

Major steps taken towards linking Swiss and EU emissions trading systems

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The integration of greenhouse gas emissions from the aviation sector into the emissions trading system (ETS) is a necessary step to link the Swiss and EU ETS.

On June 2 2017 the Federal Council adopted the Ordinance on the Acquisition and Reporting of Tonne-Kilometre Data relating to Distances Covered by Aircraft.⁽¹⁾ The ordinance entered into force on July 1 2017.

Past developments

Both Switzerland and the European Union provide for an ETS, but the two systems are separate. On March 8 2011 Switzerland and the European Union entered into negotiations with the goal of linking their systems for the trading of carbon dioxide (CO₂) emissions allowances.

After seven negotiation rounds, an agreement was reached and adopted by both the European Commission⁽²⁾ and the Federal Council in August 2017.⁽³⁾

Although the Swiss ETS has been designed to be compatible with the EU ETS, Switzerland must undertake some adjustments for the two systems to become fully compatible and able to be merged. The most significant change for the Swiss ETS is the inclusion of aviation emissions into its ETS.

Without any further delay in the process, the agreement could be signed by the end of 2017. Both the Swiss and European parliaments must authorise the ratification of the agreement. In addition, a partial revision of the Swiss CO₂ Act⁽⁴⁾ will be required.

Status of aviation emissions under EU system

Since 2012 the EU ETS has incorporated emissions from flights within the European Economic Area (EEA), consisting of the EU member states, Norway, Iceland and Liechtenstein. Accordingly, aircraft operators must issue emission allowances for the concerned flights.

Each operator is allocated free of charge a certain portion of the emission allowances based on the number of tonne-kilometres recorded in 2010. From 2012 until the end of 2016, the obligation to participate in the EU ETS was limited to flights within the EEA and did not apply to flights from or to other countries – this is known as the 'stop-the-clock regulation'.

In October 2016 the International Civil Aviation Organisation (ICAO) resolved to address the growth in international aviation emissions. From 2021, as a global market-based measure, an offsetting system will aim to stabilise international aviation emissions based on 2020 levels. This Carbon

AUTHORS

[Michael Lips](#)



[Madeleine Schreiner](#)



Offsetting and Reduction Scheme for International Aviation (CORSIA) will require action by ICAO parties at a domestic level. Also, governance arrangements must be developed by ICAO, including a registry system.

On February 3 2017 the European Commission proposed to prolong the stop-the-clock regulation (ie, the limitation of the EU ETS to flights within the EEA).⁽⁵⁾ A further assessment and review of the EU ETS for the post-2020 period will be carried out once there is more clarity regarding the nature and content of CORSIA, as well as the intentions of the international partners. Thus, it remains unclear how the European Union will incorporate the aviation sector into the ETS after 2020 and how the ETS will interact with CORSIA.

Implementation of aviation emissions into Swiss system

Contrary to the EU ETS, thus far the Swiss ETS does not incorporate aviation emissions. In order to align and link the Swiss and EU ETS, the Swiss system must include these emissions.

Against this background, in June 2017 the Federal Council adopted the ordinance. In order to determine the maximum quantity of available emission allowances for the aviation sector in the Swiss ETS and the number of emission allowances allocated to aircraft operators free of charge, the data is collected in the form of tonne-kilometres. The tonne-kilometres are determined by multiplying mileage by payload. The ordinance also specifies further details.

In line with the EU stop-the-clock regulation, the ordinance considers only tonne-kilometre data from domestic flights, from flights between Switzerland and EEA member states, certain flights from Basel-Mulhouse Airport to EEA member states⁽⁶⁾ and certain flights from Basel-Mulhouse Airport to Switzerland.⁽⁷⁾ Specific categories such as training flights, flights relating to search and rescue, fire-fighting flights, humanitarian flights and emergency medical service flights, as well as military, customs and police flights, are excluded from the ordinance's scope.

To acquire the relevant data, all aircraft operators must first draw up a monitoring plan for the acquisition and reporting of the data. Aircraft operators had to submit their monitoring plan to the Federal Office for the Environment for evaluation by September 30 2017. In accordance with the monitoring plan, aircraft operators should record the tonne-kilometres performed in the period from January 1 to December 31 2018 and present the data in a monitoring report. An auditor must verify the monitoring reports, which will then be submitted to the Federal Office for the Environment.

The legal basis for processing the acquired data will be established with amendments to the existing CO₂ Act in connection with the linking agreement. The amendments to the act were submitted to the public for consultation in August 2016, together with Switzerland's future climate policy (for further details please see "[Swiss voters adopt revised Energy Act](#)").

For further information on this topic please contact [Michael Lips](#) or [Madeleine Schreiner](#) at Pestalozzi Attorneys at Law by telephone (+41 44 217 91 11) or email (michael.lips@pestalozzilaw.com or madeleine.schreiner@pestalozzilaw.com). The Pestalozzi Attorneys at Law website can be accessed at www.pestalozzilaw.com.

Endnotes

(1) Ordinance on the Acquisition and Reporting of Tonne-Kilometre Data relating to Distances Covered by Aircraft, SR 641.714.11.

(2) Proposal by the European Commission for a Council Decision on the Conclusion, on behalf of the European Union, of an Agreement between the European Union and the Swiss Confederation on the Linking of their Greenhouse Gas Emissions Trading Systems, 16.8.2017, COM(2017) 427 final, 2017/0193 (NLE).

(3) Federal Council media release (August 16 2017), "[Linking of the Swiss and European emissions trading systems: big step forward](#)".

(4) Federal Act on the Reduction of CO₂ Emissions, SR 641.71.

(5) Proposal by the European Commission for a Regulation of the European Parliament and of the Council amending Directive 2003/87/EC to continue current limitations of scope for aviation, February 3 2017, COM(2017) 54 final, 2017/0017 (COD).

(6) If they are performed under Swiss transport law in accordance with the treaty between Switzerland and France dated July 4 1949 on the construction and operation of Basel-Mulhouse Airport in Blotzheim.

(7) *Ibid.*

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