



**COUNCIL OF
THE EUROPEAN UNION**



Luxembourg, 24 October 2008
14664/08 (Presse 298)

Council gives green light for inclusion of aviation into the EU Emissions Trading System

The Council adopted¹ today a directive (*doc. [3657/08](#)*) that includes aviation activities in the EU greenhouse gas emission allowance trading system. The main objective of the new law is to reduce the impact of aviation on climate change, given the rapid growth of this sector.

The EU greenhouse gas emission allowance trading system (ETS) works by allocating to operators a number of allowances, each giving them a right to emit one tonne of carbon dioxide per year. The total number of permits sets a limit on the overall emissions from participants in the scheme. Operators must redeem allowances commensurate to the volume of their emissions and can trade permits so that emissions reductions can be made where they are most cost-effective.

¹ The decision was taken without discussion at the Justice and Home Affairs Council meeting.

P R E S S

The directive adopted today includes the following provisions for the aviation sector:

- Start date and scope of the scheme

As from 1 January 2012, all flights arriving at or departing from an EU airport will be included in the scheme. Operators from all states providing such flights will therefore be included, regardless of whether they are based in the EU.

In this context, the EU considers that the new directive is only a first step towards its final goal of a global sectoral agreement concerning the reduction of greenhouse gas emissions from aviation. The new legislation also contains provisions that allow for its adjustment in case third countries adopt similar measures to reduce greenhouse gas emissions from their aviation sectors.

- Emissions cap and allocation of allowances to aircraft operators

In 2012, overall emissions from the aviation sector will be equivalent to 97% of the sector's historical emissions, i.e. the annual average emissions in the years 2004-2006. From 2013 onwards, the annual cap will be reduced to 95% of these emissions.

85% of the allowances will be allocated free of charge, based on a simple benchmark. The remaining 15% will be auctioned.

These percentages could be modified if different decisions are taken as part of the general review of the EU ETS.

- Special reserve for new entrants or fast-growing aircraft operators

The new directive creates a special reserve for new entrants or fast-growing aircraft operators (i.e. those that can demonstrate a growth rate of more than 18% annually) - a feature that was introduced by the Council. Accordingly, 3% of overall allowances will be set aside for eligible aircraft operators on the basis of a benchmark. This provision ensures that new aircraft operators or those in Member States with initially very low but increasing mobility rates are not penalised by the scheme. In order to avoid market distortions, distribution of permits under this special reserve is a one-off and must not be greater than the annual allocation per tonne-kilometre to aircraft operators under the main allocation.

- Use of auctioning revenues

Each Member State will determine the use to be made of its revenues from the auctioning of allowances. These proceeds should be used to tackle climate change in the EU and in third countries as well as for the research in the field of low-emissions transport, particularly in aeronautics and aviation. Member States must report about the use of their revenues to the Commission.

– Exemptions

The directive excludes from the system flights related to search and rescue, fire-fighting, humanitarian aid, emergency medical services and checking aircraft as well as flights performed under public service obligations (police, customs and military).

In addition, operators with very low traffic levels will also be excluded from the scheme in order to avoid disproportionate administrative costs. This provision is aimed inter alia at operators from developing countries.

– Compliance

The new measures provide the possibility, as a last resort, to impose an operating ban at Community level on an aircraft operator that persistently fails to comply with the requirements of the directive, if this is requested by a Member State.

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Member States are required to transpose the new directive into national law within 12 months.

The Commission presented the proposal for a directive amending directive 2003/87/EC so as to include aviation activities in the ETS in December 2006. In adopting this directive, the Council accepted all amendments that the European Parliament voted in second reading on 8 July 2008.