

Aviation ETS

Failing to address aviation's full climate impact

One year after the European Commission's landmark climate package, 'Fit for 55', it is now in the hands of the European Parliament (EP). We look at what is at stake for the European Green Deal and Europe's climate ambitions, as the lead committees of the EP vote to adopt key Fit for 55 proposals.

Context

The EU ETS is a cap and trade system under which airlines (as well as industry and energy sectors) need to buy allowances to pay for their CO2 emissions. Unlike other sectors, aviation [emissions have continued to grow significantly](#), despite being included in the EU's carbon market since 2012. This is partly due to the fact that airlines continue to receive [millions in free allowances](#).

In July 2021, the Commission [proposed](#) to revise the aviation ETS by phasing out free allowances, reducing the total amount of allowances available and increasing the speed by which these reduces over time. However, the proposal remained limited to intra-EEA flights and failed to address non-CO2 emissions, which represent [two thirds of aviation's climate impact](#).

This means that the majority of European aviation's climate impact would remain unaddressed. Long-haul polluting flights would be exempt from the EU ETS and only covered by ICAO's offsetting scheme (Corsia), which has been proven to be [a useless tool to address aviation emissions](#).

What is at stake as EU Parliamentary Committees vote on the Fit for 55 climate package?

What's good? What's bad?

Members of the ENVI Committee are proposing several changes to the Commission's initiative including the provisions on free allowances, scope of emissions covered, non-CO2 effects and use of revenue.

The initial EPP report positively proposed to increase transparency **by requiring the publication of all CO2 emissions data** submitted by airlines on all flights and phase out allowances one year earlier than the initial proposal (2026). However, the report still fell short of what is needed to effectively address the biggest chunk of aviation's climate impact.

A cross-party progressive group of MEPs from S&D, Renew, Greens and GUE have proposed several positive changes to the Commission's proposal which **should be supported**, including:

- **Re-integrating extra-EU flights** in the EU ETS and deducting the cost of

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Corsia on those flights from ETS dues where applicable

- **Immediate phasing out of free allowances** after entry into force of the revision as [carbon leakage risks are not substantiated](#)
- **Monitor and price non-CO2 effects** of aviation, by temporarily multiplying the amount of allowances to match aviation's total climate impact, and requiring the Commission to set up a monitoring system for non-CO2 effects on a flight basis

Other MEPs from the EPP and Renew have tabled amendments [suggested by airlines](#) that severely water down the proposal and **should be rejected at all costs**, including: exempting feeder flights from the EU ETS, delaying the phase out of unjustified free allowances and applying a watered down Corsia on intra-EU flights.

How should the proposal be improved?

- 1) **Extend the scope of the EU ETS** to cover at least departing flights from the EU and finally address [the biggest share of aviation emissions](#)
- 2) **Finally monitor and price non-CO2 effects** by setting a Monitoring Reporting and Verification (MRV) system ([see more here](#))
- 3) **Remove free allowances and finance decarbonisation** through the [Innovation Fund](#). Allow for a **limited amount of allowances until 2030** to finance synthetic fuels only (including hydrogen and electricity) and true breakthrough technologies
- 4) **Remove language on promoting Corsia, ICAO or low-carbon fuels.**

Next steps to deliver on Europe's climate goals

The ENVI Committee will vote on their position for the aviation ETS on May 16th. After this, the file will be voted in plenary by the European Parliament during the first week of June, with trilogues expected to start once national governments agree on their position, possibly at the Environment Council on 28 June.

T&E Comment

"The EU ETS should no longer ignore the bulk of aviation emissions caused by long-haul flights. Why should the EU continue to exempt business flyers from paying for their pollution when jetting off to New York or Shanghai on long-haul flights? Secondly, non-CO2 effects have flown under the radar for too long. Airlines should start monitoring them and finally paying a fairer price for their climate impact. To summarize, relying on ICAO and its ineffective offsetting scheme will lead the EU to a climate disaster, it is high time for the EU ETS to effectively price aviation emissions."

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Further information

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