

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

As air travel becomes cheaper, EU emissions from aviation are increasing fast. Someone flying from London to New York and back generates roughly the same level of emissions as the average person in the EU does by heating their home for a whole year. In order to mitigate the climate impacts of aviation, the EU has decided to impose a cap on CO₂ emissions from all international flights – from or to anywhere in the world – that arrive at or depart from an EU airport.



After undertaking a wide-ranging consultation of stakeholders and the public and analysing several types of market-based solutions, the Commission concluded that bringing aviation into the EU Emissions Trading System (EU ETS) would be the most cost-efficient and environmentally effective option for controlling aviation emissions.

Compared with alternatives such as a fuel tax, bringing aviation into the EU ETS will provide the same environmental benefit at a lower cost to society - or a higher environmental benefit for the same cost. In other words the impact on ticket prices, airline companies and the overall economy will be smaller for a given environmental improvement.

How will the trading in aviation emissions work?

The EU Emissions Trading System, which started on 1 January 2005, covered in the past only energy-intensive industrial installations – more than 10,000 of them across Europe, which are collectively responsible for nearly half of total EU CO₂ emissions. Following the EU legislation adopted in 2009, air operators will also be covered.

Like industrial installations, airlines will receive tradeable allowances covering a certain level of CO₂ emissions from their flights per year. After each year operators must surrender a number of allowances equal to their actual emissions in that year.

Selling, "banking" and buying allowances

The existence of a market in which these allowances can be traded enables operators to manage their emissions cost-effectively.

If their actual emissions are lower than their allowances, they can sell their surplus allowances on the market or else "bank" them to cover future emissions.

If they anticipate that their emissions will exceed their allowances, they can either take measures to reduce their emissions -for instance by investing in more efficient technologies or operational practices- or they can buy additional emission allowances on the market, whichever is cheaper. Thus, for example, airlines may be able to buy allowances from industrial installations that have reduced their emissions.

In addition, to help meet their obligations under the EU ETS, operators can also buy emission credits from clean energy projects carried out in third countries under the Kyoto Protocol mechanisms.

Inclusion of aviation into the EU ETS as of 2012

From the start of 2012, emissions from all domestic and international flights that arrive at or depart from an EU airport will be covered by the EU Emissions Trading System. In addition to the 27 EU Member States, the EU ETS for aviation covers three EEA-EFTA States (Iceland, Liechtenstein and Norway) and will extend to Croatia by 1 January 2014 due to the country's planned accession to the EU on 1 July 2013. It will thus soon cover 31 countries.

The intention is for the EU ETS to serve as a model for other countries considering similar national or regional schemes, and to link these to the EU scheme over time. Therefore, the EU ETS can form the basis for wider, global action.

EU reaffirms its commitment to tackling emissions from international aviation

On 21 December 2011, the European Court of Justice delivered its judgment in a legal case brought by some US airlines and their trade association against the inclusion of aviation in the EU ETS. The Court clearly upheld the 2009 legislation, stating that the extension of the EU ETS to aviation infringes neither the principle of territoriality, nor the sovereignty of third countries.

It also stated that the EU ETS does not constitute a tax, fee or charge on fuel, which could be in breach of the EU-US Air Transport Agreement. The Court concluded that the uniform application of the EU ETS to all flights which depart or arrive from the EU is consistent with provisions designed to prohibit discriminatory treatment between aircraft operators, on nationality grounds also covered by this agreement.

After the European Court of Justice's ruling in favour of the EU legislation, the Commission reaffirms its strong commitment to continue to work through the International Civil Aviation Organisation (ICAO) with other countries to limit greenhouse gas emissions from international aviation.

