



## Background Briefing: **Aviation under the EU Emissions Trading System (EU ETS)**

The EU Commission proposes to continue to exempt all flights to and from Europe from paying for their pollution under the EU's carbon market rules - the EU Emissions Trading System (EU ETS). While the EU ETS covers intra-European flights, the EU has refrained from enforcing coverage for those entering and leaving Europe since 2013 pending a global climate measure at the UN aviation body, the International Civil Aviation Organization (ICAO).

### **What is aviation's impact on climate change?**

Aviation emissions account for approximately 4.9% of all global warming and if left unaddressed, are projected to **grow by up to 300% by 2050**. Aviation may account for a quarter of the total carbon budget to stay under 1.5 degrees of warming by 2050.

### **What has been done at the international level?**

The UN climate change body (UNFCCC) tasked ICAO to address aviation emissions in 1996. **Rather than setting a reduction goal**, in 2010, ICAO agreed to an **aspirational goal of carbon-neutral growth from 2020 levels** (CNG 2020).

Last year, after **20 years of talks**, ICAO Member States established an offsetting scheme to compensate some emissions growth above 2020 levels. The scheme **does not reduce emissions, but allows airlines to emit more as long as the emissions are offset** through purchase of carbon credits from various projects around the world.

### **What is the CORSIA and how effective will it be?**

The new scheme, the **Carbon Offset and Reduction Scheme for International Aviation (CORSIA)**, is a cautious first step in the right direction for an industry that, until now, avoided addressing the issue of climate change.

However, **it lacks in ambition and falls short of achieving even the goal of carbon neutral growth in 2020**, let alone aviation's fair share of the Paris Agreement goal of limiting temperature rise to 1.5 degrees. A number of important details are left unresolved:

- ❖ **It is unclear** what states will participate and when. The scheme is **voluntary until 2027**, and even after that, coverage and enforcement are unclear.
- ❖ The CORSIA will only cover a portion of emissions growth above 2020 levels, **and does nothing to address emissions below the 2020 level**. According to [calculations](#) by CE Delft, CORSIA will only cover about 21.6% of aviation's global emissions in the period 2021-2035.
- ❖ **Quality criteria for offsets** has not yet been determined. Without robust criteria, some projects may not reduce any emissions at all or may have serious social consequences.

### **What has the EU done to address aviation emissions?**

The EU ETS is the cornerstone of Europe's climate efforts. It puts an overall cap on emissions from more than 11,000 large emitters in 31 countries—all 28 EU member states plus Iceland, Norway, and Liechtenstein. **Since 1 January 2012, the EU ETS also covers flights within the European Economic Area (EEA) and Switzerland.**



### **What is “stop-the-clock”?**

Given the lack of aviation climate action on the international level, in 2012, the EU took the lead by including airlines in the EU ETS. China, India and the US opposed the measure. After several lawsuits, European Court of Justice found that it was within the EU’s competence to take measures to address the emissions from flights to and from Europe.

In April 2013, the EU gave in to external pressure and temporarily stopped enforcing EU law through the so called ‘**stop the clock’ derogation**, to give ICAO another chance to take action on the sector’s growing emissions. Flights within Europe remain covered under the EU ETS.

Following ICAO’s decision in the autumn of 2013 to consider developing a market based measure, the EU again agreed to extend the derogation until 1 January 2017. As of this date, EU law requires all airlines on flights to and from the EU to comply with the EU ETS.

### **What is the international aviation sector’s role in the EU’s 2030 climate targets?**

The EU has committed to cut emissions by at least 40% (from 1990 levels) by 2030. The target for the EU ETS sectors is 43% (compared to 2005 levels). These targets assume that outgoing international flights are included in the EU ETS. **Excluding them will therefore put the EU’s own climate goals at risk.** The European Commission [estimates](#) that the exclusion would also **increase the massive oversupply in the EU ETS by 300 million allowances.**

#### **What does Carbon Market Watch call for?**

The ICAO offsetting scheme is a first step to address emissions from international aviation, but **it is not enough to adequately address the sector’s climate impact and does not compare to the EU’s level of climate action ambition.**

The EU must continue to lead on climate action and enforce the existing law. **There can be no exemption for international flights for the period 2017-2020 when the global offsetting scheme is not yet in force.**

Unless CORSIA is improved to be in line with the Paris agreement goals, including robust offset criteria for real reductions, **the full scope must be maintained after 2020.**

### **Questions?**

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