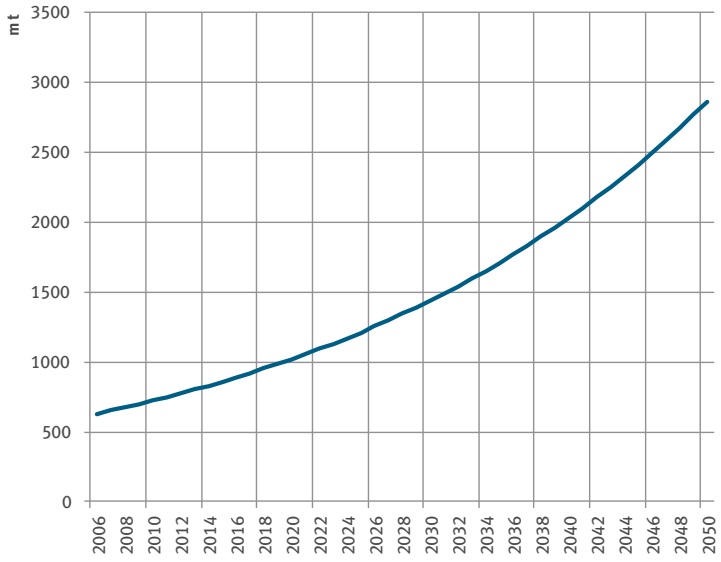
Emissions Trading in Aviation

FACTSHEET

Global emissions from civil aviation amounted to more than 770 million tonnes of CO2 in 2015. EU-wide aviation was responsible for about three percent of greenhouse gas (GHG) emissions – with a strong increasing trend. The European Environment Agency suggests that GHG emissions from international civil aviation in the EU have increased and more than doubled since 1990 and in 2016 were nearly 25% higher than in 2010. An annual increase of 3-4 % is expected in air transport over the long term. Additional climate effects at high altitude from nitrogen oxides and cloud formation cause at least the same contribution.



CO_2 emissions from civil aviation in million tonnes at a 3.5 % annual growth rate

Aviation in the European Emissions Trading Scheme (EU ETS)

Emissions trading establishes a clear upper limit (the so-called cap) for carbon dioxide (CO_2) emissions in aviation. Aircraft operators receive more incentives for technical and organisational improvements.

The overall objective of the inclusion was to enable air transport to make an appropriate contribution to meeting the 2-degree objective. At the same time, emissions trading reduces the distortions between modes of transport: commercial aviation is the only sector that does not pay tax on fuel, and international flights are exempt from VAT. This puts road and rail transport at a disadvantage in terms of competition. In addition, rail is already subject to emissions trading for internally generated electrical energy from fossil fuels or purchased from external providers.

Therefore from 2010, aviation has been included in the European emissions trading, which means that about a third of global emissions from civil aviation are covered. Aircraft operators – airlines and business jet operators – must report their emissions annually to the competent authorities (in Germany DEHSt). Since 2012, aircraft operators must also surrender an emission allowance for each tonne of CO_2 emitted. Most aircraft operators have received by request, a certain amount of free allowances that was based on their 2010 transport performance.

Initial “Full Scope”

Initially, all flights are recorded which take off *or* land in European Economic Area (EEA) territory. There are exceptions for certain types of aircraft (less than 5,700 kg maximum take-off weight), certain types of flights (e.g. rescue and research flights) as well as for operators with low total annual emissions (commercial aircraft operators with less than 10,000 tonnes of CO2 and non-commercial aircraft operators with less than 1,000 tonnes of CO2).

Changes in 2012-2016

For 2012 and the years between 2013-2016, the reporting and surrendering liability has been essentially limited to internal EEA flights, i.e. flights that take off *and* land in EEA territory. Differences in the two periods however, consisted of taking into account (overseas) territories and outermost regions (e.g. the Canary Islands). In 2017, the reduced geographical scope applied since 2013 has been extended until the end of 2023.

Umwelt Bundesamt

DEHSt
Deutsche Emissionshandelsstelle

ICAO Activities for Global Emissions Trading

After a protracted period of standstill, progress has been made by the International Civil Aviation Organisation (ICAO) in terms of globally reducing greenhouse gas emissions at the international level. At the 39th ICAO General Assembly in Autumn 2016, ICAO adopted a market-based measure to limit CO2 emissions from international aviation. CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation) envisages offsetting CO_2 emissions using project credits (offsets) and emission allowances from emissions trading systems to achieve carbon-neutral growth in international aviation from 2020 onwards. The regulations in the relevant Resolution A 39-3, some of them abstract, are currently being transferred into documents relevant to the shaping of CORSIA. The adoption by the ICAO Council of the relevant SARPs (Standard and Recommended Practices) is scheduled for June 2018.

The EU supports this process by temporarily suspending flights from European emissions trading that start or end out-side EEA territory as mentioned above. On 29.12.2017, the European Commission published the Regulation on the further shaping the EU ETS in aviation (retroactive to 01.01.2017). In addition to extending the reduced geographical scope („reduced scope“) mentioned above until 2023, the European Commission also commits itself among others to reporting to the European Parliament and the Council on the progress of the further development of CORSIA. This report is also intended to highlight the necessary adjustment requirements of the EU Emissions Trading Directive in this context and to be available by 2019. Following the presentation of the report, there will be greater clarity regarding the future interaction between EU ETS and CORSIA.

Important Dates

01/01/2017	Entry into force of the amendment of the Emissions Trading Directive temporarily restricting the scope in 2017-2023
06/10/2016	Resolution on the introduction of CORSIA at the 39th ICAO General Assembly
30/04/2014	Entry into force of the amendment to the Emissions Trading Directive on a temporary reduction of the scope for 2013-2016
30/04/2013	Deadline for surrendering of emission allowances equal to the emissions from flights in 2012 (thereafter annually)
24/04/2013	Entry into force of the decision to restrict the scope for 2012 (sknown as stop-the-clock decision)
30/09/2012	Submission of CO_2 emissions monitoring plans for 2013-2020
28/02/2012	DEHSt issues 2012 allowances to aircraft operator holding accounts in the Union Registry (thereafter annually)
31/03/2011	Submission of 2010 emissions report (thereafter annually)
	Application for allocation of free emission allowances (one-time submission of a tonne-kilometre report)
01/01/2010	Aircraft operators start emission monitoring

Facts and Figures

2012 and 2013-2020 reduction targets	-3 % (2012) and -5 % (from 2013) in comparison to the 2004-2006 average (basis line), i.e. the cap is at 97 % and 95 %, respectively
EU reduction targets in absolute figures	Basis line: 221.4 million t CO_2 Cap 2012: 214.8 million t CO_2 Cap 2013-2020: 210.4 million t CO_2
Participants in emissions trading in aviation	nearly 6000 international aircraft operators from more than 150 countries; Germany is responsible for almost 500 of them
Free allocation	85 % of allowances in 2012 82 % of allowances from 2013 In accordance with a uniform European benchmark of the EU Commission 2012: 0.6797 allowances per 1000 tonne-kilometres from 2013: 0.6422 allowances per 1000 tonne-kilometres
Reserve	3 % of allowances from 2013
Auction ratio	15 % of allowances
Reduced scope	Free allocation and auctioning amount (absolute figures) were adjusted proportionally to the reduced scope

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