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*Plenary sitting*

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**A8-0258/2017**

14.7.2017

**\*\*\*I**  
**REPORT**

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))

Committee on the Environment, Public Health and Food Safety

Rapporteur: Julie Girling

### ***Symbols for procedures***

- \* Consultation procedure
- \*\*\* Consent procedure
- \*\*\*I Ordinary legislative procedure (first reading)
- \*\*\*II Ordinary legislative procedure (second reading)
- \*\*\*III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

### ***Amendments to a draft act***

#### **Amendments by Parliament set out in two columns**

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

#### **Amendments by Parliament in the form of a consolidated text**

New text is highlighted in ***bold italics***. Deletions are indicated using either the ▯ symbol or ~~strikeout~~. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

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## DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**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))**

**(Ordinary legislative procedure: first reading)**

*The European Parliament,*

- having regard to the Commission proposal to Parliament and the Council (COM(2017)0054),
  - having regard to Article 294(2) and Article 192(1) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C8-0028/2017),
  - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
  - having regard to the opinion of the European Economic and Social Committee of 31 May 2017<sup>1</sup>,
  - after consulting the Committee of the Regions,
  - having regard to Rule 59 of its Rules of Procedure,
  - having regard to the report of the Committee on the Environment, Public Health and Food Safety and the opinions of the Committee on Industry, Research and Energy and of the Committee on Transport and Tourism (A8-0258/2017),
1. Adopts its position at first reading hereinafter set out;
  2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;
  3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

### **Amendment 1**

#### **Proposal for a regulation**

##### **Recital 2 a (new)**

*Text proposed by the Commission*

*Amendment*

***(2a) Environmental protection is one of the most important challenges facing the Union.***

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<sup>1</sup> Not yet published in the Official Journal.

## Amendment 2

### Proposal for a regulation Recital 3 a (new)

*Text proposed by the Commission*

*Amendment*

***(3a) A well-functioning, reformed EU ETS with an enhanced instrument to stabilise the market will be the main European instruments to achieve the 40% reduction target with a linear factor and free allocation beyond 2020. The auction share should be expressed as a percentage figure in the legislative act, to enhance planning certainty as regards investment decisions, to increase transparency, to minimise carbon leakage, and to render the overall system simpler and more easily understandable. Those provisions should be consistent with the Union's climate objectives and its commitments under the Paris Agreement, and aligned with the 2018 Facilitative Dialogue, the first global stocktake in 2023, and subsequent global stocktakes every five years thereafter, intended to inform successive Nationally Determined Contributions (NDCs).***

## Amendment 3

### Proposal for a regulation Recital 4

*Text proposed by the Commission*

*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

(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. ***The Court of Justice ruled in its judgment of***

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.

**21 December 2011<sup>1a</sup> that the inclusion of extra-EEA flights in the EU ETS does not violate international law.** 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.

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***<sup>1a</sup> Judgment of the Court of Justice of 21 December 2011, Air Transport Association of America and Others v. Secretary of State for Energy and Climate Change, C-366/10, ECLI:EU:C:2011:864.***

## Amendment 4

### Proposal for a regulation Recital 5

*Text proposed by the Commission*

(5) In the light of the resolution adopted at ICAO's 39<sup>th</sup> 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-***

*Amendment*

(5) In the light of the resolution adopted at ICAO's 39<sup>th</sup> Assembly in October 2016 on the implementation of a global market-based measure from 2021 to offset international aviation emissions above 2020 levels, 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

**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.

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 ***until 2021*** 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.

## **Amendment 5**

### **Proposal for a regulation Recital 5 a (new)**

*Text proposed by the Commission*

*Amendment*

***(5a) 50 % of allowances should be auctioned from 1 January 2021, while the total number of allocated allowances should be subject to the application of the linear reduction factor as provided for in Article 9 of Directive 2003/87/EC.***

## **Amendment 6**

### **Proposal for a regulation Recital 5 b (new)**

*Text proposed by the Commission*

*Amendment*

***(5b) Revenues generated from the auctioning of allowances, or their***



*equivalent in financial value, should be used to tackle climate change in the Union and in third countries, inter alia, to reduce greenhouse gas emissions, to adapt to the impacts of climate change in the Union and in third countries, especially developing countries, to fund research and development for mitigation and adaptation, including in the fields of aeronautics, air transport and sustainable alternative aviation fuels, to reduce emissions through low-emissions transport, and to cover the costs of administering the EU ETS. Special consideration should be given to Member States which use those revenues for co-financing research and innovation programmes or initiatives under the Ninth Research Framework Programme (FP9). Transparency on the use of revenues generated from the auctioning of allowances under this Directive is fundamental to underpinning Union commitments.*

## **Amendment 7**

### **Proposal for a regulation Recital 5 c (new)**

*Text proposed by the Commission*

*Amendment*

*(5c) Emission offsets under the global market-based measure (GMBM) comprise one element in ICAO's basket of measures to achieve the aspirational goal of carbon neutral growth from 2020 (CNG 2020) and should be complemented by advances in airframe and propulsion technologies. Continued funding for research strategies and programmes such as the Clean Sky Joint Technology Initiatives, Galileo, SESAR and Horizon 2020 will be essential to technological innovation and operational improvements in order to go beyond CNG 2020 and achieve sector-wide absolute emission reductions. Furthermore, it is important*

*that Union legislation, such as Single European Sky, that aim at preventing the fragmentation of European airspace and consequently an increase in aviation CO2 emissions, is speedily and fully implemented by the Member States.*

## Amendment 8

### 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 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.*

##### *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 *participating* States and regions, *the Commission should report regularly to the European Parliament and to the Council on progress in the ICAO negotiations, in particular on relevant instruments adopted through ICAO, the actions taken by third countries to implement the global market-based measure to apply to emissions for the period 2021-2035, efforts to establish ambitious and binding measures to achieve the aviation industry's long-term goal of halving aviation CO2 emissions relative to 2005 levels by 2050, and other relevant international developments (e.g. rules under UNFCCC and the Paris Agreement on carbon markets and accounting). Once there is clarity about the nature and content of the ICAO instruments and in advance of the start of ICAO's global market-based measure, the Commission should present a report in which it should consider how to implement these instruments and make them consistent with Union law through a revision of the EU ETS. That report should further 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.

## **Amendment 9**

### **Proposal for a regulation**

#### **Recital 6 a (new)**

*Text proposed by the Commission*

*Amendment*

***(6a) In order to ensure that existing and future Union domestic climate standards are respected, and without prejudice to the review referred to in Article 28b of Directive 2003/87/EC, CORSIA should be implemented in, and made consistent with, Union law through the EU ETS.***

## **Amendment 10**

### **Proposal for a regulation**

#### **Recital 6 b (new)**

*Text proposed by the Commission*

*Amendment*

***(6b) Although the technical rules for the ICAO global market-based measure are yet to be adopted by the ICAO Council, it is important that regulatory authorities and aircraft operators have information about Monitoring, Reporting and Verification (MRV) requirements and emissions units eligible under the ICAO scheme as early as possible in order to facilitate preparation for the implementation of the ICAO scheme and the monitoring of CO<sub>2</sub> emissions from 1 January 2019. Such MRV requirements should have a level of stringency that is consistent with the requirements for monitoring and reporting greenhouse gas emissions under Commission Regulation (EU) No 601/2012, and should ensure***

*that the emissions reports submitted are verified in accordance with Commission Regulation (EU) No 600/2012.*

## Amendment 11

### Proposal for a regulation Recital 6 c (new)

*Text proposed by the Commission*

*Amendment*

*(6c) While the confidentiality of the technical work in ICAO should be acknowledged, it is also important that ICAO member states, aircraft operators and civil society continue to be engaged in the ICAO's work to implement the global market-based measure and that the ICAO reaches out to all stakeholders to inform them about progress and decisions in a timely manner. In order to achieve that, it might be necessary to revise the non-disclosure protocols for Members and Observers of the ICAO Committee on Aviation Environmental Protection (CAEP).*

## Amendment 12

### Proposal for a regulation Recital 7

*Text proposed by the Commission*

*Amendment*

(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. It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, **including** at expert

(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. It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, **in particular** at

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.

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, ***in order to make the decision-making process more transparent and more efficient.***

### **Amendment 13**

#### **Proposal for a regulation Recital 7 a (new)**

*Text proposed by the Commission*

*Amendment*

***(7a) While the long-term goal should be to have a single global reduction scheme for tackling carbon emissions from aviation by the second phase of the ICAO scheme in 2024, in the event that the ICAO global market-based measure is insufficient to achieve the Union's climate objectives and commitments under the Paris Agreement, other carbon mitigation options should also be explored.***

### **Amendment 14**

#### **Proposal for a regulation Recital 7 b (new)**

*Text proposed by the Commission*

*Amendment*

***(7b) Aviation also has an impact on climate through releases of nitrogen oxides, water vapour and sulphate and soot particles at high altitudes. The International Panel on Climate Change (IPCC) has estimated that the total***

*climate impact of aviation is currently two to four times higher than the effect of its past carbon dioxide emissions alone. Pending scientific progress, all impacts of aviation should be addressed to the extent possible. Research on the formation of condensation trails, also known as contrails, their evolution into cirrus clouds, on the smaller direct effects of sulphate aerosols, soot, water vapour contrails and cirrus clouds, and on effective mitigation measures, including operational and technical measures, should also be promoted.*

## **Amendment 15**

### **Proposal for a regulation Recital 9 a (new)**

*Text proposed by the Commission*

*Amendment*

*(9a) It is accepted that climate-damaging aviation emissions produce more than CO<sub>2</sub> effects. Directive 2008/101/EC of the European Parliament and of the Council<sup>1a</sup> contained a Commission undertaking to submit an appropriate proposal on nitrogen oxides in 2008. Despite the technical and political difficulties involved, the Commission should speed up its work in that regard.*

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*<sup>1a</sup> Directive 2008/101/EC of the European Parliament and of the Council of 19 November 2008, amending Directive 2003/87/EC so as to include aviation activities in the scheme for greenhouse gas emission allowance trading within the Community (OJ L 8, 13.1.2009, p. 3).*

## **Amendment 16**

### **Proposal for a regulation**

**Article 1 – paragraph 1 – point -1 (new)**  
Directive 2003/87/EC  
Article 3c – paragraph 3 a (new)

*Text proposed by the Commission*

*Amendment*

**(-1) In Article 3c, the following paragraph 3a is added:**

**“3a. The total quantity of allowances to be allocated to aircraft operators in 2021 shall be 10 % lower than the average allocation for the period from 1 January 2014 to 31 December 2016, and then decrease annually at the same rate as that of the total cap for the EU ETS referred to in the second subparagraph of Article 9 so as to bring the cap for the aviation sector more in line with the other EU ETS sectors by 2030.**

**For aviation activities to and from aerodromes located in countries outside the EEA, the quantity of allowances to be allocated from 2021 onwards may be adjusted taking into account the ICAO global market-based measure to be implemented from 2021 to offset international aviation emissions above 2020 levels.”**

## **Amendment 17**

**Proposal for a regulation**  
**Article 1 – paragraph 1 – point -1 a (new)**  
Directive 2003/87/EC  
Article 3d – paragraph 2

*Present text*

*Amendment*

2. From 1 January **2013**, 15 % of allowances shall be auctioned. This percentage may be increased as part of the general review of this Directive.

**(-1a) In Article 3d, paragraph 2 is replaced by the following:**

**“2. From 1 January 2021, 50 % of allowances shall be auctioned. This percentage may be increased as part of the general review of this Directive. *The remaining free allocations shall be used, where necessary, to avoid the application***

## **Amendment 18**

### **Proposal for a regulation**

#### **Article 1 – paragraph 1 – point -1 b (new)**

Directive 2003/87/EC

Article 3d – paragraph 3 – subparagraph 1

*Text proposed by the Commission*

*‘A Regulation shall be adopted containing detailed provisions for the auctioning by Member States of allowances not required to be issued free of charge in accordance with paragraphs 1 and 2 of this Article or Article 3f(8). The number of allowances to be auctioned in each period by each Member State shall be proportionate to its share of the total attributed aviation emissions for all Member States for the reference year reported pursuant to Article 14(3) and verified pursuant to Article 15. For the period referred to in Article 3c(1), the reference year shall be 2010 and for each subsequent period referred to in Article 3c the reference year shall be the calendar year ending 24 months before the start of the period to which the auction relates.’*

## **Amendment 19**

### **Proposal for a regulation**

#### **Article 1 – paragraph 1 – point -1 c (new)**

Directive 2003/87/EC

Article 3d – paragraph 3 – subparagraph 2

*Amendment*

***(-1b) In Article 3d (3), the first subparagraph is replaced by the following:***

*‘The Commission is empowered to adopt delegated acts in accordance with Article 30b to supplement this Directive by laying down detailed arrangements for the auctioning by Member States of allowances not required to be issued free of charge in accordance with paragraphs 1 and 2 of this Article or Article 3f(8). The number of allowances to be auctioned in each period by each Member State shall be proportionate to its share of the total attributed aviation emissions for all Member States for the reference year reported pursuant to Article 14(3) and verified pursuant to Article 15. For the period referred to in Article 3c(1), the reference year shall be 2010 and for each subsequent period referred to in Article 3c the reference year shall be the calendar year ending 24 months before the start of the period to which the auction relates.’*



**(-1c) In Article 3d (3), the second subparagraph is deleted.**

## Amendment 20

### Proposal for a regulation

#### Article 1 – paragraph 1 – point -1 d (new)

Directive 2003/87/EC

Article 3d – paragraph 4 – subparagraph 1

Text proposed by the Commission

Amendment

***'It shall be for Member States to determine the use to be made of revenues generated from the auctioning of allowances. Those revenues should be used to tackle climate change in the Union and third countries, inter alia, to reduce greenhouse gas emissions, to adapt to the impacts of climate change in the Union and third countries, especially developing countries, to fund research and development for mitigation and adaptation, including in particular in the fields of aeronautics and air transport, to reduce emissions through low-emission transport and to cover the cost of administering the Community scheme. The proceeds of auctioning should also be used to fund contributions to the Global Energy Efficiency and Renewable Energy Fund, and measures to avoid deforestation. '***

**(-1d) In Article 3d(4), the first subparagraph is replaced by the following:**

***'All revenues generated from the auctioning of allowances shall be used to tackle climate change in the Union and third countries, inter alia, to reduce greenhouse gas emissions, to adapt to the impacts of climate change in the Union and third countries, especially developing countries, to fund research and development for mitigation and adaptation, including in particular in the fields of aeronautics and air transport, to reduce emissions through low-emission transport and to cover the cost of administering the Union scheme. The proceeds of auctioning may also be used to fund contributions to the Global Energy Efficiency and Renewable Energy Fund, and measures to avoid deforestation. Special consideration shall be given to Member States which use revenues for co-financing research and innovation programmes or initiatives under the Ninth Research Framework Programme (FP9). Member States shall inform the Commission of actions taken pursuant to this paragraph. '***

## Amendment 21

### Proposal for a regulation

#### Article 1 – paragraph 1 – point -1 e (new)

Directive 2003/87/EC

Article 12 – paragraph 3

*Present text*

3. Member States shall ensure that, by 30 April each year, the operator of each installation surrenders a number of allowances, ***other than allowances issued under Chapter II***, equal to the total emissions from that installation during the preceding calendar year as verified in accordance with Article 15, and that these are subsequently cancelled.

*Amendment*

***(-1e) In Article 12, paragraph 3 is replaced by the following:***

"3. Member States shall ensure that, by 30 April each year, the operator of each installation surrenders a number of allowances, equal to the total emissions from that installation during the preceding calendar year as verified in accordance with Article 15, and that these are subsequently cancelled."

## Amendment 22

### Proposal for a regulation

#### Article 1 – paragraph 1 – point -1 f (new)

Directive 2003/87/EC

Article 21 – paragraph 2 a (new)

*Text proposed by the Commission*

*Amendment*

***(-1f) In Article 21, the following paragraph 2a is added:***

***'2a. The report shall, using data provided through the cooperation referred to in Article 18b, include a list of aircraft operators subject to the requirements of this Directive who have not opened a registry account.'***

## Amendment 23

### Proposal for a regulation

#### Article 1 – paragraph 1 – point 1 – point a – point i

Directive 2003/87/EC

Article 28a – paragraph 1 – point a

*Text proposed by the Commission*

(a) all emissions from flights to and from aerodromes located in countries outside the European Economic Area (EEA) in each calendar year from 1 January 2013, subject to the review referred to in Article 28b".

*Amendment*

(a) all emissions from flights to and from aerodromes located in countries outside the European Economic Area (EEA) in each calendar year from 1 January 2013 **to 31 December 2020**, subject to the review referred to in Article 28b".

## Amendment 24

### Proposal for a regulation

#### Article 1 – paragraph 1 – point 1 – point a – point i

Directive 2003/87/EC

Article 28a – paragraph 1 – point b

*Text proposed by the Commission*

(b) all emissions from flights between an aerodrome located in an outermost region within the meaning of Article 349 of the Treaty on the Functioning of the European Union (TFEU) and an aerodrome located in another region of the EEA in each calendar year from 1 January 2013, subject to the review referred to in Article 28b.

*Amendment*

(b) all emissions from flights between an aerodrome located in an outermost region within the meaning of Article 349 of the Treaty on the Functioning of the European Union (TFEU) and an aerodrome located in another region of the EEA in each calendar year from 1 January 2013 **to 31 December 2020**, subject to the review referred to in Article 28b.

## Amendment 25

### Proposal for a regulation

#### Article 1 – paragraph 1 – point 1 – point a – point i a (new)

Directive 2003/87/EC

Article 28a – paragraph 1 – point b a (new)

*Text proposed by the Commission*

*Amendment*

**ia. a new point point is added:**

*(ba) all emissions from flights between aerodromes located in the EEA and operated as a consequence of a flight as referred to in points (a) or (b) being diverted to an aerodrome located in the EEA in each calendar year from 1 January 2017, subject to the review referred to in Article 28b.*

## **Amendment 26**

### **Proposal for a regulation**

#### **Article 1 – paragraph 1 – point 1 – point b – point i**

Directive 2003/87/EC

Article 28a – paragraph 2 – subparagraph 1

#### *Text proposed by the Commission*

From 1 January 2017, by way of derogation from Articles 3d to 3f and until amendments subsequent to the review referred to in Article 28b have entered into force, aircraft operators shall be issued, each year, the number of allowances that corresponds to the year 2016. From 2021 onwards that number of allowances shall be subject to the application of the linear factor in Article 9.

#### *Amendment*

From 1 January 2017 **to 31 December 2020**, by way of derogation from Articles 3d to 3f and until amendments subsequent to the review referred to in Article 28b have entered into force, aircraft operators shall be issued, each year, the number of allowances that corresponds to the year 2016. From 2021 onwards that number of allowances shall be subject to the application of the linear factor in Article 9.

## **Amendment 27**

### **Proposal for a regulation**

#### **Article 1 – paragraph 1 – point 1 – point b – point ii**

Directive 2003/87/EC

Article 28a – paragraph 2 – subparagraph 3

#### *Text proposed by the Commission*

ii. the third subparagraph is *deleted*.

#### *Amendment*

ii. the third subparagraph is *replaced by the following*:

***As regards activity in the period from 1 January 2017 to 31 December 2020, Member States shall publish the number of aviation allowances allocated to each aircraft operator by 1 September 2018.***

## Amendment 28

### Proposal for a regulation

#### Article 1 – paragraph 1 – point 1 – point c

Directive 2003/87/EC

Article 28a – paragraph 4

#### *Text proposed by the Commission*

4. By way of derogation from Article 3d(3), the number of allowances to be auctioned by each Member State from 1 January 2013 shall be reduced to correspond to its share of attributed aviation emissions from flights which are not subject to the derogations provided for in points (a) and (b) of paragraph 1 of this Article.;

#### *Amendment*

4. By way of derogation from Article 3d(3), the number of allowances to be auctioned by each Member State ***in respect of the period*** from 1 January 2013 ***to 31 December 2020*** shall be reduced to correspond to its share of attributed aviation emissions from flights which are not subject to the derogations provided for in points (a) and (b) of paragraph 1 of this Article.

## Amendment 29

### Proposal for a regulation

#### Article 1 – paragraph 1 – point 1 – point d a (new)

Directive 2003/87/EC

Article 28a – paragraph 8

#### *Text proposed by the Commission*

#### *Amendment*

***(da) paragraph 8 is deleted.***

## Amendment 30

### Proposal for a regulation

#### Article 1 – paragraph 1 – point 2

Directive 2003/87/EC

Article 28b – paragraph 1

#### *Text proposed by the Commission*

#### *Amendment*

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

1. The Commission shall, ***by 1 January 2019 and then regularly afterwards***, report to the European Parliament and the Council on the relevant

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.

ICAO standards *and recommended practices (SARPs)*, *ICAO Council approved recommendations relevant to the global market-based measure* 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, *the implications of reservations by third countries* and on other relevant international developments. *The Commission shall also provide regular updates to the European Parliament and the Council on the establishment of a global registry and the development of the SARPs in accordance with the ICAO's standards-making procedures. In line with the UNFCCC's 'Global stocktake', it shall also report on efforts to meet the aviation sector's aspirational long-term emissions reduction goal of halving aviation CO<sub>2</sub> emissions relative to 2005 levels by 2050.*

## Amendment 31

### Proposal for a regulation

#### Article 1 – paragraph 1 – point 2

Directive 2003/87/EC

Article 28b – paragraph 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. *By 1 March 2020, the Commission shall report to the European Parliament and the Council on the adequacy of those ICAO instruments and options* 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. *The report shall also examine the ambition and overall environmental integrity of the global market-based measure including its general ambition in relation to targets under the Paris Agreement, level of*

*participation, enforceability, transparency, penalties for non-compliance, processes for public input, quality of offset credits, monitoring, reporting and verification of emissions, registries, accountability and rules on the use of biofuels. In addition, the report shall consider whether the delegated act adopted under Article 28c (2) needs to be revised.*

## Amendment 32

### Proposal for a regulation

#### Article 1 – paragraph 1 – point 2

Directive 2003/87/EC

Article 28b – paragraph 2 a (new)

*Text proposed by the Commission*

*Amendment*

*2a. No extension of the derogation as referred to in Article 28a beyond 2020 shall take place in respect of flights to or from a third country that is not participating in the global market-based measure, if that country had quantified commitments included in Annex B to the Kyoto Protocol.*

## Amendment 33

### Proposal for a regulation

#### Article 1 – paragraph 1 – point 2

Directive 2003/87/EC

Article 28b – paragraph 3

*Text proposed by the Commission*

*Amendment*

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.

3. The report *referred to in paragraph 2 shall* 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 *with the aim of ensuring full environmental*

*integrity and effectiveness of EU climate action and reducing any ambiguity in advance of CORSIA becoming operational.*

## **Amendment 34**

### **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, 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.

*Amendment*

1. The Commission shall adopt provisions for the appropriate monitoring, reporting and verification of emissions for the purpose of implementing the global market-based measure being elaborated in ICAO. Those provisions shall ***be entirely consistent with the principles contained in the*** Regulation referred to in Article 14 (1) and shall ensure that the emissions reports submitted are verified in accordance with Article 15.

## **Amendment 35**

### **Proposal for a regulation**

#### **Article 1 – paragraph 1 – point 2 a (new)**

Directive 2003/87/EC

Article 30 – paragraph 4 a (new)

*Text proposed by the Commission*

*Amendment*

***(2a) In Article 30, the following paragraph 4a is inserted:***

***4a. By 1 January 2020, the Commission shall present an updated analysis of the non-CO<sub>2</sub> effects of aviation, accompanied, if appropriate, by legislative proposals how best to address those effects.***





## EXPLANATORY STATEMENT

Approximately 1.3% of global CO<sub>2</sub> emissions are derived from international aviation. With anticipated growth in air traffic over the next three decades, worldwide emissions could further increase by 300-700% by 2050 unless action is taken to curtail the rise.

The development of a global market-based measure, as part of a “basket of measures” designed to mitigate the climate change impacts of aircraft emissions, has been on the International Civil Aviation Organisation (ICAO)’s agenda for some time. At its 37th Session of the General Assembly in 2010, ICAO agreed a global aspirational goal of carbon neutral growth by 2020. Three years later, the organisation established a working group for developing a global market-based mechanism to achieve this objective.

On 6 October 2016, at the 39th Session of the General Assembly, ICAO adopted Resolution 39-3, which introduces a global Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), under which aircraft operators that are in excess of baseline emissions will be required to purchase offsets in order to achieve carbon neutrality from international civil aviation from 2021. This baseline will be calculated as the average 2019-2020 emissions. The scheme is intended to complement new technologies, operational improvements, and infrastructure measures with the aim of achieving sustainable growth for aviation and the sector’s aspirational long-term goal of halving net CO<sub>2</sub> emissions by 2050, compared to 2005 levels. All EU Member States will join the scheme from the start.

ICAO must still develop the modalities, procedures, and implementation tools to allow the CORSIA to enter into force in 2021, which includes the monitoring, reporting, and verification of emissions, offset criteria and eligibility, baseline emissions, and the regulatory framework for participating states to implement the scheme at the domestic level. The scheme will then be implemented over three phases. During its pilot (2021-2023) and first phase (2024-2026), 65 countries will participate on a voluntary basis. In its second phase (2027-2035), with the exception of countries with minimal aviation activities, participation will become mandatory. Should the scheme deliver its objectives, approximately 80% of aviation emissions above 2020 levels will be offset under CORSIA between 2021 and 2035. Importantly, the agreement foresees a review every three years to ensure alignment with the long-term climate objectives of the UN Framework Convention on Climate Change (UNFCCC) and the 2015 Paris Agreement.

The European Union (EU) has long recognised the impact of aircraft emissions on climate change. To incentivise airlines to operate more efficient fleets, in 2008 the EU adopted legislation to extend its Emissions Trading System (EU ETS) to emissions from flights in to, out of, and within the European Economic Area (EEA). This approach was ruled compatible with international law by the European Court of Justice. However, a number of third countries and airlines firmly opposed the legislation, arguing that a regional scheme would lead to weakened trade and financial distortions. Therefore, in order to support ICAO’s commitment to develop a global market-based measure, the EU agreed to temporarily limit the scope of the EU ETS to flights within the EEA until 2016. In the absence of any further amendment to the EU ETS Directive, this derogation would cease to apply, and reinstate the original 2008 compliance coverage (“the snap-back”).

The European Commission responded to ICAO's CORSIA agreement in February 2017, and proposed to maintain the existing derogation beyond 2016. A further review of the EU ETS will then be undertaken and informed by a Commission report at an unspecified later date, when there is both greater clarity from ICAO on the nature and content of the mechanisms necessary for implementation of the CORSIA and the precise extent of third country participation can be determined. The proposal also highlights the importance of securing a swift agreement by the co-legislators, the European Parliament and Council, preferably before the end of 2017 to ensure legal certainty for compliance under the EU ETS.

In her draft report, your rapporteur broadly concurs with the Commission proposal. She believes it is prudent to await progress on the modalities, the procedures, and the steps taken to implement the CORSIA by ICAO member states before fully assessing the EU ETS for the post-2020 period. However, to ensure that this review serves to integrate the CORSIA into EU climate policy, your rapporteur considers it essential to specify key milestone dates in the legislation. First, to be consistent with the current regulation, this latest derogation should be time-limited and expire in advance of the CORSIA becoming operational on 1 January 2021. Second, it is necessary to establish a publication date of 1 January 2019 for the Commission's implementation report to provide sufficient time to assess the ICAO Council recommendations. Third, to ensure that the Commission brings forward timely proposals in response to its implementation report, your rapporteur proposes a deadline of 30 June 2019.

As the implementation report will establish the requirements for future EU ETS legislation, your rapporteur believes it is important to stipulate the key technical elements, processes, and environmental impacts to be evaluated. The report should examine the CORSIA's overall ambition in relation to the EU's commitments under the Paris Agreement. In particular, to assess its effectiveness, the report should also inspect the level of third country participation, penalties for non-compliance, processes for public input, standards for monitoring, reporting and verification (MRV), rules on the use of biofuels, and should evaluate offsetting provisions against objective criteria. Through addressing these points, the implementation report will enable the Commission and the co-legislators to ensure the environmental standards of the EU ETS are maintained.

Your rapporteur considers enhanced transparency to be crucial to ICAO's work on implementation progresses over the next two years. ICAO's Committee on Aviation and Environmental Protection (CAEP), which, along with the ICAO Council, will set the framework and governance provisions on MRV and offset units, applies a strict non-disclosure protocol on its Members and Observers. Public access to its deliberations is not permitted. Your rapporteur is concerned that such limited transparency in the process could undermine the quality of information required to inform the EU's post-2020 discussions as well as institutional trust. It will therefore be essential for the CAEP to allow the Commission to provide regular substantive updates to the European Parliament and Council.

With negotiations continuing concurrently between the European Parliament and the Council on the wider reform of the EU ETS for the period 2021-2030, and to ensure consistency with this proposal, your rapporteur believes it is necessary to include amendments pertinent to the aviation sector as adopted by the Parliament on 15 February 2017. Those amendments call for the aviation sector to receive 10% fewer allowances than its 2014-2016 average (in line with other sectors), to increase the number of auctioned allowances from 15% to 50%, and for revenues generated by these allowances to be earmarked as climate finance. On this final

point, your rapporteur believes that special funding considerations should be given to Member States under the Ninth Research Framework Programme (FP9), to incentivise the use of revenues from auctioned allowances and increase the co-financing expenditure for research, development, and commercialisation of new climate technologies.

21.6.2017

## **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 CO<sub>2</sub> emissions from aviation activities are increasing substantially. Despite the use worldwide of modern aircraft engines that are fuel efficient and thus cleaner, the CO<sub>2</sub> 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 CO<sub>2</sub> emissions in aviation as elsewhere. Following the decision a decade ago to reduce the CO<sub>2</sub> 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 CO<sub>2</sub> resulting from growth in the air transport sector are to be offset, as of 2020, by cuts in CO<sub>2</sub> 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' CO<sub>2</sub> 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 CO<sub>2</sub> (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 CO<sub>2</sub> 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 1

*Text proposed by the Commission*

(1) At the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) which took place in Paris from 30 November to 12 December 2015, an international agreement was adopted to strengthen the global response to climate change. The Paris Agreement, inter alia, sets out a long-term goal in line with the objective to keep the global temperature increase well below 2°C above pre-industrial levels and to pursue efforts to keep it to 1,5°C above pre-industrial levels. The Paris Agreement was approved on behalf of the Union by Council Decision (EU) 2016/1841. The Paris Agreement entered into force on 4<sup>th</sup> November 2016. In order to achieve the goal of the Paris Agreement, parties will prepare, communicate and maintain successive nationally determined contributions.

*Amendment*

(1) At the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) which took place in Paris from 30 November to 12 December 2015, an international agreement was adopted to strengthen the global response to climate change. The Paris Agreement, inter alia, sets out a long-term goal in line with the objective to keep the global temperature increase well below 2°C above pre-industrial levels and to pursue efforts to keep it to 1,5°C above pre-industrial levels. The Paris Agreement was approved on behalf of the Union by Council Decision (EU) 2016/1841. The Paris Agreement entered into force on 4<sup>th</sup> November 2016. In order to achieve the goal of the Paris Agreement, parties will prepare, communicate and maintain successive nationally determined contributions.  
***Although the international aviation sector was excluded from the Paris agreement, it too should contribute to emissions***

*reduction targets, such as through a global market-based measure ('GMBM') to be introduced by the International Civil Aviation Organisation (ICAO).*

## **Amendment 2**

### **Proposal for a regulation**

#### **Recital 2**

*Text proposed by the Commission*

(2) The environmental objectives of the Union as referred to in Article 191 of the Treaty, are preserving, protecting and improving the quality of the environment; protecting human health; and promoting measures at international level to deal with regional or worldwide environmental problems, and *in particular* combating climate change.

*Amendment*

(2) The environmental objectives of the Union as referred to in Article 191 of the Treaty, are preserving, protecting and improving the quality of the environment; protecting human health; and promoting measures at international level to deal with regional or worldwide environmental problems and, *first and foremost*, combating climate change.

## **Amendment 3**

### **Proposal for a regulation**

#### **Recital 2 a (new)**

*Text proposed by the Commission*

*Amendment*

*(2a) Environmental protection is one of the most important challenges facing the Union.*

## **Amendment 4**

### **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

*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, 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.

impacts from aviation activities through the EU emissions trading system (EU ETS) that has been operating since 2005. ***The Court of Justice ruled in its judgment of 21 December 2011<sup>1a</sup> that the inclusion of extra-EEA flights in the EU ETS does not violate international law.*** 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.

***<sup>1a</sup> Judgment of the Court of Justice of 21 December 2011, Air Transport Association of America and Others v. Secretary of State for Energy and Climate Change, C-366/10, ECLI:EU:C:2011:864.***

## **Amendment 5**

### **Proposal for a regulation Recital 4 a (new)**

*Text proposed by the Commission*

*Amendment*

***(4a) In order to achieve the objectives set out by the Paris Agreement and a 40% reduction in greenhouse gases by 2030, it is necessary to implement in full the Single European Sky measures. Doing so would make it possible to avoid airspace fragmentation and optimise traffic flows, thereby cutting emissions.***

## Amendment 6

### Proposal for a regulation

#### Recital 5

*Text proposed by the Commission*

(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.***

## Amendment 7

### Proposal for a regulation

#### Recital 6

*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. ***ICAO 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.

*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 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.

## **Amendment 8**

### **Proposal for a regulation**

#### **Recital 6 a (new)**

*Text proposed by the Commission*

*Amendment*

(6) Given that key *framework conditions* 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 imperative that the ICAO measure 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 *and most feasible from an economic point of view* greenhouse gas reduction commitment.

*Amendment*

**(6a) *The success of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) will largely depend on having a geographically wide scope of application, and on avoiding an overlapping of***

*regional schemes. On the basis of those circumstances, a true level playing field can be created in the aviation sector.*

## **Amendment 9**

### **Proposal for a regulation**

#### **Recital 6 b (new)**

*Text proposed by the Commission*

*Amendment*

***(6b) The revenues from the proceeds of future auctioning of allowances should be allocated to programmes aimed at reducing emissions in the aviation sector, in particular to research and development programmes, and should be channelled through the future Ninth Research Framework Programme.***

## **Amendment 10**

### **Proposal for a regulation**

#### **Recital 7**

*Text proposed by the Commission*

*Amendment*

(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. 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

(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. It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, ***particularly*** 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.

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, *in order to make the decision-making process more transparent and more efficient.*

## Amendment 11

### Proposal for a regulation

#### Article 1 – paragraph 1 – point -1 (new)

Directive 2003/87/EC

Article 3d – paragraph 4 – subparagraph 1

#### *Present text*

*It shall be for Member States to determine the use to be made of revenues generated from the auctioning of allowances. Those revenues should be used to tackle climate change in the EU and third countries, inter alia, to reduce greenhouse gas emissions, to adapt to the impacts of climate change in the EU and third countries, especially developing countries, to fund research and development for mitigation and adaptation, **including** in particular in the fields of aeronautics and air transport, to reduce emissions through low-emission transport and to cover the cost of administering the Community scheme. The proceeds of auctioning should also be used to fund contributions to the Global Energy Efficiency and Renewable Energy Fund, and measures to avoid deforestation.*

#### *Amendment*

*(-1) In Article 3d (4) the first subparagraph is replaced by the following:*

*“Revenues generated from the auctioning of allowances shall be used to tackle climate change in the EU and third countries, inter alia, to reduce greenhouse gas emissions, to adapt to the impacts of climate change in the EU and third countries, especially developing countries, **especially** to fund research and development for mitigation and adaptation, in particular in the fields of aeronautics and air transport, to reduce emissions through low-emission transport and to cover the cost of administering the Community scheme. The proceeds of auctioning should also be used to fund contributions to the Global Energy Efficiency and Renewable Energy Fund, and measures to avoid deforestation. **Particular consideration shall be given to the future Ninth Research Framework Programme when attributing auction revenues.**”;*

*(<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32008L0101&from=EN>)*

## Amendment 12

### Proposal for a regulation

#### Article 1 – paragraph 1 – point 1 – point a – point i

Directive 2003/87/EC

Article 28a – paragraph 1 – point a

*Text proposed by the Commission*

(a) all emissions from flights to and from aerodromes located in countries outside the European Economic Area (EEA) in each calendar year from 1 January 2013, subject to the review referred to in Article 28b.

*Amendment*

(a) all emissions from flights to and from aerodromes located in countries outside the European Economic Area (EEA) in each calendar year from 1 January 2013 **to 31 December 2020**, subject to the review referred to in Article 28b.

## Amendment 13

### Proposal for a regulation

#### Article 1 – paragraph 1 – point 1 – point a – point ii

Directive 2003/87/EC

Article 28a – paragraph 1 – point c

*Text proposed by the Commission*

ii. point (c) is **deleted**.

*Amendment*

ii. point (c) is **replaced by the following**:

***“(c) all emissions from flights that are between aerodromes located in the EEA and operated as a consequence of a flight referred to in points (a) or (b) being diverted to an aerodrome located in the EEA in each calendar year from 1 January 2017, subject to the review referred to in Article 28b.”;***

## Amendment 14

### Proposal for a regulation

#### Article 1 – paragraph 1 – point 2

Directive 2003/87/EC

Article 28b – paragraph 1

*Text proposed by the Commission*

1. The Commission shall report to the

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*Amendment*

1. The Commission shall report to the

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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.

European Parliament and the Council on the relevant ICAO standards *and recommended practices (SARPs)*, *ICAO Council-approved recommendations relevant to the global measure* or other legal instruments as well as on domestic measures taken by third countries to implement the global measure to be applied to emissions from 2021, and on other relevant international developments. *Such reports shall be submitted by 1 January 2018, 1 January 2019 and regularly thereafter in accordance with the ICAO's standards-making procedures.*

## Amendment 15

### Proposal for a regulation

#### Article 1 – paragraph 1 – point 2

Directive 2003/87/EC

Article 28b – paragraph 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 *shall* consider *how the* ICAO instruments *are to be made compatible with the EU ETS and what form the co-existence of the two systems is to take as of 2021. The effects of the GMBM on the aviation sector and on CO<sub>2</sub> emissions shall, where appropriate, also be evaluated.*

## Amendment 16

### 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

*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

the Union economy-wide greenhouse gas emission reduction commitment for 2030.

economy-wide greenhouse gas emission reduction commitment for 2030.



## PROCEDURE – COMMITTEE ASKED FOR OPINION

<b>Title</b>	Continuing current limitations of scope for aviation activities and to prepare to implementing a global market-based measure from 2021
<b>References</b>	COM(2017)0054 – C8-0028/2017 – 2017/0017(COD)
<b>Committee responsible</b> Date announced in plenary	ENVI 13.2.2017
<b>Opinion by</b> Date announced in plenary	ITRE 13.2.2017
<b>Rapporteur</b> Date appointed	Werner Langen 16.3.2017
<b>Discussed in committee</b>	29.5.2017
<b>Date adopted</b>	21.6.2017
<b>Result of final vote</b>	+: 51 –: 5 0: 0
<b>Members present for the final vote</b>	Bendt Bendtsen, Xabier Benito Ziluaga, José Blanco López, David Borrelli, Cristian-Silviu Buşoi, Jerzy Buzek, Edward Czesak, Jakop Dalunde, Christian Ehler, Fredrick Federley, Ashley Fox, Adam Gierek, Theresa Griffin, András Gyürk, Rebecca Harms, Hans-Olaf Henkel, Eva Kaili, Kaja Kallas, Krišjānis Kariņš, Seán Kelly, Jaromír Kohlíček, Peter Kouroumbashev, Zdzisław Krasnodębski, Miapetra Kumpula-Natri, Janusz Lewandowski, Paloma López Bermejo, Edouard Martin, Angelika Mlinar, Csaba Molnár, Dan Nica, Angelika Niebler, Aldo Patriciello, Morten Helveg Petersen, Miroslav Poche, Michel Reimon, Herbert Reul, Paul Rübig, Algirdas Saudargas, Dario Tamburrano, Patrizia Toia, Evžen Tošenovský, Vladimir Urutchev, Kathleen Van Brempt, Henna Virkkunen, Lieve Wierinck, Flavio Zanonato, Carlos Zorrinho
<b>Substitutes present for the final vote</b>	Pilar Ayuso, Francesc Gambús, Françoise Grossetête, Constanze Krehl, Werner Langen, Olle Ludvigsson, Florent Marcellesi, Anne Sander, Davor Škrlec

## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

51	+
ALDE	Fredrick Federley, Kaja Kallas, Angelika Mlinar, Morten Helveg Petersen, Lieve Wierinck
ECR	Ashley Fox, Hans-Olaf Henkel, Evžen Tošenovský
EFDD	David Borrelli, Dario Tamburrano
PPE	Pilar Ayuso, Bendt Bendtsen, Jerzy Buzek, Cristian-Silviu Buşoi, Christian Ehler, Francesc Gambús, Françoise Grossetête, András Gyürk, Krišjānis Kariņš, Seán Kelly, Werner Langen, Janusz Lewandowski, Angelika Niebler, Aldo Patriciello, Herbert Reul, Paul Rübig, Anne Sander, Algirdas Saudargas, Vladimir Urutchev, Henna Virkkunen
S&D	José Blanco López, Adam Gierek, Theresa Griffin, Eva Kaili, Peter Kouroumbashev, Constanze Krehl, Miapetra Kumpula-Natri, Olle Ludvigsson, Edouard Martin, Csaba Molnár, Dan Nica, Miroslav Poche, Patrizia Toia, Kathleen Van Brempt, Flavio Zanonato, Carlos Zorrinho
VERTS/ALE	Jakop Dalunde, Rebecca Harms, Florent Marcellesi, Michel Reimon, Davor Škrlec

5	-
ECR	Edward Czesak, Zdzisław Krasnodębski
GUE/NGL	Xabier Benito Ziluaga, Jaromír Kohlíček, Paloma López Bermejo

0	0
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Key to symbols:

+ : in favour

- : against

0 : abstention

20.6.2017

## **OPINION OF THE COMMITTEE ON TRANSPORT AND TOURISM**

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

on a 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: Jacqueline Foster

### **SHORT JUSTIFICATION**

#### **Historical background**

In 2003, the EU adopted the first major regional greenhouse gas emission allowance trading scheme (ETS) in the world, which was launched in 2005. In 2008, the EU adopted an amending directive which sought to extend its scope to include aviation emissions in the EU ETS from 2012.

This extension was highly controversial and led to significant trade issues with strategic EU partners such as the US, China and India. In addition, it resulted in a number of legal challenges. Regrettably, this attempt to extend the EU-ETS to include aviation greatly damaged the European aviation industry, particularly the aerospace sector, as well as the reputation of the EU and its Member States.

Ultimately, the European Commission had no other choice in 2012 than to adopt the “stop-the-clock” decision, which was extended in 2014. That decision was key to facilitating the process of finding a global solution at international level. Indeed, in October 2013, the 38th International Civil Aviation Organisation<sup>1</sup> (ICAO) Assembly agreed to develop a global market-based measure (GMBM) as a basis for a global agreement, in order to achieve so-called “carbon neutral growth from 2020” (resolution A38-18).

#### **The GMBM scheme**

In May 2016, before the 39th ICAO Assembly, a TRAN committee delegation, including the rapporteur, met the President of the ICAO Council, Dr. Olumuyiwa Benard Aliu, as well as the ICAO Secretary General, Dr. Fang Liu, in Montreal, in order to discuss the GMBM issue.

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<sup>1</sup> ICAO is a UN agency comprising 191 countries that manages the administration of international civil aviation.

There was also a constructive dialogue with senior Canadian aviation ministers and other key officials in Ottawa. The rapporteur also met senior representatives of the US Federal Aviation Administration (FAA) and of the Canadian government for the same purpose.

Moreover, in October 2016, an ad hoc TRAN/ENVI delegation attended the 39th ICAO Assembly, closely monitoring the GMBM negotiations. An extremely good relationship developed between the Transport Commissioner and her team and the EU Council presidency. The very constructive atmosphere of the 39th Assembly contributed to a hard fought and long sought after deal at global level.

This resulted in the ICAO Assembly GMBM Resolution (A39-3) of October 2016 that implements a GMBM scheme in the form of the CORSIA<sup>1</sup>. The key elements of CORSIA are:

- Any annual increase in total CO2 emissions from international civil aviation above 2020 levels will be addressed.
- The pilot phase will run between 2021 and 2023.
- The first phase will run from 2024 to 2026. This will apply to states that have volunteered to participate in the scheme.
- A second phase from 2027 to 2035 with all states participating, other than exempted states.
- From 21 April 2017, 67 states, representing more than 87.5% of international aviation activity, will volunteer to participate in the GMBM scheme from its outset. It should be noted that once a country has agreed to participate in the scheme, it is seen to have to comply with any future decisions.
- Finally, the agreement foresees a review every three years which will allow for further improvements to be made to CORSIA.

Experts from both the European Commission and the EU Member States are now working alongside those of the ICAO Committee on Aviation Environmental Protection (CAEP) on the detailed technical rules of the scheme to ensure it functions effectively and efficiently.

### **The rapporteur's position**

The rapporteur fully agrees with the Commission's proposal and has historically supported the introduction of a global market based scheme. She is also convinced that only a global and pragmatic approach will achieve concrete results. At the same time, if the continent of Europe wishes to grow internationally, it is in our interest not to overregulate our aviation sector as quite clearly this would be very damaging to our airlines and the European aerospace sector and would place us at a competitive disadvantage with the rest of the world.

Unilateral and isolated EU action has taken us in the wrong direction. Unfortunately, there was a total lack of consideration and understanding concerning the technological advances achieved by the European aerospace sector and the operational improvements made by Member States.

Moreover, the rapporteur would also wish to highlight the lack of recognition of legislation adopted at EU level which aimed at tackling congestion in European airspace and enhancing

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<sup>1</sup> CORSIA: Carbon Offsetting and Reduction Scheme for International Aviation

the flow of traffic. The TRAN committee fully supported the 2012 Foster report on the implementation of Single European Sky (SES) legislation, calling Implementation of the Single European Sky Legislation for the full implementation by Member States of the SES legislation, which promotes direct routing and thereby reduces fuel burn, emissions and ultimately ticket prices for the consumer.

In addition, the use of Galileo for satellite-based navigation (GNSS<sup>1</sup> and Copernicus) have also contributed to driving down emissions as well as the Joint Technology Initiatives Clean Sky I (budget €1.6 billion) and Clean Sky II (budget exceeding €4 billion). These research and development projects are developing the next generation of aircraft and engines, and have been so successful that Clean Sky III is already at an advanced stage of discussion.

It should also be pointed out that Member States, the airlines and aerospace industry have invested billions into sustainable alternative fuels and are committed to continue doing so in the future. The net result is that Today, according to ICAO, an aircraft is approximately 80 per cent more fuel efficient per passenger kilometre than in the 1960's.

## Conclusion

In conclusion, the rapporteur believes strongly in the need to highlight the technological advances in the sector but underlines that the Commission proposal focuses on the overriding need now to allow the continuation of '**stop the clock**'. Therefore, your rapporteur takes the firm view that the Parliament should support Commissioner Bulc and her team and allow time for the development of a workable and constructive GMBM, which can be supported by all countries who have already signed up and countries who we hope will sign up in the future. To do otherwise could result in there being no international solution for the foreseeable future. Therefore, it is in our interest that we in the Parliament support the Commission proposal to 'stop the clock'.

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<sup>1</sup> In 2012, your rapporteur was also TRAN's rapporteur for its opinion on Regulation (EU)1285/2013 on the implementation and exploitation of European satellite navigation systems

## AMENDMENTS

The Committee on Transport and Tourism 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 1

###### *Text proposed by the Commission*

(1) At the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) which took place in Paris from 30 November to 12 December 2015, an international agreement was adopted to strengthen the global response to climate change. The Paris Agreement, inter alia, sets out a long-term goal in line with the objective to keep the global temperature increase well below 2°C above pre-industrial levels and to pursue efforts to keep it to 1,5°C above pre-industrial levels. The Paris Agreement was approved on behalf of the Union by Council Decision (EU) 2016/1841. The Paris Agreement entered into force on 4<sup>th</sup> November 2016. In order to achieve the goal of the Paris Agreement, parties will prepare, communicate and maintain successive nationally determined contributions.

###### *Amendment*

(1) At the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) which took place in Paris from 30 November to 12 December 2015, an international agreement was adopted to strengthen the global response to climate change. The Paris Agreement, inter alia, sets out a long-term goal in line with the objective to keep the global temperature increase well below 2°C above pre-industrial levels and to pursue efforts to keep it to 1,5°C above pre-industrial levels. The Paris Agreement was approved on behalf of the Union by Council Decision (EU) 2016/1841. The Paris Agreement entered into force on 4<sup>th</sup> November 2016. In order to achieve the goal of the Paris Agreement, parties will prepare, communicate and maintain successive nationally determined contributions ***and continuous political will in decision-making in line with the agreement is needed to ensure reaching its objectives. It should be noted however that the Paris Agreement of COP 21 excluded both the international aviation and maritime sectors and requested that in the case of aviation, the International Civil Aviation Organisation (ICAO) would be the most relevant body to come forward with a workable GMBM scheme.***

### Amendment 2

## Proposal for a regulation

### Recital 3

*Text proposed by the Commission*

(3) A binding target of at least a 40% domestic reduction in economy-wide greenhouse gas emissions by 2030 compared to 1990 was set by the European Council of 23-24 October 2014. The Council meeting on 6 March 2015 formally approved this contribution of the Union and its Member States as their Intended Nationally Determined Contribution under the Paris Agreement. The European Council conclusions of October 2014 foresaw that the target should be delivered collectively by the Union in the most cost-effective manner possible, with the reductions in the Emissions Trading System (ETS) and non-ETS sectors amounting to 43% and 30% by 2030 compared to 2005 respectively. All sectors of the economy should contribute to achieving these emission reductions.

### Amendment 3

## 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*

*Amendment*

(3) A binding target of at least a 40% domestic reduction in economy-wide greenhouse gas emissions by 2030 compared to 1990 was set by the European Council of 23-24 October 2014. The Council meeting on 6 March 2015 formally approved this contribution of the Union and its Member States as their Intended Nationally Determined Contribution under the Paris Agreement. The European Council conclusions of October 2014 foresaw that the target should be delivered collectively by the Union in the most cost-effective manner possible, with the reductions in the Emissions Trading System (ETS) and non-ETS sectors amounting to 43% and 30% by 2030 compared to 2005 respectively. All sectors of the economy should contribute to achieving these emission reductions *and in order to do so, the Commission should provide a platform for exchanging among Member States best practices and lessons learned in the sector of low-emission mobility.*

*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 addition, since 2004 and 2008 the Member States have recommitted*

*(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.

*themselves to implementing the Single European Sky concept, taking account of the growth in the volume of air traffic in the coming years. In order to achieve progress with air traffic management, the implementation of SESAR (Single European Sky ATM Research) needs to be speeded up, and innovative technologies must be supported under the Clean Sky project. The introduction, through the International Civil Aviation Organization (ICAO), of the global market-based measure should contribute to further progress on aviation emissions reduction. It was for this reason that derogations were granted in relation to* the compliance obligations in respect of 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**

##### **Proposal for a regulation Recital 5**

###### *Text proposed by the Commission*

(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

###### *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.

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 ***by 2021 at the latest***, 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, facilitate the operationalisation of the ICAO scheme, ***and avoid overlapping with Union ETS obligations***. 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. ***In order to tackle CO2 emissions from the aviation sector, the Union shall continue to work with supporting Member States to use the revenues generated from the auctioning of allowances for projects such as SESAR, Clean Sky and other innovative projects.***

## Amendment 5

### 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 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

*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, it is considered appropriate 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.

ICAO's global market-based measure, and a report submitted to the European Parliament and Council. ***In order to ensure the scheme's success, the Union shall continue to support its Member States and maintain close cooperation with the ICAO in its role as observer, to encourage transparency of information and the progress of the ICAO agreement.*** 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 **and** the rules applicable to intra-EEA flights. 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. ***The report should also take into consideration the ambition and overall environmental integrity of the global market-based measure including the objectives and requirements of the Paris agreement.***

## Amendment 6

### Proposal for a regulation Recital 6 a (new)

*Text proposed by the Commission*

*Amendment*

***(6a) It should also be considered that the success of the Carbon Offsetting Scheme for International Aviation (CORSA) when agreed at ICAO will depend on the avoidance of conflicting or duplicate schemes at domestic and regional level, in order not to create distortions of competition nor an unacceptable administrative burden.***

*Furthermore, the full implementation of Single European Sky which is aimed at de-fragmenting European airspace and thereby reducing aviation's environmental footprint, will also contribute to its success. Moreover, the implementation of CORSIA within the Union should take account of the review every three years which will allow for further improvements to be made to the scheme.*

## **Amendment 7**

### **Proposal for a regulation**

#### **Recital 6 b (new)**

*Text proposed by the Commission*

*Amendment*

*(6b) Several legislative acts have been adopted at Union level which aim at preventing the fragmentation of European airspace in order to enhance the flow of air traffic and control of airspace usage, thereby reducing emissions. Within the Union, the CORSIA scheme should be viewed as part of the ICAO's so-called "basket of measures", alongside full implementation by Member States of Single European Sky legislation, SESAR, the use of GNSS for satellite-based navigation and Joint Technology Initiatives such as Clean Sky I and Clean Sky II. All revenues from the proceeds of future auctioning of allowances should be ring-fenced for developing the above research and development programmes, as well as common projects aimed at developing a set of basic interoperable capabilities within all Member States, in particular those improving air navigation infrastructure, the provision of air navigation services and the use of airspace as required for the implementation of the European ATM Master Plan. The Commission should also report to the European Parliament and to the Council on actions for the implementation of the GMBM taken by*

*Member States to reduce greenhouse gas emissions from aviation, including information, with regard to the use of revenues, submitted by Member States in accordance with Article 17 of Regulation (EU) No 525/2013.*

## Amendment 8

### Proposal for a regulation Recital 8

#### *Text proposed by the Commission*

(8) As a simplification and in order to lighten administrative tasks for the smallest aircraft operators, non-commercial aircraft operators emitting less than 1000 tonnes CO<sub>2</sub> per annum should continue to be considered as meeting the requirements of Directive 2003/87/EC **for another ten years, during which measures should be elaborated so that in future all operators contribute to emission reductions.**

#### *Amendment*

(8) As a simplification and in order to lighten administrative tasks for the smallest aircraft operators **and for outermost regions**, non-commercial aircraft operators emitting less than 1000 tonnes CO<sub>2</sub> per annum **and outermost regions** should continue to be considered as meeting the requirements of Directive 2003/87/EC. **It should also be restated that within the aviation activities listed in Annex I to Directive 2003/87/EC, points (a) to (k) provide for exemptions from the categories of activity to which this Directive applies. As part of the proposed review outlined in Article 28b, the continued exclusion of these flights should be reconfirmed.**

## Amendment 9

### Proposal for a regulation Article 1 – paragraph 1 – point -1 (new) Directive 2003/87/EC Article 3d – paragraph 4 – subparagraph 1

#### *Text proposed by the Commission*

It shall be for Member States to determine the use to be made of revenues generated from the auctioning of allowances. **Those**

#### *Amendment*

**(-1) In Article 3d(4), the first subparagraph is replaced by the following:**

It shall be for Member States to determine the use to be made of revenues generated from the auctioning of allowances,

revenues *should be used to tackle climate change in the EU and third countries, inter alia, to reduce greenhouse gas emissions, to adapt to the impacts of climate change in the EU and third countries, especially developing countries, to fund research and development for mitigation and adaptation, including in particular in the fields of aeronautics and air transport, to reduce emissions through low-emission transport and to cover the cost of administering the Community scheme. The proceeds of auctioning should be used to fund contributions to the Global Energy Efficiency and Renewable Energy Fund, and measures to avoid deforestation.*

*provided that those revenues are ring-fenced for financing research and common projects to reduce greenhouse gas emissions from the aviation sector, such as the SESAR Joint Undertaking and the Clean Sky Joint Technology Initiatives and any initiatives enabling the widespread use of GNSS for satellite-based navigation and interoperable capabilities within all Member States, in particular those improving air navigation infrastructure, the provision of air navigation services and the use of airspace. Transparency on the use of revenues generated from the auctioning of allowances under Directive 2003/87/EC is fundamental to underpinning Union commitments.*

## **Amendment 10**

### **Proposal for a regulation**

**Article 1 – paragraph 1 – point 1 – point a – point i a (new)**

Directive 2003/87/EC

Article 28a – paragraph 1 – point b a (new)

*Text proposed by the Commission*

*Amendment*

*ia. point (ba) is added:*

*(ba) all emissions from flights between aerodromes located in the EEA and operated as a consequence of a flight as referred to in points (a) or (b) being diverted to an aerodrome located in the EEA in each calendar year from 1 January 2017, subject to the review referred to in Article 28b.*

## **Amendment 11**

### **Proposal for a regulation**

**Article 1 – paragraph 1 – point 1 – point b – point i**

Directive 2003/87/EC

Article 28a – paragraph 2 – subparagraph 1

*Text proposed by the Commission*

*Amendment*

From 1 January 2017, by way of

From 1 January 2017, by way of

derogation from Articles 3d to 3f and until amendments subsequent to the review referred to in Article 28b have entered into force, aircraft operators shall be issued, each year, the number of allowances that corresponds to the year 2016. ***From 2021 onwards that number of allowances shall be subject to the application of the linear factor in Article 9.***

## **Amendment 12**

### **Proposal for a regulation**

#### **Article 1 – paragraph 1 – point 1 – point d a (new)**

Directive 2003/87/EC

Article 28a – paragraph 8

*Text proposed by the Commission*

***8. The Commission shall regularly, and at least once a year, inform the European Parliament and the Council of the progress of the International Civil Aviation Organization (ICAO) negotiations as well as of its efforts to promote the international acceptance of market-based mechanisms among third countries. Following the 2016 ICAO Assembly, the Commission shall report to the European Parliament and to the Council on actions to implement an international agreement on a global market-based measure from 2020, that will reduce greenhouse gas emissions from aviation in a non-discriminatory manner, including on information, with regard to the use of revenues, submitted by Member States in accordance with Article 17 of Regulation (EU) No 525/2013.***

***In its report, the Commission shall consider, and, if appropriate, include proposals in reaction to, those developments on the appropriate scope for coverage of emissions from activity to and from aerodromes located in countries outside the EEA from 1 January 2017***

derogation from Articles 3d to 3f and until amendments subsequent to the review referred to in Article 28b have entered into force, aircraft operators shall be issued, each year, the number of allowances that corresponds to the year 2016.

*Amendment*

***(da) Article 28a(8) is deleted.***

*onwards. In its report, the Commission shall also consider solutions to other issues that may arise in the application of paragraphs 1 to 4 of this Article, while preserving the equal treatment of all aircraft operators on the same route.*

### Amendment 13

#### Proposal for a regulation

#### Article 1 – paragraph 1 – point 2

Directive 2003/87/EC

Article 28b – 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 ***regularly, and at least once a year***, report to the European Parliament and the Council on the relevant ICAO standards ***and recommended practices (SARPs), ICAO Council-approved recommendations relevant to the global market-based measure*** 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. ***The Commission shall also report on the ICAO's efforts to establish a credible long-term goal for the sector.***

## PROCEDURE – COMMITTEE ASKED FOR OPINION

<b>Title</b>	Continuing current limitations of scope for aviation activities and to prepare to implementing a global market-based measure from 2021
<b>References</b>	COM(2017)0054 – C8-0028/2017 – 2017/0017(COD)
<b>Committee responsible</b> Date announced in plenary	ENVI 13.2.2017
<b>Opinion by</b> Date announced in plenary	TRAN 13.2.2017
<b>Rapporteur</b> Date appointed	Jacqueline Foster 14.3.2017
<b>Discussed in committee</b>	30.5.2017
<b>Date adopted</b>	20.6.2017
<b>Result of final vote</b>	+: 33 –: 5 0: 1
<b>Members present for the final vote</b>	Daniela Aiuto, Lucy Anderson, Georges Bach, Izaskun Bilbao Barandica, Deirdre Clune, Michael Cramer, Andor Deli, Isabella De Monte, Ismail Ertug, Jacqueline Foster, Dieter-Lebrecht Koch, Merja Kyllönen, Miltiadis Kyrkos, Peter Lundgren, Marian-Jean Marinescu, Georg Mayer, Gesine Meissner, Cláudia Monteiro de Aguiar, Jens Nilsson, Markus Pieper, Tomasz Piotr Poręba, Dominique Riquet, Massimiliano Salini, Claudia Schmidt, Jill Seymour, Claudia Țapardel, Pavel Telička, Wim van de Camp, Janusz Zemke, Roberts Zile, Kosma Złotowski
<b>Substitutes present for the final vote</b>	Jakop Dalunde, Bas Eickhout, Maria Grapini, Karoline Graswander-Hainz, Franck Proust, Evžen Tošenovský
<b>Substitutes under Rule 200(2) present for the final vote</b>	Susanne Melior, Roberta Metsola



## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

33	+
ALDE	Izaskun Bilbao Barandica, Gesine Meissner, Dominique Riquet, Pavel Telička
ECR	Jacqueline Foster, Tomasz Piotr Poręba, Evžen Tošenovský, Roberts Zile, Kosma Zlotowski
EFDD	Daniela Aiuto, Peter Lundgren
PPE	Georges Bach, Deirdre Clune, Andor Deli, Dieter-Lebrecht Koch, Marian-Jean Marinescu, Roberta Metsola, Cláudia Monteiro de Aguiar, Markus Pieper, Franck Proust, Massimiliano Salini, Claudia Schmidt, Wim van de Camp
S&D	Lucy Anderson, Isabella De Monte, Ismail Ertug, Maria Grapini, Karoline Graswander-Hainz, Miltiadis Kyrkos, Susanne Melior, Jens Nilsson, Claudia Țapardel, Janusz Zemke

5	-
EFDD	Seymour Jill
GUE/NGL	Merja Kyllönen
Verts/ALE	Michael Cramer, Jakop Dalunde, Bas Eickhout

1	0
ENF	Georg Mayer

**Key to symbols:**

+ : in favour

- : against

0 : abstention

## PROCEDURE – COMMITTEE RESPONSIBLE

<b>Title</b>	Continuing current limitations of scope for aviation activities and to prepare to implementing a global market-based measure from 2021	
<b>References</b>	COM(2017)0054 – C8-0028/2017 – 2017/0017(COD)	
<b>Date submitted to Parliament</b>	3.2.2017	
<b>Committee responsible</b> Date announced in plenary	ENVI 13.2.2017	
<b>Committees asked for opinions</b> Date announced in plenary	ITRE 13.2.2017	TRAN 13.2.2017
<b>Rapporteurs</b> Date appointed	Julie Girling 16.3.2017	
<b>Date adopted</b>	11.7.2017	
<b>Result of final vote</b>	+: 57	–: 3
	0: 6	
<b>Members present for the final vote</b>	Margrete Auken, Pilar Ayuso, Zoltán Balczó, Catherine Bearder, Ivo Belet, Biljana Borzan, Lynn Boylan, Paul Brannen, Nessa Childers, Birgit Collin-Langen, Mireille D’Ornano, Miriam Dalli, Seb Dance, Angélique Delahaye, Stefan Eck, Bas Eickhout, José Inácio Faria, Francesc Gambús, Elisabetta Gardini, Gerben-Jan Gerbrandy, Arne Gericke, Jens Gieseke, Julie Girling, Françoise Grossetête, Andrzej Grzyb, Jytte Guteland, Anneli Jäätteenmäki, Jean-François Jalkh, Benedek Jávor, Kateřina Konečná, Urszula Krupa, Giovanni La Via, Jo Leinen, Peter Liese, Norbert Lins, Rupert Matthews, Valentinas Mazuronis, Susanne Melior, Miroslav Mikolášik, Gilles Pargneaux, Piernicola Pedicini, Bolesław G. Piecha, Pavel Poc, Julia Reid, Frédérique Ries, Michèle Rivasi, Daciana Octavia Sârbu, Annie Schreyer-Pierik, Davor Škrlec, Renate Sommer, Claudiu Ciprian Tănăsescu, Ivica Tolić, Estefanía Torres Martínez, Adina-Ioana Vălean, Jadwiga Wiśniewska, Damiano Zoffoli	
<b>Substitutes present for the final vote</b>	Luke Ming Flanagan, Elena Gentile, Krzysztof Hetman, Ulrike Müller, James Nicholson, Christel Schaldemose, Bart Staes, Tiemo Wölken	
<b>Substitutes under Rule 200(2) present for the final vote</b>	Siôn Simon, Derek Vaughan	
<b>Date tabled</b>	17.7.2017	

## FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

57	+
ALDE	Catherine Bearder, Gerben-Jan Gerbrandy, Anneli Jäätteenmäki, Valentinas Mazuronis, Ulrike Müller, Frédérique Ries
ECR	Arne Gericke, Julie Girling, Rupert Matthews, James Nicholson
EFDD	Piernicola Pedicini
GUE/NGL	Lynn Boylan, Stefan Eck, Luke Ming Flanagan, Kateřina Konečná, Estefanía Torres Martínez
NI	Zoltán Balczó
PPE	Pilar Ayuso, Ivo Belet, Birgit Collin-Langen, José Inácio Faria, Francesc Gambús, Elisabetta Gardini, Andrzej Grzyb, Krzysztof Hetman, Giovanni La Via, Peter Liese, Norbert Lins, Miroslav Mikolášik, Annie Schreijer-Pierik, Renate Sommer, Ivica Tolić, Adina-Ioana Vălean
S&D	Biljana Borzan, Paul Brannen, Nessa Childers, Miriam Dalli, Seb Dance, Elena Gentile, Jytte Guteland, Jo Leinen, Susanne Melior, Gilles Pargneaux, Pavel Poc, Christel Schaldemose, Siôn Simon, Daciana Octavia Sârbu, Claudiu Ciprian Tănăsescu, Derek Vaughan, Tiemo Wölken, Damiano Zoffoli
VERTS/ALE	Margrete Auken, Bas Eickhout, Benedek Jávor, Michèle Rivasi, Davor Škrlec, Bart Staes

3	-
EFDD	Julia Reid
ENF	Mireille D'Ornano, Jean-François Jalkh

6	0
ECR	Urszula Krupa, Bolesław G. Piecha, Jadwiga Wiśniewska
PPE	Angélique Delahaye, Jens Gieseke, Françoise Grossetête

### Key to symbols:

+ : in favour

- : against

0 : abstention