



European Policy on CO2 Emissions

- the Case of Emissions Trading Scheme in the Airline Industry**



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Overview

Background

- General EU climate change policy
- Aviation & climate change

International context prior to proposal was made

EU context

Commission strategy

Legislation to include aviation in the EU ETS

- Key design features

State of play – lessons to be learned?

EU Climate Objectives

Objective: limit temperature increases to max 2°C:

To achieve this GHG emissions reductions are needed:

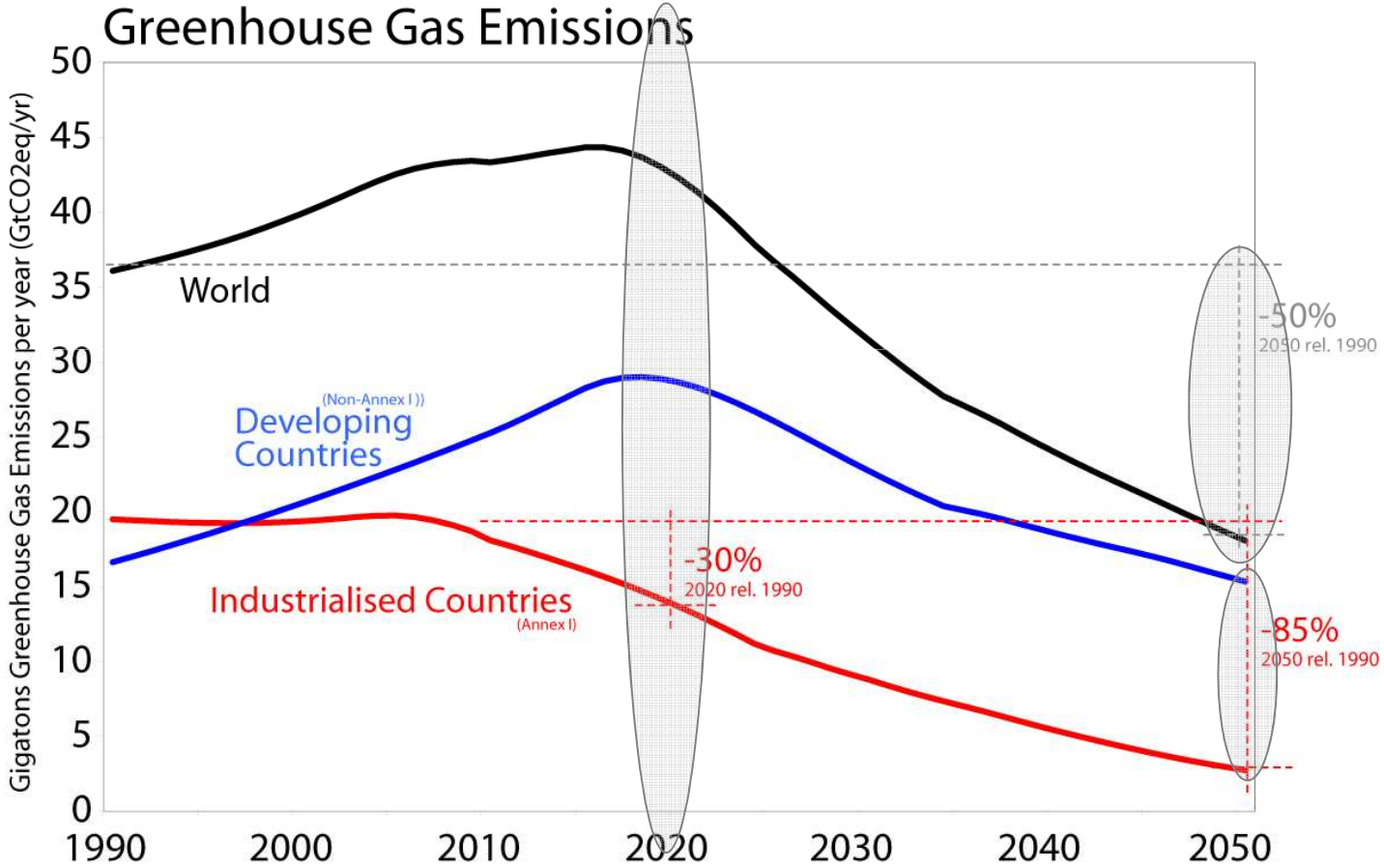
- Developed countries & EU: ca. -30% by 2020 (over 1990)
- Developing countries: Reduced emissions growth *asap*, absolute reductions after 2020
- Deforestation: halt within two decades, then reverse

EU Leadership:

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

Longer term: -80%-95% by 2050

Meeting this objective requires significant reductions in emissions



**Global -50%
below 1990
by 2050**

**Developed
countries
80-95% below
1990 by 2050**

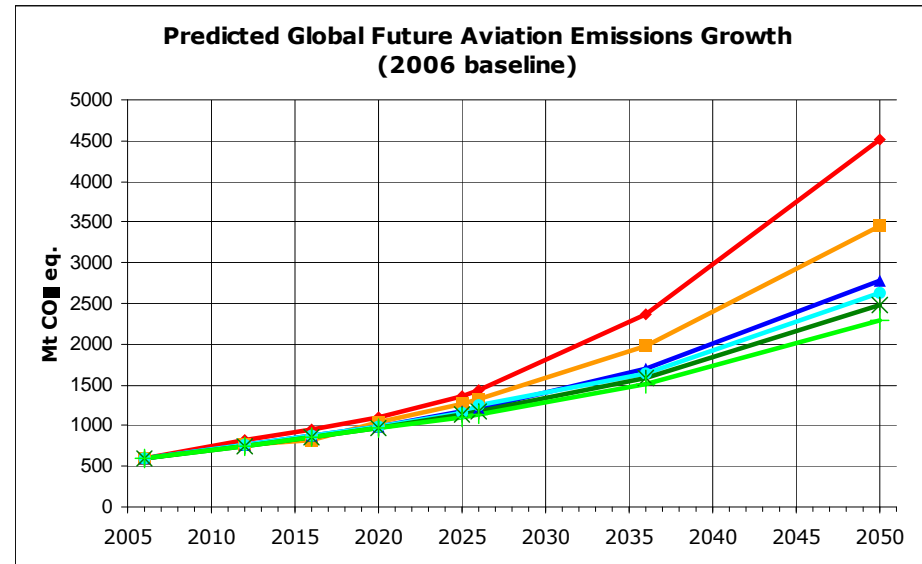
**Global peak for all
emissions by 2020**



European
Commission

International context (1)

ICAO forecasts significant further emissions growth through to 2050



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

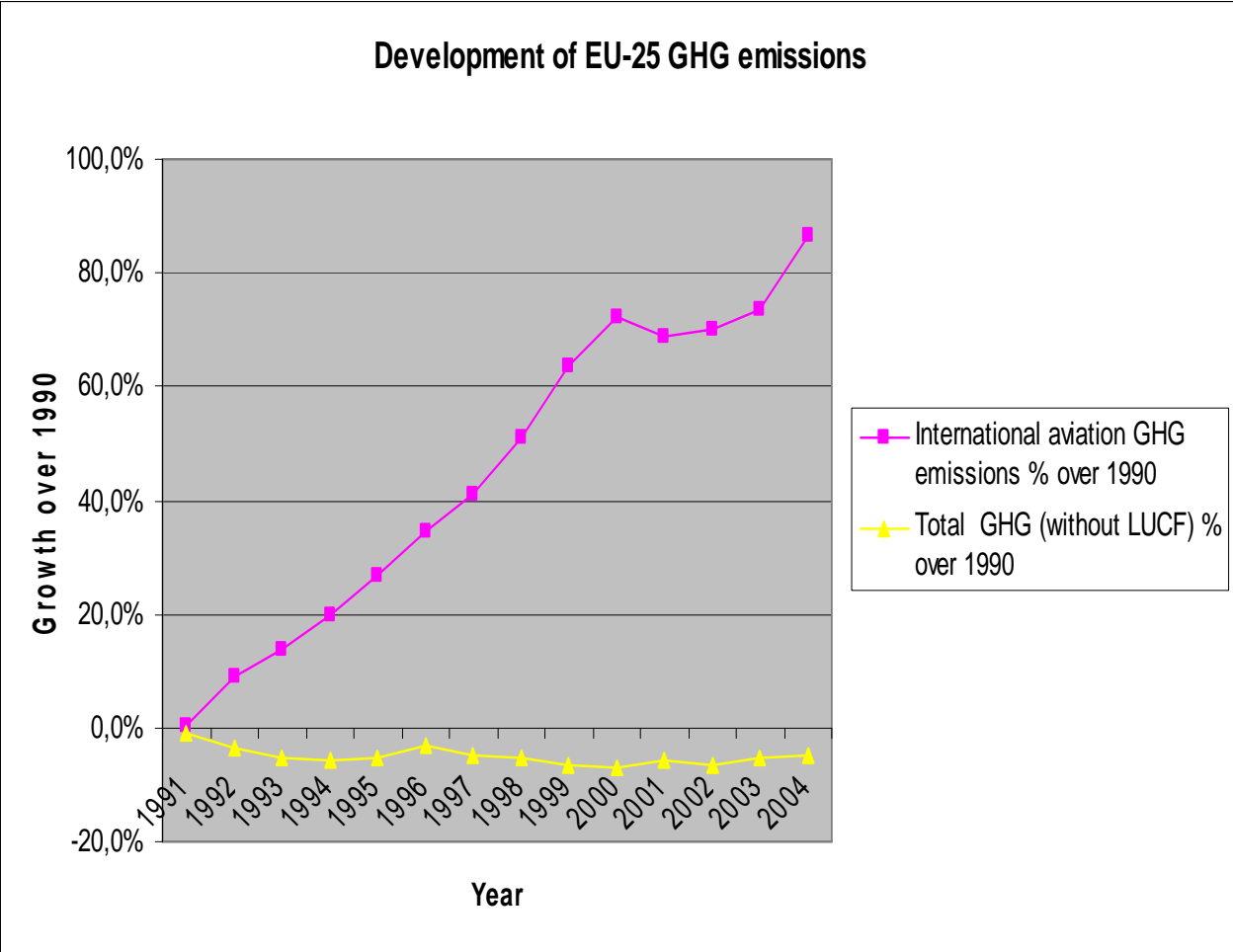
EU context

Rapid growth in aviation emissions

Strong public pressure to act

Repeated calls for Commission to make proposals

Individual MS were considering a variety of actions



Commission strategy

Comprehensive approach adopted in 2005

- **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 found to be most*

- **cost-efficient**
- **environmentally effective**
- **in line with ICAO policies**

Legislation (1)

Legislative proposal

- **Presented in December 2006**
- **Adopted in 2008 in co-decision.**

Open scheme

- **Trading with other sectors**
- **JI and CDM credits can be used to certain extent**

Administration

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

Legislation (2)

Environmental objective

- **Stabilise emissions by cap at slightly below 2004-2006 levels**

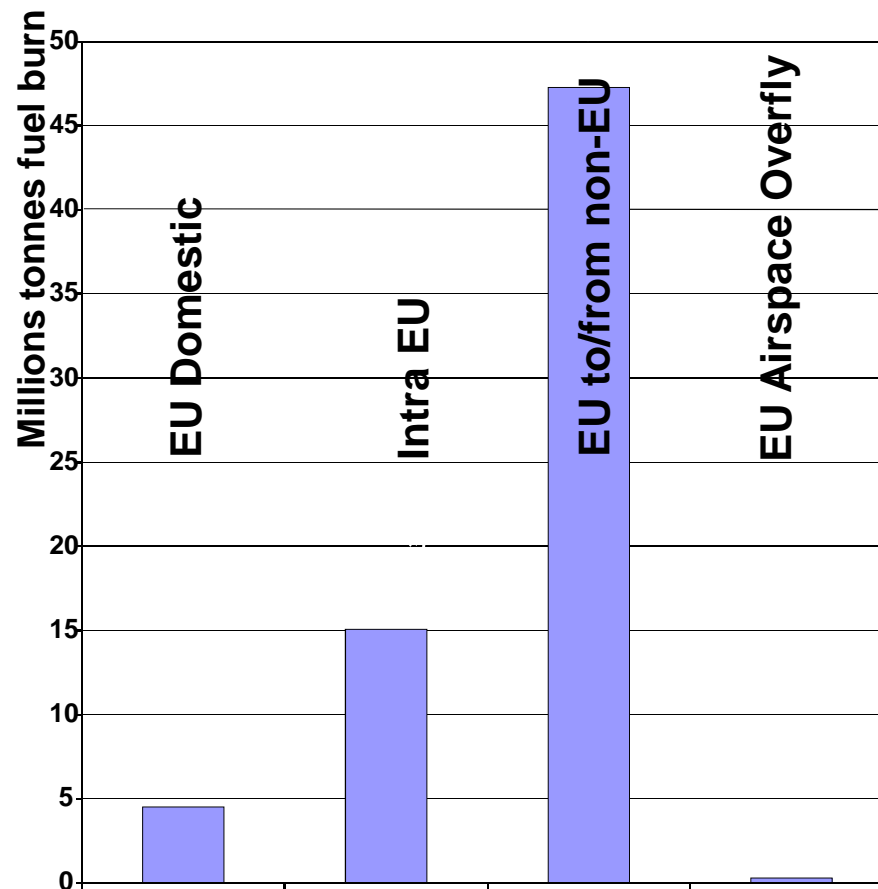
Distribution of allowances

- **Mainly benchmarking: CO₂/tonne-kilometre**
- **Auctioning of ca. 15% of allowances**
- **Proceeds to be spent on administration and on climate change mitigation and adaptation (e.g. in developing countries)**

Legislation (3)

Scope:

- **2012: flights to/from EU (COM proposed to start with 1 year in which only intra-EU would be covered)**
- **arriving flights excluded if 3rd country takes measures**
- **certain flights & small aircraft excluded**
- **CO₂ emissions only**



State of play – lessons to be learned?

- *Implementation well progressed, wealth of experience gained from defining monitoring guidelines & plans etc*
- *Compliance in first year at very high level*
- *But controversial with 3rd countries & subject to strong lobbying*
- *In principle widespread support for developing a global MBM system in ICAO and a framework for MBMs*
- *COM proposing that EU temporarily “stops the clock” up to next year’s ICAO Assembly for incoming and outgoing flights to reinforce current positive momentum in ICAO to deliver global approach*
- *Lessons learned?*
 - *MBM feasible, at limited cost for operators*
 - *EU action can help UN level action progress – but interplay between the two needs careful calibration*
 - *MRV fundamental starting point for any action*

Further information

DG CLIMA

http://ec.europa.eu/clima/policies/transport/aviation/index_en.htm

Commissioner Connie Hedegaard

http://ec.europa.eu/commission_2010-2014/hedegaard/index_en.htm