



**WORKING PAPER**

**ASSEMBLY — 40TH SESSION**

**EXECUTIVE COMMITTEE**

**Agenda Item 17: Environmental Protection – Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)**

**INDUSTRY VIEWS ON CORSIA**

(Presented by the Airports Council International(ACI), the Civil Air Navigation Services Organisation (CANSO), the International Air Transport Association (IATA), the International Business Aviation Council (IBAC) and the International Coordinating Council of Aerospace Industries Associations (ICCAIA) coordinated by the Air Transport Action Group (ATAG))

**EXECUTIVE SUMMARY**

The industry strongly supports the ICAO Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). Carbon offsetting provides an environmentally effective option to complement the sector's efforts to reduce emissions through technology, sustainable aviation fuels, operational measures and better infrastructure. The working paper notes that the implementation of CORSIA avoids the need for duplicative carbon pricing measures to be applied to international aviation emissions on a regional, national or subnational basis and underlines the fact that CORSIA was adopted with a broad recognition that it should be the only market-based measure applied to international flights on the basis that emissions should not be accounted for more than once. However, there are concerns that the implementation and effectiveness of CORSIA could be undermined by the policies of individual States and groups of States applying or considering the application of a carbon pricing instrument or ticket tax to address emissions from international aviation, in addition to CORSIA.

**Action:** The Assembly is invited to:

- a) reaffirm the importance of CORSIA as an element of the basket of measures.
- b) request the Council to encourage all ICAO Member States to participate in CORSIA on a voluntary basis from its outset;
- c) reaffirm the principle that CORSIA is to be the market-based measure applying to CO<sub>2</sub> emissions from international aviation;
- d) reaffirm the principle that market-based measures should not be duplicative and that international aviation CO<sub>2</sub> emissions should be accounted for only once; and,
- e) request that the Council, with the technical contribution of Committee on Aviation Environmental Protection (CAEP), completes the work to complement the core requirements for CORSIA sustainable aviation fuels with a broader set of sustainability criteria.

<sup>1</sup> Arabic, Chinese, English, French, Russian and Spanish versions provided by IATA.

<i>Strategic Objectives:</i>	This working paper relates to Strategic Objective - Environmental Protection
<i>Financial implications:</i>	Not applicable
<i>References:</i>	

## 1. INTRODUCTION

1.1 In 2009, the civil aviation industry set three global goals to address its climate impact: a short-term efficiency improvement goal of 1.5% per annum; a mid-term goal to cap net CO<sub>2</sub> emissions through carbon-neutral growth; and a long-term goal to halve net aviation CO<sub>2</sub> emissions by 2050 when compared with 2005 levels. We note that at the 75<sup>th</sup> IATA Annual General Meeting held in Seoul on 1-3 June 2019, IATA member airlines overwhelmingly adopted a Resolution on the implementation of CORSIA which reaffirmed those global commitments.<sup>2</sup>

1.2 In 2010, the 37<sup>th</sup> session of the ICAO Assembly adopted the following goals for aviation: a global annual average fuel efficiency improvement rate of 2 per cent until 2020; an aspirational global fuel efficiency improvement rate of 2 per cent per annum from 2021 to 2050; and a collective medium-term global aspirational goal of maintaining global net CO<sub>2</sub> emissions from international aviation from 2020 at the same level, through carbon neutral growth.

1.3 Aviation is addressing the challenge of achieving its climate goals through a strategy of: developing new technology, an energy transition towards sustainable aviation fuel, more efficient operations, better use of infrastructure and a global market-based measure for aviation CO<sub>2</sub> emissions.

## 2. CORSIA

2.1 The industry remains confident that technology, sustainable aviation fuels, operational measures and better infrastructure will ensure the sustainable growth of the aviation industry, allowing aviation to meet the increasing demand for air transport from passengers and shippers while reducing its climate change impact. Indeed, we urge governments to help enable these measures through supportive policies. However, the industry also acknowledges that a global market-based measure is needed to fill any remaining emissions gap until those other measures can take full effect.

2.2 The industry therefore strongly welcomed the adoption by the 39<sup>th</sup> session of the ICAO Assembly of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). The industry continues to stand fully behind CORSIA and the international standards and emissions unit criteria which were adopted by ICAO to ensure that it is robust not only through the monitoring, reporting and verification of emissions but also in the emissions units that will be eligible for compliance.

2.3 The aviation sector is committed to advances in technology, operations and infrastructure to continue to reduce the sector's carbon emissions. Offsetting is not intended to replace these efforts. Nor would CORSIA make fuel efficiency any less of a day-to-day priority. Rather, CORSIA can help the

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<sup>2</sup> <https://www.iata.org/pressroom/pr/Documents/resolution-corsia-agm-2019.pdf>

sector achieve its climate targets in the short and medium term by complementing emissions reduction initiatives within the sector.

2.4 The industry believes that ICAO must continue to play the leading role in the efforts to address international aviation's CO<sub>2</sub> emissions impact, through the full basket of measures. In particular, the industry supports further work in ICAO towards the development of a broader set of sustainability criteria for sustainable aviation fuels claimed under CORSIA and the continuing work in ICAO to complement these core requirements. A globally harmonised approach to sustainability criteria in international aviation will provide clarity that will help to remove barriers to the take up of sustainable aviation fuels and will support investment in this vital sector.

### 3. CARBON OFFSETTING

3.1 Carbon offsetting provides an environmentally effective option for sectors where the potential for further emissions reductions is limited or the abatement costs are unduly high. Offsetting and carbon markets are a fundamental component of global, regional and national emissions reduction policies. They have operated for decades for compliance purposes and voluntary emissions reductions and continue to be an effective mechanism to underpin action against climate change.

3.2 There are many ways to achieve CO<sub>2</sub> reductions that can be used as offsets, many of which bring other social, environmental or economic benefits relevant to sustainable development. Offsets can be sourced from various types of project activities, including, for example, wind energy, clean cook stoves, methane capture, forestry and other emissions-reducing or avoidance projects. The implementation of CORSIA will stimulate demand for offsets, which in turn will result in new investment in climate projects, benefitting all stakeholders, including local communities.

3.3 ICAO has estimated that aviation will have to offset about 2.5 billion tonnes of CO<sub>2</sub> between 2021 and 2035<sup>3</sup>. This represents an investment of about USD 40 billion in climate projects (based on projections that assume that the price of carbon will increase from USD 8 in 2021 to USD 20 in 2035)<sup>4</sup>.

### 4. VOLUNTARY PARTICIPATION IN CORSIA

4.1 The industry recognises why political considerations led to the decision to have CORSIA's offsetting requirements apply to flights between volunteering States in the pilot and first phases of implementation. We believe, however, that it is important to achieve the highest level of coverage possible. A high level of coverage not only increases the environmental effectiveness of the scheme, but also reduces the risk of market distortions by creating uniform conditions for coverage under CORSIA. In addition, volunteering to join CORSIA demonstrates a State's commitment to address climate change.

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<sup>3</sup> Results of Technical Analyses by CAEP, ICAO Environment Advisory Group Meeting (EAG/15), January 20-21, 2016. Agenda Item 1, available at: [https://www.icao.int/Meetings/HLM-MBM/Documents/EAG15\\_CAEP%20Technical%20Analyses.pdf](https://www.icao.int/Meetings/HLM-MBM/Documents/EAG15_CAEP%20Technical%20Analyses.pdf)

<sup>4</sup> IATA estimate.

## 5. AVOIDING A PATCHWORK

5.1 In recent years, there has been a marked increase in the number of carbon pricing instruments, such as carbon taxes or emissions trading schemes, applied around the world. A similar proliferation of carbon pricing instruments on aviation would result in an unsustainable and costly patchwork of measures for aeroplane operators and for governments. The implementation of CORSIA avoids the need for duplicative or overlapping carbon pricing measures to be applied to international aviation emissions on a regional, national or subnational basis.

5.2 While the costs associated with CORSIA are not insignificant, they are projected to be manageable for aeroplane operators, especially when compared with the costs that would result from duplicative national or regional schemes, which could generate divergent compliance requirements for individual operators and therefore also increase the risk of market distortions.

5.3 CORSIA was adopted with a recognition it should be the only market-based measure applied to international flights and on the basis that emissions should not be accounted for more than once. This observation is reflected in Assembly Resolution A39-3, which determines that CORSIA is to be the market-based measure applying to CO<sub>2</sub> emissions from international aviation. Unfortunately, the implementation and effectiveness of CORSIA may be jeopardized by policies of individual States and groups of States. Of particular concern is the fact that some States are applying or considering the application of a carbon pricing instrument or ticket tax to address emissions from international aviation that will be covered by CORSIA. Such policies are not only at odds with the international commitments of these States, they also undermine multilateral efforts to deal with climate change and reduce the availability of resources to drive research and implementation of new technologies.

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