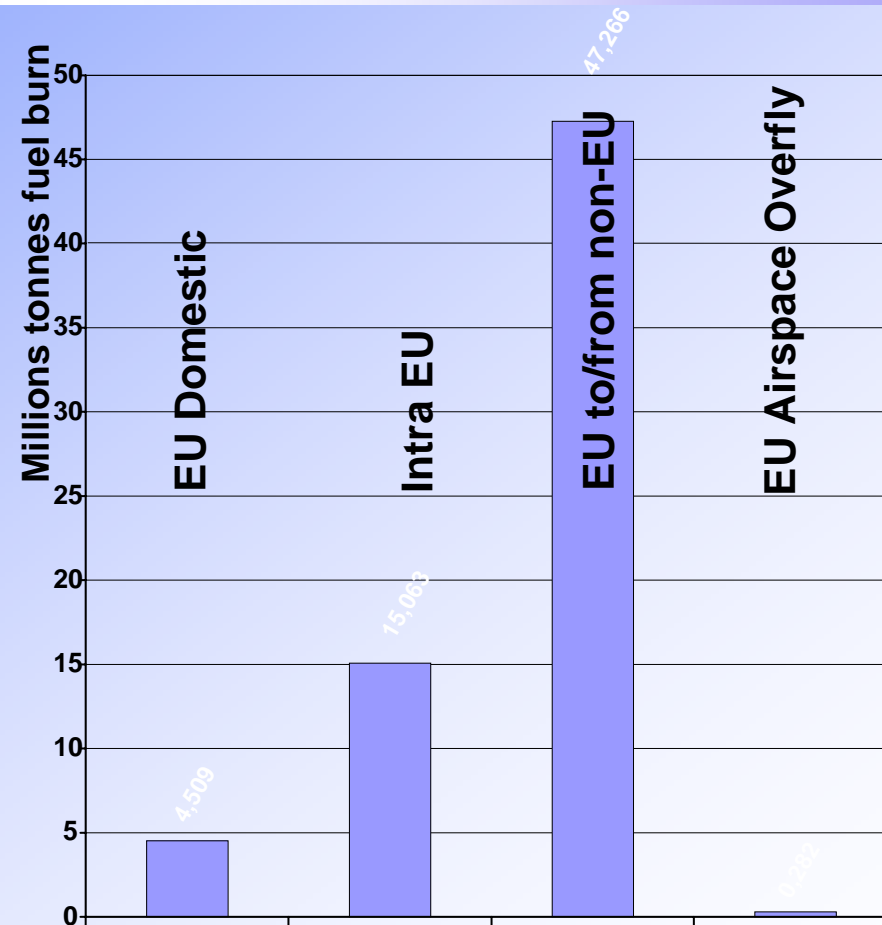
- **Environmental objective**
 - Stabilise emissions by cap at 2004-2006 levels
- **Distribution of allowances**
 - Mainly benchmarking: CO₂/tonne-kilometre
 - Auctioning as in other sectors (average)
 - proceeds to be spent on administration and on climate change mitigation and adaptation (e.g. in developing 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
- CO₂ emissions only





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



EU position in ICAO

- **“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