

EUROPEAN PARLIAMENT

2004



2009

Committee on Industry, Research and Energy

2006/0304(COD)

14.9.2007

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 directive of the European Parliament and of the Council amending Directive 2003/87/EC so as to include aviation activities in the scheme for greenhouse gas emission allowance trading within the Community (COM(2006)0818 – C6-0011/2007 – 2006/0304(COD))

Draftswoman: Silvia Ciornei

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SHORT JUSTIFICATION

Air transport, both of passengers and freight, is important for the European economy and the wellbeing of its citizens. However, aviation also contributes to climate change by emitting greenhouse gasses (GHG). A person flying transatlantic generates roughly the same level of emissions as that same person does by heating his home for a whole year. Furthermore, EU emissions from air transport are increasing faster than from any other sector, which threatens to undermine the EU's progress in cutting overall GHG-emissions.

This proposal aims at tackling the sector's emissions by bringing aviation into the EU Emissions Trading Scheme (EU ETS). From 2011, all domestic and international flights between EU airports will be covered, and in 2012 the scope will be extended to all international flights arriving at or departing from EU airports. To limit the rapid growth in aviation emissions, the total number of emission allowances available will be capped at EU-level at the average emissions level in 2005. These allowances will partly be auctioned and for the rest be issued by Member States to the operators on the basis of a harmonised efficiency benchmark.

Your draftswoman welcomes this proposal. Aviation should make a fair contribution to the efforts to combat climate change. Bringing aviation into the existing EU ETS is both from an economic and environmental point of view the best approach. Compared with current trends, this proposal could by 2020 reduce the emissions by more than 45%, saving around 183 million tonnes CO₂ each year - equivalent for example to twice Austria's annual GHG-emissions from all sources.

However, certain elements of the proposal should be carefully considered, also with a view of the "lessons learned" from the first period of EU ETS and the preparation of its general revision:

Scope/timing: The proposal introduces a two steps approach, covering firstly only the emissions of intra EU flights and widening the scope later to cover all flights arriving or departing from the EU. Covering international flights is necessary in order to have a sizeable environmental impact, since if only intra EU flights will be covered, the CO₂ reduction will be around a quarter. However, to unilaterally cover international flights could lead to retaliatory actions in the form of trade sanctions or WTO-proceedings by non-EU countries. Your draftswoman believes that international flights should be covered from the start to ensure a level playing field. However, in order to avoid a lengthy legal battle, the Commission should immediately enter international negotiations in order to agree on a global scheme.

Cap: To avoid the current problems in the EU ETS whereby Member States tend to nationally over-allocate allowances, the Commission proposes to apply a single EU-cap for the aviation sector. Your draftswoman applauds this choice. It will prevent distortions between Member States and operators, reduce the danger of over-allocation and provide the market with the predictability necessary for investment decisions. Another question is on what level this EU-cap should be set. Your draftswoman notes that stabilising the emissions at 2005 levels shows a different ambition level than in other sectors. However, taking into account the fact that international aviation is not covered by the Kyoto Protocol and possible negative effects on the competitiveness of a lower cap, your draftswoman believes as a first step it is a realistic

one. In addition, some flexibility in the system is introduced to allow future growth to be taken into account.

Allocation: Probably the most discussed element is the different allocation mechanisms and their (dis)advantages: Grandfathering is simple, but can have perverse incentives (reward relatively polluting installations). Benchmarking rewards early action, but can be complicated and lead to administrative burden. And auctioning is transparent and efficient, but can undermine competitiveness and lead to higher transaction costs. Your draftswoman welcomes the choice to partly auction and partly allocate the allowances on the basis of a simple benchmark. In order to limit the windfall profits, your draftswoman prefers as much auctioning as possible. Auction revenue should as much as possible be used to mitigate emissions, for example by investing in research into greener technologies and in air traffic management.

Open vs. closed system: Regarding the possibility to trade emission allowances between aviation and rest of companies under EU ETS, your draftswoman agrees that the choice for an open system, whereby aviation could buy credits from other economic sectors, will lead to the most cost efficient environmental investments and will make the current ETS market more fluid.

Additional measures: The total impact of aviation on climate change is about 2 to 4 times higher than the effect of CO₂ emissions, mainly due to NO_x emissions. Your draftswoman agrees however that these emissions should not be addressed in this proposal, given the current scientific knowledge and the potential trade-off in the medium term between NO_x and CO₂. Your draftswoman welcomes the intention of the Commission to put forwards a proposal on how best to address NO_x emissions in the near future.

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 incorporate the following amendments in its report:

Text proposed by the Commission¹

Amendments by Parliament

Amendment 1
RECITAL 8 A (new)

(8a) There is considerable potential to reduce aviation emissions through technological and operational improvements. A more efficient air traffic management, if fully implemented, could

¹ Not yet published in OJ.

***reduce aviation fuel burn by up to 12%.
Therefore the Commission should
vigorously pursue the Single European Sky
policy by proper funding and a timely
implementation of the SESAR Project.***

Amendment 2
RECITAL 8 B (new)

***(8b) Research and technological
development is the key to innovation and
improved performance. Strong support is
needed to the work of the Advisory Council
for Aeronautical Research in Europe and
its Strategic Research Agenda which
establishes specific targets for emission
cuts in 2020. Furthermore, aircraft and
engine manufacturers and fuel producers
should make full use of the technology
initiative "Clean Sky" in the seventh
framework programme for research and
technological development in order to fully
exploit the possibilities to reduce the
climate impact of aviation.***

Amendment 3
RECITAL 9 A (new)

***(9a) Emissions trading is according to the
reports submitted the most appropriate
instrument for mitigating the climate
impact of aviation. Its application to
aviation will make it unnecessary to
introduce charges and taxes as further
measures, especially since their
environmental benefits are not clearly
proven but their negative economic effects
are considerable.***

Justification

This assessment of emissions trading as the most suitable measure to take is in line with the analysis done by the International Civil Aviation Organisation (ICAO).

Amendment 4
RECITAL 10 A (new)

(10a) A level playing field between airports and between aircraft operators needs to be ensured. Therefore, international flights to and from the European Union and flights within the European Union should both be included in the Community scheme from the start.

Amendment 5
RECITAL 11

From 2011, emissions from flights between airports in the Community should be included in the Community scheme. From 2012, emissions from all flights arriving at and departing from Community airports should be included. The Community scheme can thereby serve as a model for the expansion of the scheme worldwide. If a third country adopts measures for reducing the climate impact of flights to a Community airport departing from that country which are at least equivalent to the requirements of this Directive, the scope of the Community scheme should be amended to exclude flights arriving in the Community from that country.

From 2012, emissions from all flights arriving at and departing from Community airports should be included. The Community scheme can thereby serve as a model for the expansion of the scheme worldwide. ***The Commission should to that end immediately enter into international negotiations with the aim of reaching international agreement on a global scheme.*** If a third country adopts measures for reducing the climate impact of flights to a Community airport departing from that country which are at least equivalent to the requirements of this Directive, the scope of the Community scheme should be amended to exclude flights arriving in the Community from that country ***in order to guarantee equality of treatment.***

Amendment 6
RECITAL 12

(12) Aviation has an impact on the global climate through releases of carbon dioxide, nitrogen oxides, water vapour and sulphate and soot particles. The Intergovernmental Panel on Climate Change has estimated that the total impact of aviation currently is two to four times higher than the effect of its past carbon dioxide emissions alone. Recent Community research indicates that the total impact of aviation could be around two times higher than the impact of carbon

(12) Aviation has an impact on the global climate through releases of carbon dioxide, nitrogen oxides, water vapour and sulphate and soot particles. The Intergovernmental Panel on Climate Change has estimated that the total impact of aviation currently is two to four times higher than the effect of its past carbon dioxide emissions alone. Recent Community research indicates that the total impact of aviation could be around two times higher than the impact of carbon

dioxide alone. However, none of these estimates takes into account the highly uncertain cirrus cloud effects. In accordance with Article 174(2) of the Treaty, Community environment policy must be based on the precautionary principle and therefore all impacts of aviation should be addressed to the extent possible. Pending scientific progress to identify suitable metrics for comparing the different impacts, a pragmatic and precautionary approach is required. Emissions of nitrogen oxides will be addressed in other legislation to be presented by the Commission.

dioxide alone. However, none of these estimates takes into account the highly uncertain cirrus cloud effects. In accordance with Article 174(2) of the Treaty, Community environment policy must be based on the precautionary principle and therefore all impacts of aviation should be addressed to the extent possible. Pending scientific progress to identify suitable metrics for comparing the different impacts, a pragmatic and precautionary approach is required. Emissions of nitrogen oxides will be addressed in other legislation to be presented by the Commission, ***following extensive consultation with stakeholders and accompanied by a thorough impact assessment.***

Justification

It is important to address the emissions of NOx. However, one has to take into account the latest scientific state-of-the-art and a proper cost-benefit analysis of the different legislative and non-legislative options.

Amendment 7 RECITAL 13

(13) In order to avoid distortions of competition, a harmonised allocation methodology should be specified. To ensure access to the market for new aircraft operators, a proportion of allowances will be allocated by auction in accordance with rules to be developed by the Commission. Aircraft operators that cease operations should continue to be issued with allowances until the end of the period for which free allowances have already been allocated.

(13) In order to avoid distortions of competition, a harmonised allocation methodology should be specified. To ensure access to the market for new aircraft operators ***and to prevent inappropriate market access barriers***, a proportion of ***the*** allowances ***that*** will be allocated by auction ***shall be reserved for new entrants***, in accordance with rules to be developed by the Commission. Aircraft operators that cease operations should continue to be issued with allowances until the end of the period for which free allowances have already been allocated.

Amendment 8 ARTICLE 1, POINT 2, POINT (B) ,Article 3, point (o a) (new) (Directive (2003/87/EC))

(oa) 'new entrant' means any person or operator who performs an aviation activity

listed in Annex I and has not applied for an allocation of allowances in accordance with Article 3d. It shall, neither partly nor wholly, be owned by an aircraft operator who submitted an application for an allocation of allowances;

Amendment 9

ARTICLE 1, POINT 2, POINT (B)

Article 3, point (r) (Directive (2003/87/EC))

(r) 'historical aviation emissions' means the mean average of the annual emissions in the calendar years **2004, 2005 and 2006** from aircraft performing an aviation activity listed in Annex I.”

(r) 'historical aviation emissions' means the mean average of the annual emissions in the calendar years **2008, 2009 and 2010** from aircraft performing an aviation activity listed in Annex I.”

Amendment 10

ARTICLE 1, POINT 3

Article 3b, paragraph 1 (Directive 2003/87/EC)

1. For the period from **1 January 2011** to 31 December 2012, the total quantity of allowances to be allocated to aircraft operators shall be equivalent to 100% of the sum of the historical aviation emissions in relation to each year.

1. For the period from **1 January 2012** to 31 December 2012, the total quantity of allowances to be allocated to aircraft operators shall be equivalent to 100% of the sum of the historical aviation emissions in relation to each year.

Amendment 11

ARTICLE 1, POINT 3

Article 3b, paragraph 4 (Directive 2003/87/EC)

4. Within six months of the entry into force of this Directive, the Commission shall **decide on** the historical aviation emissions based on best available data.

4. Within six months of the entry into force of this Directive, the Commission shall **make publicly available** the historical aviation emissions based on best available data.

Justification

The historical aviation emissions should be factual and not based on a political decision. Furthermore, the long lead times and the relatively high costs involved in the development of new technology in the aviation field require long term predictability. The historical aviation emissions are crucial for the total quantity to be allocated for aviation and should therefore be made publicly available as soon as possible.

Amendment 12
ARTICLE 1, POINT 3
Article 3b, paragraph 4 a (new) (Directive (2003/87/EC))

4a. At least 24 months before the start of the second period referred to in Article 11(2) and each subsequent period, the Commission may adopt, in accordance with the regulatory procedure with scrutiny referred to in Article 23(2a), a Regulation amending the total quantity of allowances indicated in paragraph 3 of this Article, taking into account the growth of the aviation sector and climate policy commitments.

Amendment 13
ARTICLE 1, POINT 3
Article 3c, paragraph 1 (Directive (2003/87/EC))

1. In the period referred to in Article 3b(1), a percentage of allowances shall be auctioned. The percentage shall correspond to the average percentage proposed by the Member States ***including auctioning*** in their national allocation plans under Chapter III for the relevant period.

1. In the period referred to in Article 3b(1), a percentage of allowances shall be auctioned. The percentage shall correspond to the average percentage proposed by ***all*** the Member States in their national allocation plans under Chapter III for the relevant period, ***and the relevant provisions for new entrants therein.***

Justification

The choice of an average percentage is to reflect the various policies adopted by the Member States regarding auctioning versus free allocation. Therefore the average should include the Member States allocating 100% of allowances free of charge.

Amendment 14
ARTICLE 1, POINT 3
Article 3c, paragraph 2 (Directive (2003/87/EC))

2. For future periods, the percentage to be auctioned ***shall take into account*** the general review of this Directive.

2. For future periods, the percentage to be auctioned ***referred to in paragraph 1 may be amended in*** the general review of this Directive.

Justification

The percentage of allocations to be auctioned should be clearly defined at the outset for all

concerned. Since the auctioning of allowances is essentially intended to facilitate market access for new aircraft operators, the percentage should be fixed at 5 per cent.

The revenues generated from the auctioning of allowances in aviation must be used specifically to cut emissions and to improve climate conditions in aviation.

Amendment 15

ARTICLE 1, POINT 3

Article 3c, paragraph 3, subparagraph 1 (Directive (2003/87/EC))

3. The Commission shall adopt a Regulation 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. 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 3b(1), the reference year shall be 2010 and for each subsequent period referred to in Article 3b the reference year shall be the calendar year ending 24 months before the start of the period to which the auction relates.

3. The Commission shall adopt a Regulation 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. ***That Regulation shall contain specific provisions for new entrants.*** 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 3b(1), the reference year shall be 2010 and for each subsequent period referred to in Article 3b the reference year shall be the calendar year ending 24 months before the start of the period to which the auction relates.

Amendment 16

ARTICLE 1, POINT 3

Article 3d, paragraph 1 (Directive 2003/87/EC)

1. For each period referred to in Article 3b, each aircraft operator may apply for an allocation of allowances that are to be allocated free of charge in accordance with Article 3c. An application may be made by submitting to the administering Member State verified tonne-kilometre data for the aviation activities listed in Annex I performed by that operator for the calendar year ending twenty four months before the start of the period to which it relates in accordance with Annexes IV and V. Any application must be made at least twenty one months before the start of the period to

1. For each period referred to in Article 3b, each aircraft operator may apply for an allocation of allowances that are to be allocated free of charge in accordance with Article 3c. An application may be made by submitting to ***the competent authority in*** the administering Member State verified tonne-kilometre data for the aviation activities listed in Annex I performed by that operator for the calendar year ending twenty four months before the start of the period to which it relates in accordance with Annexes IV and V. Any application must be made at least twenty one months before the start of

which it relates.

the period to which it relates.

Justification

Provides clarity that the same competent authority in each Member State administers the scheme for all participants.

Amendment 17

ARTICLE 1, POINT 3

Article 3d, paragraph 5 (Directive 2003/87/EC)

By **28 February 2011** and by 28 February in each subsequent year, the competent authority of the administering Member State shall issue to each aircraft operator the number of allowances allocated to that aircraft operator for that year.

By **28 February 2012** and by 28 February in each subsequent year, the competent authority of the administering Member State shall issue to each aircraft operator the number of allowances allocated to that aircraft operator for that year.

Amendment 18

ARTICLE 1, POINT 3

Article 3d, paragraph 5 a (new) (Directive (2003/87/EC)

5a. In the event of a merger or takeover involving several carriers during a given period, the allowances which have been allocated to them or which they have acquired shall be retained by the new entity.

Justification

Merged entities should be allowed to keep their allocated allowances.

Amendment 19

ARTICLE 1, POINT 10, POINT (B), POINT (II)

Article 14, paragraph 3 (Directive 2003/87/EC)

(ii) the words “from that installation during each calendar year” are replaced by “during each calendar year from the installation, or, from **1 January 2010**, the aircraft, which it operates”.

(ii) the words “from that installation during each calendar year” are replaced by “during each calendar year from the installation, or, from **1 January 2011**, the aircraft, which it operates”.

Amendment 20

ARTICLE 1, POINT 13

Article 18a, paragraph 2, point (a) (Directive (2003/87/EC)

a) by **1 February 2009**, publish a list of aircraft operators which performed an aviation activity listed in Annex I on or after **1 January 2006** specifying the administering Member State for each aircraft operator in accordance with paragraph 1; and

a) by **1 February 2010**, publish a list of aircraft operators which performed an aviation activity listed in Annex I on or after **1 January 2008** specifying the administering Member State for each aircraft operator in accordance with paragraph 1; and

Justification

Adaptation to the amendment in Article 3, subparagraph (b), point (r) and in Article 3b

Amendment 21

ARTICLE 1, POINT 13

Article 18a, paragraph 3 (Directive (2003/87/EC))

3. For the purposes of paragraph 1, 'base year' means, in relation to an operator which started operating in the Community after **1 January 2006**, the first calendar year of operation; and in all other cases, the calendar year starting on **1 January 2006**.

3. For the purposes of paragraph 1, 'base year' means, in relation to an operator which started operating in the Community after **1 January 2008**, the first calendar year of operation; and in all other cases, the calendar year starting on **1 January 2008**.

Justification

Adaptation to the amendment in Article 3, subparagraph (b), point (r) and in Article 3b

Amendment 22

ARTICLE 1, POINT 16

Article 25a, paragraph 1 (Directive (2003/87/EC))

Where a third country adopts measures for reducing the climate change impact of flights ***departing from that country which land in the Community*** which are at least equivalent to the requirements of this Directive, the Commission shall amend this Directive to ***provide for flights arriving from that country to be excluded from the aviation activities listed in Annex I with effect from the next period referred to in Article 3b.***

Where a third country adopts measures for reducing the climate change impact of flights which are at least equivalent to the requirements of this Directive, the Commission shall amend this Directive to ***avoid double counting and ensure equality of treatment.***

Justification

In case a third country adopts equivalent measures, the geographical scope of the Community emissions trading scheme should take into consideration the scope covered by the system put in place by the third country. Double counting may arise when both the Community emission trading scheme and the third country's have a scope covering to/from flights.

Amendment 23
ANNEX, POINT 1, POINT (B)
Annex I, paragraph 2 a (Directive 2003/87/EC)

"For the year 2011 only flights which both depart from and arrive in an airport situated in the territory of a Member State to which the Treaty applies shall be included in the activity of aviation. From 1 January 2012, all flights which arrive at or depart from an airport situated in the territory of a Member State to which the Treaty applies shall be included".

"From 1 January 2012, all flights which arrive at or depart from an airport situated in the territory of a Member State to which the Treaty applies shall be included ***in the activity of aviation***".

Justification

To ensure a level playing field, international flights should be covered from the start.

Amendment 24
ANNEX, POINT 1, POINT (C)
Annex I, paragraph 2, table, point (a) (Directive (2003/87/EC)

a) flights performed exclusively for the transport, on official mission, of a reigning Monarch and his immediate family, Heads of State, Heads of Government and Government Ministers where this is substantiated by an appropriate status indicator in the flight plan;

deleted

Justification

The public sector should be a positive example and not be in contrast to the expectation of the public. Some governments have already introduced a voluntary contribution to compensate greenhouse gas emissions caused by governmental flights.

Amendment 25
ANNEX, POINT 2, POINT (B)
Annex IV, Part B, subheading 'Monitoring of tonne-kilometre data for the purpose of Article 3d', paragraph 1 (Directive 2003/87/EC)

For the purpose of applying for an allocation of allowances in accordance with Article 3d(1), the amount of aviation activity shall be calculated in tonne-kilometres using the

For the purpose of applying for an allocation of allowances in accordance with Article 3d(1), the amount of aviation activity shall be calculated in tonne-kilometres using the

following formula:
tonne kilometres = distance x payload
where:

"distance" means the *great circle* distance between the airport of departure and the airport of arrival; and
"payload" means the total mass of freight, mail and passengers carried.

following formula:
tonne kilometres = distance x payload
where:

"distance" means the *normal flight-path* distance between the airport of departure and the airport of arrival; and
"payload" means the total mass of freight, mail and passengers carried.

Justification

The benchmark refers to the great circle distance, which is the shortest distance between two points on the Earth's surface. However, actual flying paths often differ substantially from the Great Circle Distance due to air traffic congestion and airspace entry restrictions. These are factors lying outside the control of airline operators. Airline operators should not be penalised for additional emissions resulting from matters that are out of their control.

Amendment 26

ANNEX, POINT 2, POINT (B)

Annex IV, Part B, subheading 'Monitoring of tonne-kilometre data for the purpose of Article 3d', paragraphs 3 and 4 (new) (Directive 2003/87/EC)

The activity in tonnes-kilometre shall be adjusted pro-rate where a service between an airport pair commences in the course of the year for which the calculation is being made.

No activity data shall be provided where a service between an airport pair ceases in the course of the year for which the calculation is being made.

Justification

Since these data are required two years in advance of the actual allocation for a period, it is necessary to appropriately account for new services established and terminated during the year when applying for allowances.

Amendment 27

ANNEX, POINT 3, POINT (B)

Annex V, Part B, point 14, paragraph 1 a (new) (Directive (2003/87/EC)

The European institutions and Member States shall ensure that the methods to be used by verifiers are harmonised before the Directive is applied and that they are

applied uniformly in practice.

Justification

The work of the national verifiers should be carried out uniformly, in order to avoid distortion of competition between airlines.

Amendment 28

ANNEX, POINT 3, POINT (B)

Annex V, Part B, point 16 a (new) (Directive (2003/87/EC))

(16a) The European institutions and Member States shall ensure that the methods to be used by verifiers are harmonised before the Directive is applied and that they are applied uniformly in practice.

Justification

The work of the national verifiers should be carried out uniformly, in order to avoid distortion of competition between airlines.

PROCEDURE

Title	Amendment of Directive 2003/87/EC so as to include aviation activities in the scheme for greenhouse gas emission allowance trading within the Community
References	COM(2006)0818 - C6-0011/2007 - 2006/0304(COD)
Committee responsible	ENVI
Opinion by Date announced in plenary	ITRE 1.2.2007
Drafts(wo)man Date appointed	Silvia Ciornei 12.4.2007
Discussed in committee	25.6.2007
Date adopted	13.9.2007
Result of final vote	+: 26 -: 16 0: 2
Members present for the final vote	Šarūnas Birutis, Jan Březina, Philippe Busquin, Jorgo Chatzimarkakis, Giles Chichester, Silvia Ciornei, Den Dover, Nicole Fontaine, Adam Gierek, Norbert Glante, András Gyürk, Erna Hennicot-Schoepges, Ján Hudacký, Romana Jordan Cizelj, Romano Maria La Russa, Eluned Morgan, Angelika Niebler, Reino Paasilinna, Atanas Papanizov, Francisca Pleguezuelos Aguilar, Miloslav Ransdorf, Herbert Reul, Mechtild Rothe, Paul Rübig, Andres Tarand, Britta Thomsen, Radu Țîrle, Claude Turmes, Nikolaos Vakalis, Alejo Vidal-Quadras, Dominique Vlasto
Substitute(s) present for the final vote	Alexander Alvaro, Ivo Belet, Danutė Budreikaitė, Joan Calabuig Rull, Manuel António dos Santos, Neena Gill, Françoise Grossetête, Satu Hassi, Vittorio Prodi, Bernhard Rapkay, Esko Seppänen, Peter Skinner, Silvia-Adriana Țicău
Substitute(s) under Rule 178(2) present for the final vote	Luisa Fernanda Rudi Ubeda, Hans-Peter Mayer, Sepp Kusstatscher, Thomas Mann