

**Submission by the International Coalition for Sustainable Aviation (ICSA)
to the Friends of the President meeting on a global MBM scheme**

(22 to 23 August 2016 in Montréal)

ICSA is pleased to submit this paper to the Friends of the President Meeting. ICSA and its member NGOs have been longstanding contributors to ICAO's environmental work, and fully support the development of an ambitious and environmentally robust global market-based measure (MBM) for international aviation.

ICSA recognises that paragraphs 7 to 9 covering State participation in the MBM (§7), market distortion (§8) and distribution of costs (§9), are political questions. As a coalition of environmental NGOs, we do not intend to propose "right" answers or criticise "wrong" answers to these questions. Our focus is on ensuring that the MBM makes an appropriate contribution to reducing greenhouse gas emissions consistent with the collective effort necessary to meet the requirements of the Paris Agreement, and indeed, is compliant with or exceeds ICAO's own stated climate change commitments (such as the goal of carbon neutral growth from 2020, CNG2020). We therefore seek to make sure that the answers advanced to these political questions support these objectives.

In this regard, ICSA expresses grave concern at the current status of these paragraphs. The current formulae in §7a and b (combined with provisions in §8 and 12) risk exempting up to 50% of international aviation emissions in phase I, which means the MBM will fail abysmally to achieve the CNG2020 goal.

Additionally, we understand that an "opt-in" approach has been discussed recently. ICSA expresses strong reservations about such an approach and urges ICAO and its Member States to continue working to find formulae for §7 that ensure that at least all routes to and from States not exempted under §7.c are covered by the scheme, with the objective of ensuring at least 90% coverage of total international aviation emissions. In order to ensure the CNG2020 goal is achieved, all international aviation emissions (including those from routes exempted by §7) must be offset by the MBM's participants (which requires adjustment to §12). The smaller the level of exemptions in §7, the lesser the market distortion that would be caused by the adjustment to §12. ICSA would like to suggest edits to §9 in order to illustrate how the redistribution of the emissions growth above 2020 from routes not covered by the MBM could be reflected in the text.

However, we do welcome the statements made to date by countries affirming that they will participate in the MBM from the very beginning regardless of the final form of §7, and urges all ICAO Member States to make similar statements, as a show of goodwill to demonstrate commitment to the full achievement of the CNG2020 goal.

Finally, ICSA would like to highlight the importance of resolving the question of differentiating offset obligations (§9). This must be seen in tandem with §7, and not in isolation. For example, States may prefer to participate in the MBM from day 1 with a satisfactory §9 formula, than to claim an exemption from phase 1 and join the scheme in phase 2 with an unsatisfactory §9 formula.

Suggestion for paragraph 7 of draft Assembly Resolution text:

ICSA suggests the following edits to paragraph 7 (new text is shown in **bold**)

7. Decides the use of a phased implementation for the CORSIA to accommodate the special circumstances and respective capabilities of States, in particular developing States, while minimizing market distortion, as follows: –

a) First implementation phase applies from 2021 to the States that either have an individual share of international aviation activities in Revenue Tonnes Kilometers (RTKs) in year 2018 above 1.0 per cent of total RTKs, or whose cumulative share in the list of States from the highest to the lowest amount of RTKs reaches 80 per cent of total RTKs;

b) Second implementation phase applies from 2026 to additional States that either have an individual share of international aviation activities in RTKs in year 2018 above 0.5 per cent of total RTKs, or whose cumulative share in the list of States from the highest to the lowest amount of RTKs reaches 95 per cent of total RTKs;

c) the CORSIA does not apply to States which are classified as the Least Developed Countries (LDCs), Small Island Developing States (SIDS) or Landlocked Developing Countries (LLDCs), unless those States meet criteria in sub-paragraphs a) or b) above;

d) States that are exempted or not included in the provisions above are strongly encouraged to voluntarily participate in the scheme, in particular those States that are members of a regional economic integration organization. States included in the second implementation phase are also strongly encouraged to participate in the first implementation phase;

Suggestion for paragraph 9 of draft Assembly Resolution text:

ICSA suggests the following edits to paragraph 9 (new text is shown in **bold**):

9. Decides that the amount of CO₂ emissions required to be offset by an aircraft operator in a given year from 2021 is calculated as follows;

a) amount of offsets = an operator's emissions covered by CORSIA in a given year × sector's growth factor in the given year;

b) where the sector's growth factor = (total emissions covered by CORSIA in the given year – total emissions over three-year average of 2018 to 2020) / total emissions covered by CORSIA in the given year; **and**

~~e) the operator's emissions and the total emissions covered by CORSIA in the given year do not include emissions exempted from the scheme in that year; and~~

cd) the scope of emissions in paragraph 9 b) above will be recalculated at the start of the second implementation phase to take into account routes to and from all States that will be added in the second implementation phase; –

— END —