



4.5.2017

DRAFT OPINION

of the Committee on Industry, Research and Energy

for the Committee on the Environment, Public Health and Food Safety

on the proposal for a regulation of the European Parliament and of the Council amending Directive 2003/87/EC to continue current limitations of scope for aviation activities and to prepare to implement a global market-based measure from 2021

(COM(2017)0054 – C8-0028/2017 – 2017/0017(COD))

Rapporteur: Werner Langen

SHORT JUSTIFICATION

Global CO₂ emissions from aviation activities are increasing substantially. Despite the use worldwide of modern aircraft engines that are fuel efficient and thus cleaner, the CO₂ emission rates per passenger and per kilometre are higher than for other forms of transport. There has been, and still is, a need for new or updated provisions gradually to reduce CO₂ emissions in aviation as elsewhere. Following the decision a decade ago to reduce the CO₂ emissions from new vehicles on the roads, the European Union took the step of including air transport in its existing emissions trading system (EU ETS) as of 1 January 2012. Flights within the European Economic Area (EEA) and all flights between airports in the EEA and airports in third countries were thus covered by the system from 2012 onwards.

This unilaterally introduced requirement for EU (or EEA) flights sparked wide-ranging protests and threatened severely to distort competition to the detriment of European airlines in the international aviation market. Nonetheless, the fact that the EU was forging ahead, and the pressure it was exerting, opened the way for the International Civil Aviation Organisation (ICAO) to develop a global market-based mechanism (GMBM), albeit with long lead-in times, for international aviation, and indeed required it to do so.

Pending agreement in ICAO and in order to support the introduction of such a global mechanism at ICAO level, the EU temporarily limited the scope of the EU ETS to intra-EEA flights with effect from 30 April 2014 until the end of 2016 (see Regulation No 421/2014).

In the absence of any rule change, however, Directive 2003/87/EC automatically becomes applicable again in full (i.e. to intra-EEA flights and all flights between EEA airports and airports in third countries) as of 2017. The period of exception provided for by Regulation No 421/2014 came to an end on 31 December 2016. A successor arrangement is thus overdue.

On 6 October 2016, at its 39th General Assembly, the members of ICAO set themselves the goal of stabilising net international aviation emissions worldwide at 2020 levels and introducing a GMBM from 2021.

The organisation decided to apply a system known as CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation) to calculate the offsetting requirements. Direct emissions of CO₂ resulting from growth in the air transport sector are to be offset, as of 2020, by cuts in CO₂ output elsewhere. This will entail supporting climate-protection projects the performance of which in sustainably reducing greenhouse gas emissions is monitored and certified by independent institutions. Airlines that do not meet the emissions stabilisation targets will have to purchase offsetting certificates, either directly or via public platforms. Climate-protection projects will thus have a new source of funding and the airlines' CO₂ emissions will be offset.

To lend further impetus to these international efforts under ICAO's aegis, the Commission is proposing to extend the limited-scope application of the EU ETS, to intra EEA flights, beyond 2016. It sees this as a way of sustaining the momentum of ICAO's work.

At the same time, the Commission is seeking more clarity about the nature and content of the climate-protection measure and about the international partners' intentions regarding its implementation so that it can reassess the EU ETS and, if necessary, overhaul it for the post-

2020 period. This should ensure that the GMBM is consistent, as it must be, with the Paris Agreement and with the Union's targets for the period to 2030.

The Commission considers that the proposed regulation should come into force as swiftly as possible so as to provide legal certainty and clarity for aircraft operators, who would otherwise have to surrender their emissions allowances by the end of April 2018. If the current limited-scope application of the EU ETS was not extended, operators would be required (under Directive 2003/87/EC), by 30 April 2018, to produce emissions certificates for flights to and from third countries as well as intra-EEA flights.

The rapporteur was in favour of the aims and measures set out by the Commission in Proposal for a Regulation 2017/0017(COD), namely that:

- the limited-scope application should remain in place, i.e. the EU ETS should continue, as of 2017, to cover only intra-EEA flights;
- the exemption for non-commercial aircraft operators emitting less than 1 000 tonnes of CO₂ (0.2% of greenhouse gas emissions) should be extended until 2030, rather than 2020;
- the Commission must report to the European Parliament and the Council on international developments of relevance for the implementation of the GMBM, and on the actions taken by third countries to implement it;
- to prepare for its implementation the Commission is empowered to adopt delegated acts to provide for the appropriate monitoring, reporting and verification of emissions applicable to aircraft operators for the purpose of implementing the global market-based measure being prepared in ICAO.

In addition, the rapporteur is proposing amendments both in the explanatory memorandum to the Commission proposal and to certain details of the proposal itself so as to simplify and accelerate its implementation and make it more feasible for the airlines. Without prejudice to the rapporteur's basic agreement with the proposal, this should enable adjustments, proposals for amendments and proposals with regard to implementation to be adopted in accordance with Article 290 of the Treaty on the Functioning of the European Union.

In particular, the compatibility of the ICAO measure with the EU ETS should be checked and arrangements for the co-existence of the two systems as of 2021 should be examined. The effects of the measure on the aviation sector and on CO₂ emissions should also be examined.

AMENDMENTS

The Committee on Industry, Research and Energy calls on the Committee on the Environment, Public Health and Food Safety, as the committee responsible, to take into account the following amendments:

Amendment 1

Proposal for a regulation

Recital 4

Text proposed by the Commission

(4) The Union and its Member States have been endeavouring to advance international agreement to reduce greenhouse gas impacts from aviation since 1997 and they have legislation in place since 2008 to limit the climate change impacts from aviation activities through the EU emissions trading system (EU ETS) that has been operating since 2005. In order to advance progress at the International Civil Aviation Organization (ICAO), the Union has twice adopted time-bound derogations to the EU ETS so as to limit compliance obligations to emissions from flights between aerodromes situated in the European Economic Area (EEA), with equal treatment on routes of aircraft operators wherever they are based. The most recent derogation from the EU ETS, Regulation (EU) No 421/2014 of the European Parliament and of the Council, limited compliance obligations to intra-EEA flights between 2013 and 2016, ***and envisaged potential changes to the scope of the system as regards activity to and from aerodromes situated outside the EEA from 1 January 2017 onwards following the review set out in that Regulation.***

Amendment

(4) The Union and its Member States have been endeavouring to advance international agreement to reduce greenhouse gas impacts from aviation since 1997 and they have legislation in place since 2008 to limit the climate change impacts from aviation activities through the EU emissions trading system (EU ETS) that has been operating since 2005. In order to advance progress at the International Civil Aviation Organization (ICAO), the Union has twice adopted time-bound derogations to the EU ETS so as to limit compliance obligations to emissions from flights between aerodromes situated in the European Economic Area (EEA), with equal treatment on routes of aircraft operators wherever they are based. The most recent derogation from the EU ETS, Regulation (EU) No 421/2014 of the European Parliament and of the Council, limited compliance obligations to intra-EEA flights between 2013 and 2016.

Or. de

Amendment 2

Proposal for a regulation

Recital 5

Text proposed by the Commission

(5) In the light of the resolution

Amendment

(5) In the light of the resolution

adopted at ICAO's 39th Assembly in October 2016 on the implementation of a global market-based measure from 2021 to offset international aviation emissions above 2020 levels, it is considered appropriate to continue the existing derogation pending further progress on the design elements and the implementation of the global market-based measure. ***In this regard, the adoption of Standards and Recommended Practices by ICAO to complement that Resolution and implement the global system is planned for 2018.*** However, its concrete operationalisation will require action by ICAO parties at domestic level. Also, governance arrangements must be developed by ICAO, including a registry system. In this context, the current derogation of the EU ETS obligations for flights to and from third countries should be extended, ***subject to the review on implementing the ICAO scheme,*** in order to promote momentum in ICAO and facilitate the operationalisation of the ICAO scheme. As a result of the extension of the derogation, the amount of allowances to be auctioned and issued for free, including from the special reserve, should be the same as would correspond to 2016, ***and should be proportional to the reduction of the surrender obligation.***

adopted at ICAO's 39th Assembly in October 2016 on the implementation of a global market-based measure from 2021 to offset international aviation emissions above 2020 levels, it is considered appropriate to continue the existing derogation pending further progress on the design elements and the implementation of the global market-based measure. ***IACO is to adopt standards and recommended practices for the implementation of the global system by 2018.*** However, its concrete operationalisation will require action by ICAO parties at domestic level. Also, governance arrangements must be developed by ICAO, including a registry system. In this context, the current derogation of the EU ETS obligations for flights to and from third countries should be extended in order to promote momentum in ICAO and facilitate the operationalisation of the ICAO scheme. As a result of the extension of the derogation, the amount of allowances to be auctioned and issued for free, including from the special reserve, should be the same as would correspond to 2016.

Or. de

Amendment 3

Proposal for a regulation

Recital 6

Text proposed by the Commission

(6) Given that key features of the global market-based measure have yet to be developed and that its implementation depends on domestic legislation by States and regions, ***it is considered appropriate***

Amendment

(6) Given that key features of the global market-based measure have yet to be developed and that its implementation depends on domestic legislation by States and regions, ***the ICAO measure should,***

for a review to take place once there is clarity about the nature and content *and* of these legal instruments *in advance of the start of ICAO's global market-based measure*, and a report submitted to the European Parliament and Council. That report should consider any standards or other instruments adopted through ICAO, the actions taken by third countries to implement the global market-based measure to apply to emissions from 2021 and other relevant international developments (e.g. rules under UNFCCC and the Paris Agreement on carbon markets and accounting). That report should consider how *to implement* these instruments *in Union law through a revision of the EU ETS. It should also consider the rules applicable to intra-EEA flights as appropriate*. That report should be accompanied by a proposal *as appropriate* to the European Parliament and the Council consistent with ensuring the contribution of aviation to the Union's 2030 economy-wide greenhouse gas reduction commitment.

and indeed must, be reviewed once there is clarity about the nature and content of these legal instruments, and a report *should be* submitted to the European Parliament and *the* Council. That report should consider any standards or other instruments adopted through ICAO, the actions taken by third countries to implement the global market-based measure to apply to emissions from 2021 and other relevant international developments (e.g. rules under UNFCCC and the Paris Agreement on carbon markets and accounting). That report should consider how these instruments *are to be made consistent with* the EU ETS. That report should be accompanied by a proposal as appropriate to the European Parliament and the Council consistent with ensuring the contribution of aviation to the Union's 2030 economy-wide greenhouse gas reduction commitment.

Or. de

Amendment 4

Proposal for a regulation

Recital 7

Text proposed by the Commission

(7) *In order to adopt non-legislative acts of general application to supplement or amend certain non-essential elements of a legislative act*, the power to adopt acts in accordance with Article 290 of the Treaty should be delegated to the Commission to adopt measures for the monitoring, reporting and verification of emissions applicable to aircraft operators *for the purpose of the global market-based measure being elaborated in ICAO*.

Amendment

(7) *Where necessary*, the power to adopt acts in accordance with Article 290 of the Treaty should be delegated to the Commission to adopt measures for the monitoring, reporting and verification of emissions applicable to aircraft operators. It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance

It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.

with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.

Or. de

Amendment 5

Proposal for a regulation

Article 1 – paragraph 1 – point 2

Directive 2003/87/EC

Article 28(b) – paragraph 1

Text proposed by the Commission

1. The Commission shall report to the European Parliament and the Council on the relevant ICAO standards or other legal instruments as well as on domestic measures taken by third countries to implement the global market-based measure to be applied to emissions from 2021, and on other relevant international developments.

Amendment

1. The Commission shall report to the European Parliament and the Council ***annually from 2018*** on the relevant ICAO standards or other legal instruments as well as on domestic measures taken by third countries to implement the global market-based measure to be applied to emissions from 2021, and on other relevant international developments.

Or. de

Amendment 6

Proposal for a regulation

Article 1 – paragraph 1 – point 2

Text proposed by the Commission

2. The report should consider *ways for those* ICAO instruments *to be implemented in Union law through a revision of this Directive. The report shall also consider the rules applicable in respect of flights within the European Economic Area (EEA) as appropriate.*

Amendment

2. The report should consider *how the* ICAO instruments *are to be made compatible with the EU ETS and what form the co-existence of the two systems should take as of 2021. The effects of the measure on the aviation sector and on CO₂ emissions should also be evaluated.*

Or. de

Amendment 7

Proposal for a regulation

Article 1 – paragraph 1 – point 2

Directive 2003/87/EC

Article 28b – paragraph 3

Text proposed by the Commission

3. The report *may* be accompanied by proposals, *as appropriate* to the European Parliament and the Council to *amend, delete, extend or replace the derogations provided for in Article 28a*, consistent with the Union economy-wide greenhouse gas emission reduction commitment for 2030.

Amendment

3. The report *shall* be accompanied by *legislative* proposals to the European Parliament and the Council to *amend the existing legislation as necessary, in a manner* consistent with the Union economy-wide greenhouse gas emission reduction commitment for 2030.

Or. de

Amendment 8

Proposal for a regulation

Article 1 – paragraph 1 – point 2

Directive 2003/87/EC

Article 28c – paragraph 1

Text proposed by the Commission

1. The Commission shall adopt provisions for the appropriate monitoring,

Amendment

1. The Commission shall adopt provisions, *in accordance with Article 290*

reporting and verification of emissions *for the purpose of implementing the global market-based measure being elaborated in ICAO*. Those provisions shall be based on the same principles as the Regulation referred to in Article 14 (1) and shall ensure that the emissions reports submitted are verified in accordance with Article 15.

TFEU, for the appropriate monitoring, reporting and verification of emissions. Those provisions shall be based on the same principles as the Regulation referred to in Article 14 (1) and shall ensure that the emissions reports submitted are verified in accordance with Article 15.

Or. de