

# Common - Follow-up action on Post Paris agreement relevant to aviation/Aviation - Gas emissions: The Commission' s position on the future of the EU-ETS for aviation and the implementation of the CORSIA scheme in the EU

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## 【概要 : Summary】

The EU' s emission trading scheme (EU-ETS) was initially introduced for reducing the GHG emissions from several industrial sectors, based on Directive 2003/87/EC. Since 2012, the EU-ETS also covers the GHG emissions from aviation. After the International Civil Aviation Organisation (ICAO) agreed to introduce GHG emission reduction measures for international aviation by introducing the ICAO' s Carbon Offsetting Scheme for International Aviation (CORSIA), the EU limited the EU-ETS for aviation to flights within the European Economic Area (EEA). While currently the EU-ETS for aviation covers intra-EEA flights, the ICAO' s CORSIA should reduce the GHG emissions in international aviation.

Prior to the COVID-19 pandemic, the European Commission published the European Green Deal in December 2019 with the target to achieving net-zero GHG emissions by 2050. The Green Deal includes a commitment to achieve a 90% reduction in transport emissions in the same time frame. Regarding the aviation sector, the Green Deal committed to review existing tax exemptions for aviation under the Energy Taxation Directive and to reduce the number of free emissions trading allowances for airlines under the EU-ETS among others. Regardless the global COVID-19

pandemic, on 26 March 2020, EU leaders issued a joint statement noting that while the focus was presently on fighting the COVID-19 Pandemic and its immediate consequences, the EU needed to prepare the measures necessary to get back to a normal functioning of societies and economies and to sustainable growth while integrating the green transition. This includes also the plan to expand the EU-ETS for aviation beyond December 2023, since the CORSIA scheme is not expected to significantly reduce the CO2 emissions from aviation. Therefore, while the airlines support the CORSIA scheme and call on the Commission to abolish the EU-ETS for aviation, the Commission discusses the implementation of the CORSIA scheme while keeping the EU-ETS for aviation.

On 11 May 2020, the European Parliament' s ENVI Committee and the European Commissioner responsible for transport Adina Vălean discussed the conditions for the implementation of the CORSIA scheme in the EU. Vălean underlined that the EU-ETS for aviation would not be replaced by the CORSIA scheme but it would be implemented in the EU as a complementary measure for the coverage of the international flights. The aim is to implement CORSIA while adhering and maintaining the EU' s environmental ambitions under the Green Deal and the EU-ETS. Moreover, the

Commission presented a proposal on a Council decision on the position to be taken on behalf of the EU regarding the notification of voluntary participation in the CORSIA from 1 January 2021, which has to be submitted to the ICAO by the end of June 2020.

## 【記事 : Article】

### 1. The EU-ETS for aviation and the CORSIA scheme

The aviation sector is one of the fastest-growing sources of GHG emissions and accounts for about 3% of the EU's total GHG emissions. In order to tackle these GHG emissions, the EU introduced the EU's emission trading scheme (EU-ETS) for aviation in 2012. While in the beginning the EU-ETS for aviation also included international aviation and flights to and from third countries, a wave of protests and boycotts from third countries hit the EU. Eventually, the EU adopted temporary derogations to limit the geographical scope of the EU-ETS for aviation to the European Economic Area (EEA), after the ICAO agreed to develop an international emission reduction scheme. On 6 October 2016, the ICAO's 39th general assembly agreed to impose measures to reduce GHG emissions in the aviation sector. The ICAO's Carbon Offsetting Scheme for International Aviation (CORSIA) is seen as a significant measure to tackle the international aviation sector's CO<sub>2</sub> emissions.

Based on the Directive 2008/101/EC on reducing GHG emissions from aviation, the EU-ETS for aviation covers the CO<sub>2</sub> emissions of about 1400 aircraft operators operating intra-European flights within the EEA. However, since the CORSIA scheme is not expected to significantly reduce the CO<sub>2</sub> emissions from aviation, discussion in the EU started on whether to keep the EU-ETS for aviation active while applying also the CORSIA scheme. The EU will have to implement the CORSIA scheme into its legislation and the EU Member States will have to notify the ICAO by the end of June 2020 about their participation in the voluntary first phase of CORSIA starting in 2021.

Therefore, a revision of the EU-ETS is required in

order to implement the CORSIA scheme into the EU legislation by an amendment of the EU-ETS. Moreover, since the CO<sub>2</sub> emissions from the aviation sector rose by 26% since 2012, a revision of the EU-ETS for aviation is required. In particular the method of giving airlines a large number of pollution permits for free needs to be reconsidered, since the CORSIA scheme is not expected to significantly reduce the CO<sub>2</sub> emissions from aviation.

Besides the already existing concerns regarding the effective reduction of GHG emission from aviation by the CORSIA scheme, the European Green Deal has set the ambitious targets to achieve net-zero GHG emissions for the EU by 2050. This would also need a 90% reduction of transport emissions by 2050 and also aviation will have to contribute to the reduction.

### 2. Considering further GHG emission reduction measures by the EU Member States

Besides the ICAO's and EU's emission reduction measures for the aviation sector, also several EU Member States have individually started to introduce some mechanisms at national level to put a price on airlines' emissions. In the light of rising CO<sub>2</sub> emissions in aviation, the possibilities to introduce carbon pricing and aviation taxes including a tax on kerosene in the EU is considered. A tax on aviation fuel could also meet the "polluter pays" principle. Taxes on kerosene and air tickets are considered as meaningful measures towards achieving the EU's 2050 carbon neutrality target. However, under the EU-ETS for aviation, the airlines flying in the EU still receive a large number of pollution permits for free. Also the low price for allowances does not incentivise the airlines to reduce their GHG emissions. On 7 November 2019, on behalf of nine EU Member States, including Belgium, Bulgaria, Denmark, France, Germany, Italy, Luxembourg, the Netherlands and Sweden, the Dutch Finance state secretary Menno Snel submitted a letter to the Vice President and responsible for the European Green Deal and a European Climate Law of the new European Commission Frans Timmermans to prepare a proposal to introduce a pricing scheme for the

aviation sector. The nine EU Member States called on the European Commission to prepare a proposal for a EU initiative on aviation pricing. Without calling for a specific pricing measure, the aim is to establish a level playing field with the other transport modes and to limit CO<sub>2</sub> emissions in aviation in the EU.

Meanwhile, on 5 March 2020, at the Council meeting on Environment, the Polish delegation presented a proposal for ending free allowances for airlines. The Polish proposal pointed out that airlines in the EEA receive around 50% of the total number of permits for free in 2019 and that the aviation sector was the only ETS-covered sector where emissions are still increasing. Since the aviation sector is not directly exposed to the risk of carbon leakage, the aviation sector should not receive free emission allowances. The Polish proposal concludes that an elimination of free emission allowances would have a similar effect as the additional environmental charges and taxes. It would increase the revenues from the auctioning of emission allowances and could be fully used to finance emission mitigation actions, to develop innovative solutions and to finance the transformation of the air transport sector.

The European Commission welcomed the Polish delegation's initiative as a timely proposal and recalled that a gradual reduction of free allowances for airlines was envisaged as part of the revision of the EU-ETS directive.

### **3. The GHG emissions from aviation in 2019**

Under the EU-ETS for aviation, all commercial aircraft operators, and non-commercial aircraft operators with significant emissions, are accountable for their emissions from flights within the European Economic Area (EEA), based on Regulation No. 421/2014 and Regulation (EU) 2017/2392, until 2023. According to the European Commission, the EU-ETS for aviation has so far contributed to reducing the carbon footprint of the aviation sector by more than 17 million tonnes per year, with a compliance covering over 99.5% of emissions. Under the EU-ETS, all

operators including airlines operating flights within the EEA were required to report their verified emissions of 2019 by 31 March 2020 and to surrender a corresponding number of allowances by 30 April 2020. According to the Commission, the level of compliance reached 99% of emissions covered also this year.

Regarding the results for 2019, the GHG emissions from all installations and operators covered by the EU-ETS in 2019 were reduced in total by 8.7% compared to 2018 levels. However, the GHG emissions from aviation increased by 1%. Verified emissions from aircraft operators amounted to 68.14 million tonnes of CO<sub>2</sub>-equivalent in 2019, which was approximately 1% higher than the 67.49 million tonnes of CO<sub>2</sub>-equivalent in 2018. According to the Commission, 54% of these emissions were covered by allowances acquired from auctions or other sectors. Aircraft operators received free allocation of 31.3 million allowances, covering 46% of these emissions.

### **4. The European Commission's position on the participation in CORSIA and the impact on EU-ETS**

Regarding the future development of GHG emissions in aviation, the European Commission will have to implement the CORSIA scheme in the EU legislation and at the same time, it will have to consider the way forward regarding the EU-ETS for aviation. The CORSIA scheme aims to stabilise CO<sub>2</sub> emissions at 2020 levels by requiring airlines to offset the growth of their emissions after 2020. According to the European Commission, during the period 2021–2035, and based on expected participation, the CORSIA scheme is estimated to offset around 80% of the emissions above 2020 levels. This is because participation in the first phases is voluntary. All EU Member States are expected to join the scheme from the start. In order to join, the EU Member States will have to notify the ICAO by the end of June 2020 about their plans to participate in the voluntary phase of the CORSIA scheme.

Furthermore, the European Commission will have to review the EU-ETS with respect to the future EU

targets of GHG emission reduction under the European Green Deal and regarding the implementation of the CORSIA scheme in the EU. The last revision of the EU-ETS Directive 2003/87/EC, in 2017, included in Article 28b, that CORSIA would be taken into account by way of an amendment to the scheme governing the EU-ETS.

On 11 May 2020, during the meeting with the European Parliament's ENVI Committee, the European Commissioner for transport, Adina Vălean pointed out that CORSIA is the only existing basis to monitor, verify and offset the GHG emissions of flight at international level. It is therefore of outmost importance that the EU participates in the CORSIA scheme in order to be at the forefront and to have an influence on the CORSIA scheme's standards and its future improvement in 2022 and later on.

Commissioner Vălean cautioned that if the EU went away from CORSIA, it would be a sign for other global players to also walk away from this scheme. This would not help at all to reduce the international aviation's GHG emissions. Vălean also pointed out that by June 2020, the EU Member States would need to notify to the ICAO their participation in the CORSIA scheme's voluntary phase, which starts in 2021.

The European Commission will coordinate the notifications by the Member States, based on a Council decision. Accordingly, on 13 May 2020, the Commission presented a proposal to the European Council on the position and steps the EU Member States should take on notifying their voluntary participation in CORSIA from 1 January 2021 (COM (2020) 194 final).

Vălean pointed out that the CORSIA scheme would be implemented in the EU by an amendment of the EU-ETS Directive, under the full involvement of the European Parliament as co-legislator. Based on the EU-ETS legislation, an impact assessment would be done in order to evaluate the best way forward for the EU Member States to comply with the international obligations in the CORSIA scheme. The Commissioner Vălean underlined that the Commission would inform the European Parliament at all stages on this matter. Finally, as based on the Green Deal targets, an impact

assessment would also follow for the 2030 climate target plan, including also targets for aviation. In fact, on 4 March 2020, the Commission adopted a proposal for a "European Climate Law" (Commission Proposal for a Regulation of the European Parliament and of the Council establishing the framework for achieving climate neutrality and amending Regulation (EU) 2018/1999 (European Climate Law), COM (2020) 80. According to this proposal, the EU would be bound to an objective of climate neutrality in the EU by 2050, in pursuit of the long-term temperature goal set out in Article 2 of the Paris Agreement.

At the ENVI Committee's meeting on 11 May 2020, the MEP Peter Liese (EPP) pointed out that the participation in CORSIA could only be realised under the condition that it is compatible with the EU-ETS for aviation and that no one would force the EU to weaken the EU-ETS. Commissioner Vălean answered on this concern by reaffirming that the implementation of CORSIA would not put the EU-ETS at stake and that CORSIA would not replace the EU-ETS. According to Vălean, CORSIA would rather complement the EU-ETS, especially for the GHG emission in aviation that cannot be covered by the EU-ETS. In fact, CORSIA would be important for the coverage of the international flights at global level, where the EU-ETS for aviation has no coverage. She reminded that due to the danger of international boycotts, it is excluded that the EU-ETS for aviation could go back to its full international scope. Consequently, Vălean made clear that implementing CORSIA would not prejudice the review of the EU-ETS. The CORSIA scheme and the EU-ETS revision should be complementary to the EU's action under the Green Deal. Vălean strongly emphasised that CORSIA would not replace the EU-ETS for aviation and that it would not put at stake the EU's environmental ambitions.

**5. The European Commission's proposal on notifying the ICAO regarding the EU Member States' voluntary participation in CORSIA**  
In advance of the ICAO's deadline on 30 June 2020, for the notification the voluntary participation of

EU Member States in CORSIA as of 1 January 2021, the Commission submitted a proposal for a Council decision to the European Council (COM (2020) 194 final). It is necessary to adopt, ahead of the deadline of 30 June 2020, the position of the EU to allow the Member States to submit the necessary notifications. The Council Decision (EU) 2018/2027 laid down the position to be taken on behalf of the EU within ICAO in respect of the First Edition of the SARPs on CORSIA as regards differences to be notified. Accordingly, the EU Member States notified differences with ICAO, highlighting the differences between the EU-ETS and CORSIA (being, respectively, route-based and State-based) and that the EU implementation of CORSIA would take place through a revision of the EU ETS as agreed in its last revision from 2017 (Regulation (EU) 2017/2392). In this context, it is also necessary to take duly into account possible future differences between EU laws and CORSIA. Therefore, the notification should include a reference not only to the differences notified on the basis of Council Decision (EU) 2018/2027, but also reserve the possibility to notify additional differences. The European Commission will also have to consider further measures for tackling CO<sub>2</sub> emissions from aviation until the ICAO's CORSIA scheme can be evaluated after its launch in 2021. It will be of high importance to compare the CORSIA's potential environmental effectiveness against the EU's EU-ETS for aviation.

## 6. Conclusion

While at the moment, the aviation sector suffers of the COVID-19 pandemic impacts including a reduction of traffic volumes of about 90%, it is expected that by 2023, the aviation sector will have returned to its pre-pandemic traffic volumes. However, the air traffic reduction of about 90% in Europe will lead to a decrease in the total GHG emissions and airlines might not need to buy any allowances in 2020. The negative impact of the pandemic could lead to an even louder call of the airlines to discontinue the EU-ETS for aviation and to replace it with the CORSIA scheme

as the only future emission reduction scheme for aviation instead.

Since the aviation sector's GHG emissions can still be expected to further increase, while the EU wants to adhere its ambitious targets of the Green Deal, the EU can be expected to continue with both schemes, the EU-ETS for aviation and the CORSIA. As the European Commissioner responsible for transport Adina Vălean explained, the conditions for the implementation of the CORSIA scheme in the EU will not put at stake the EU-ETS for aviation, as it will be important for adhering and maintaining the EU's environmental ambitions.

Although the limited effect of CORSIA to reduce GHG emissions is criticised by the EU, it can be expected that the EU will continue its support for the scheme, as it is the only existing measure for GHG emission reduction in aviation at international level. It is important for the EU Member States to participate in the CORSIA scheme in order to maintain their influence on the scheme at international level. At the same time, the Commission will look at how to proceed with the CORSIA scheme and the EU-ETS simultaneously.

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