



## EUROPEAN COMMISSION - PRESS RELEASE

### European Commission sets the rules for allocation of free emissions allowances to airlines

Brussels, 26 September 2011 - Today the European Commission has taken an important step for the aviation industry to join other economic sectors in the fight against climate change. Aviation will become part of the EU's emissions trading system (EU ETS) from 2012. The European Commission has published the benchmark values which will be used to allocate greenhouse gas emission allowances free of charge to more than 900 aircraft operators.

Climate Action Commissioner Connie Hedegaard said: *"With the benchmark values, airlines now have certainty how many allowances they will receive for free each year up to 2020. At current market prices these free allowances represent more than €20 billion over the decade. With these potential revenues, airlines could invest in modernising their fleets, improving fuel efficiency and using non-fossil aviation fuel. As much as the EU prefers global action, we can't defend that the aviation sector is exempted from contributing because they can't agree internationally. This is why the EU decided to take this step forward in 2008 while we will continue to fight for global regulation of aviation like at the next UN climate negotiations in Durban "*

Publication of the benchmark values enables airlines to calculate their free allocation of allowances up to 2020. One benchmark has been calculated for the trading period in 2012 and another for the trading period starting in January 2013. In 2013 to 2020 an airline will receive 0.6422 allowances per 1,000 tonne-kilometres, while in 2012 it will receive 0.6797 allowances.

In the trading period from 1 January 2012 to 31 December 2012, 85% of the aviation allowances will be allocated free of charge to aircraft operators. In the period from 1 January 2013 to 31 December 2020, this will be 82%. 15% of the remaining allowances in each period will be auctioned and in 2013-2020 3% will be set aside in a special reserve for new entrants and fast growing airlines.

The benchmark for each period was calculated by dividing the total annual amount of free allowances applicable to the 2012 and 2013-2020 trading periods by the sum of tonne-kilometre data included in applications by aircraft operators submitted to the Commission. The submissions by aircraft operators are based on independently verified tonne-kilometre activity data recorded throughout the 2010 calendar year.

The formal allocation of free allowances to each aircraft operator will be carried out by Member States, who will multiply the benchmark by the 2010 tonne-kilometre data of each aircraft operator. Member States have an obligation to determine individual allocations within three months of the publication of the benchmark decision.

## Background

EU emissions from aviation have increased fast – almost doubling since 1990. It is estimated that an aircraft flying from Brussels to New York and back generates in the order of 800 kg of CO<sub>2</sub> per passenger. Aviation represents around 10% of greenhouse gas emissions covered by the EU ETS.

During 2010, airlines have been monitoring their activity in terms of the distance travelled and amount of passengers and freight transported (measured in tonne-kilometres). On the basis of this monitored and verified 2010 activity data, more than 900 airlines have applied for free allocations. This includes all commercial airlines with significant operations to or from Europe. In April 2013, airlines will for the first time be required to hand in allowances in respect of emissions from flights arriving in and departing from the EU during 2012. Like industrial installations, airlines will receive most of the aviation allowances for free on an annual basis.

The inclusion of aviation in the EU ETS is expected to have a limited impact on ticket prices. Based on current carbon prices, the actual costs per ticket of a transatlantic flight would increase by less than 2 Euro, assuming that the value of the free allowances would not be passed to the passenger. If it were to be passed through, the ticket price could increase by around 12 Euro.

The EEA-wide number of allowances to be distributed free of charge was fixed by Decision of the EEA Joint Committee No. 93/2011 of 20 July 2011 amending Annex XX (Environment) to the EEA Agreement.

For the Decision adopted by the Commission today, see:

[http://www.acceptance.ec.europa.eu/clima/news/articles/news\\_2011092301\\_en.htm](http://www.acceptance.ec.europa.eu/clima/news/articles/news_2011092301_en.htm)

For more information on aviation in the EU's Emission Trading System, see

[http://ec.europa.eu/clima/policies/transport/aviation/index\\_en.htm](http://ec.europa.eu/clima/policies/transport/aviation/index_en.htm)

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