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# EU ETS REFORM AND CORSIA IMPLEMENTATION

## BACKGROUND

 Aviation has been included in the EU Emission Trading System (ETS) since 2012.

 In 2019, A4E airlines purchased EU CO<sub>2</sub> allowances covering around 60% of their emissions, for a value of ca €650 million (or €900 million for all aircraft operators covered by the ETS).

 At the international level, aviation is the first industry to have a global scheme to limit CO<sub>2</sub> emissions as of 2021 - it is called CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation).

 CORSIA is overseen by the UN's ICAO and will deliver projects that will reduce carbon by around 2.5 billion tons between 2021 and 2035.

## ETS for Aviation:

Smart economic instruments, such as carbon trading and offsetting schemes are preferable to taxes. They cut emissions at the least cost to consumers, something that simply imposing taxes does not lead to. The ETS is the most appropriate economic measure to limit and reduce emissions and price CO<sub>2</sub>.

Between 2019 and 2030, the cost of compliance to the ETS for all aircraft operators covered could increase six-fold, reaching €6.5 billion in 2030.

Measures mitigating against competitive distortion or carbon leakage need to consider the current shape of the industry and the limited availability of decarbonization solutions.

Modifying the share of allowances auctioned will have no impact on CO<sub>2</sub> emissions. Under a cap-and trade mechanism, the climate benefit is defined by the cap, not by the level of auctioning. If the auctioning of allowances generates revenues for the states, it does not lead to an additional mitigation in CO<sub>2</sub> emissions unless the revenues from such auctioning are reinvested into aviation decarbonization technologies.



# ICAO and the global aviation decarbonization effort

To reach climate objectives, ICAO needs to step up its efforts towards long-term global aspirational goals for international aviation (LTAG) in 2022. The adoption of an ambitious goal would provide a strong signal that the aviation sector is determined to play its role in addressing climate change at a global level.

Globally, A4E encourages the wider adoption of global decarbonisation objectives and related actions to achieve the Paris Agreement.

At the EU level, climate talks with third countries should begin soon. Ambitious and binding environmental clauses should be included.

European ambitions to lead international efforts to address climate externalities need to champion multilateralism and be based on the ability to encourage international partners to align their emissions mitigations through innovative policies.

## Did you know?

CORSIA is a global offsetting scheme, whereby airlines and other aircraft operators will offset any future growth in CO<sub>2</sub> emissions above 2020 levels. CORSIA will therefore mitigate around 2.5 billion tonnes of CO<sub>2</sub> between 2021 and 2035, or on average 164 million tonnes of CO<sub>2</sub> each year.

Source: [ATAG](#)

## Implementing CORSIA



Europe's participation in CORSIA is pivotal for the success of the scheme. It is a significant achievement that a global agreement to address CO<sub>2</sub> emissions has been implemented.



Integrating the ICAO CORSIA scheme with the EU ETS for aviation should be done efficiently and smoothly, minimising the burden to European operators.



On flights outside of Europe, all offset credits under CORSIA need to be available to all. Otherwise, it creates a distortion of competition.



National and regional policies must be created with the utmost care to align with and support CORSIA, avoid double regulation of the same CO<sub>2</sub> emissions and promote a frictionless climate diplomacy.



The review of the ETS for aviation should not create tensions impacting trade and diplomatic relations and the activities of European carriers abroad.



The same conditions should apply to all carriers competing in the same market. No discrimination based on the nationality, destination or origin of the carriers.

### For more information:

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