



**WORKING PAPER**

**ASSEMBLY — 40TH SESSION**

**EXECUTIVE COMMITTEE**

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

**PERSPECTIVES ON THE FAIR AND EQUITABLE CORSIA IMPLEMENTATION PATHWAY**

(Presented by China and the Russian Federation)

**EXECUTIVE SUMMARY**

In 2016, the 39th Session of the ICAO Assembly adopted a resolution to establish the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). China has been a consistent advocate for the establishment of a full consultation-based CORSIA implementation pathway featuring broad participation, every country making its contribution to the best of its ability, fairness and justness, as well as win-win cooperation, so as to promote the sustainable development of international aviation worldwide. However, ICAO has not given balanced consideration to the concerns and positions of various parties in the course of facilitating CORSIA implementation. Only by ensuring procedural justice in decision-making and moral fairness in the design elements of the mechanism, can countries, particularly developing countries, become more confident in ICAO's effort in international aviation and climate change and show more willingness to engage in international cooperation in CORSIA implementation.

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

- a) recognize that the issues raised in paragraphs 2 and 3 will undermine the leadership role sought by ICAO and be detrimental to the confidence and willingness of countries, in particular developing countries and emerging economies, to work together to address international aviation emissions through ICAO;
- b) provide countries with sufficient opportunities to resolve differences and controversies through dialogue and negotiations;
- c) request the Council, with the assistance of member states, to take immediate actions, including giving serious consideration to Paragraph 4.3 and promoting the establishment of a fair and equitable CORSIA implementation pathway featuring fairness and equity, and Countries' concerted efforts and respective capabilities; and
- d) request the Council to develop, in accordance with principles listed in Annex to the A39-2 Resolution, the indicators for the periodic review of the CORSIA and the criteria triggering the suspension of the CORSIA implementation, for consultation and approval by a provisional high-level meeting held in 2021.

<sup>1</sup> Chinese and English versions provided by China.

<i>Strategic Objectives:</i>	This working paper relates to Strategic Objective E — Environmental Protection
<i>Financial implications:</i>	The activities referred to in this Assembly working paper will be undertaken subject to the resources available in the 2020-2022 Regular Programme Budget and/or from extra budgetary contributions.
<i>References:</i>	<ul style="list-style-type: none"> <li>• <i>The United Nations Framework Convention on Climate Change (UNFCCC) and Paris Agreement</i></li> <li>• Doc 10075 — <i>Assembly Resolutions in Force</i> (as of 6 October 2016)</li> <li>• Annex 16 — <i>Environmental Protection, Volume IV — Carbon Offsetting and Reduction Scheme for International Aviation (CORSA), First Edition</i></li> <li>• Doc 9501 — <i>Environmental Technical Manual, Volume IV — Procedures for demonstrating compliance with the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA)</i></li> </ul>

## 1. INTRODUCTION

1.1 According to Adam Smith, “Justice, ... is the main pillar that upholds the whole edifice. If it is removed, the great, the immense fabric of human society, that fabric which to raise and support seems in this world, if I may say so, to have been the peculiar and darling care of Nature, must in a moment crumble into atoms”.

1.2 The 39th Session of the ICAO Assembly adopted a resolution to establish the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA).

1.3 In accordance with Resolutions A39-2 and A39-3, the goal of achieving carbon neutral growth from international aviation by 2020 (CNG2020) is a global aspirational goal, and no specific obligations should be assigned to individual member states; the implementation of CORSA is aimed at achieving the CNG2020 goal, so individual countries would inevitably assume their specific obligations for emission reduction.

1.4 Since 2007, ICAO Assembly has acknowledged during its sessions the principle of Common but Differentiated Responsibilities (CBDR), equity and respective capabilities to address international aviation emissions. It also acknowledged the principle of non-discrimination and equal and fair opportunities for countries to develop international aviation. These principles, among others, are included in the Annex to Resolution A39-2 “The guiding principles for the design and implementation of market-based measures (MBMs) for international aviation”.

## 2. ISSUES ON PROCEDURAL JUSTICE IN DECISION-MAKING

2.1 ICAO has always been stressing its intention to take an absolute lead in international aviation emission reduction, whereas the principle of member states-driven decision-making and full consultation is not fully reflected in the discussion of international aviation and climate change in ICAO. In recent years, whenever there arose discrepancies among member states on major issues, ICAO didn’t

provide them with sufficient opportunities to resolve these controversies through consultations. ICAO has not put in place an institutional arrangement, available for member states to conduct consultation and negotiation on major issues prior to Council decision.

2.2 International civil aviation transportation is an important strategic industry driving the social and economic development of countries, and therefore the issue of international aviation and climate change is a matter of countries' development rights. The current CORSIA implementation pathway advocated for by ICAO did not respect or take into full account the differences among countries in their domestic policies, capacity building, and economic structures. Meanwhile, the discussions and consultations on major issues related to the sovereignty and governance of various countries were insufficient. This will undermine the leadership sought by ICAO and the confidence and willingness of all parties to work together to address international aviation emissions through ICAO.

### 3. **ISSUES ON MORAL EQUITY IN THE DESIGN ELEMENTS**

3.1 The United Nations Framework Convention on Climate Change (UNFCCC) recognizes that the largest share of historical and current global emissions of greenhouse gases has originated in developed countries, that per capita emissions in developing countries are still relatively low and that the share of global emissions originating in developing countries will grow to meet their social and development needs. UNFCCC further affirms that responses to climate change should be coordinated with social and economic development in an integrated manner with a view to avoiding adverse impacts on the latter, taking into full account the legitimate priority needs of developing countries for the achievement of sustained economic growth and the eradication of poverty. These should be principal indicators to evaluate moral equity of mechanism to address global climate governance.

#### 3.2 **The “one-size-fits-all” CORSIA standards lack moral fairness**

3.2.1 Under the Convention on International Civil Aviation, ICAO shall adopt and amend from time to time international standards and recommended practices and procedures dealing with matters concerned with the safety, regularity, and efficiency of air navigation (rather than international air transport, legally speaking). Annex 16 Volume IV approved by the Council in June last year was developed mainly by experts from developed countries, and addresses more on matters on macro-economy administration rather than on air navigation or international air transport. Meanwhile, despite divergent views and concerns from various countries, ICAO insists on granting itself with the power to certify carbon credit and the sustainability of aviation fuel, which is not related to air navigation and international air transport at all. Therefore, Annex 16 Volume IV is not legitimate or justifiable enough to guarantee the achievement of the objectives to ensure a level playing field to all countries.

3.2.2 Given the difference among countries in development stage, historical responsibility and coping capability, the “one-size-fits-all” approach for CORSIA implementation orchestrated by developed countries is a de facto reversion to the law of the jungle, which will make it more difficult for developing countries and emerging economies to participate in international aviation competition and bring additional cost to these countries.

#### 3.3 **The CNG2020 goal lacks moral fairness**

3.3.1 While the global base year for a CNG goal has not been settled, ICAO's CNG2020 goal would not guarantee the equal treatment on international aviation compared to other industries or sectors.

3.3.2 The vast majority of the OECD countries have a mature international aviation industry which will see a limited incremental emission growth in the future; meanwhile they possess a substantial amount of financial, technological and personnel resources to deal with aviation emissions. On the other hand, non-OECD countries, which have a huge demand and potential for international aviation development in the next 20 years, will see a rapid growth in the emissions from international aviation (see Annex A for details).

3.3.3 According to IEA<sup>2</sup> and Airbus<sup>3</sup>, CO<sub>2</sub> emissions from international aviation of OECD countries accounted for about 68% of global emissions from 1971 to 2016, while non-OECD countries accounted for the remaining 32%. Based on a conservative estimate, OECD countries will account for around 30% of the accumulated increase during 2012-2035 in international aviation emissions compared to the 2020 baseline, while non-OECD countries will account for the remaining 70%.

3.3.4 ICAO's CNG2020 goal would assume developing countries and emerging economy countries, whose share of historical and current global emissions of greenhouse gases is relatively small, with major responsibility to reduce aviation emissions in ICAO. Unless the developed countries would achieve a significantly negative growth in international aviation CO<sub>2</sub> emissions and provide developing countries and emerging economy countries with substantial support in finance, technology and capacity building, the legitimate priority needs of developing countries for growth would have to be deprived of or constrained for ICAO to achieve its CNG2020 goal.

3.3.5 The CORSIA serving the CNG2020 goal would inevitably attribute obligations to individual countries. In accordance with the offsetting requirements calculation method in Resolution A39-3, the CORSIA serving the CNG2020 goal will result in the problem of the offsetting requirements for entities with the same or similar amount of CO<sub>2</sub> emissions to vary significantly (see Annex B).

## 4. CONCLUSION

4.1 Lack of procedural justice in decision-making and moral fairness in the design of the implementation mechanism are the major issues in the current CORSIA implementation pathway developed by ICAO. Failing to address these issues appropriately would undermine the effective implementation of CORSIA.

4.2 ICAO should reform its decision-making mechanism, adhere to the principle of member states-driven principle, and provide an opportunity for countries to resolve their differences through dialogue, consultation and negotiation.

Whether the CORSIA can be effectively implemented depends on whether ICAO can face squarely and respect the differences among member states and redesign the implementation pathway following the idea of integrating NDC (nationally determined contribution) approach with international dialogue and consultation.

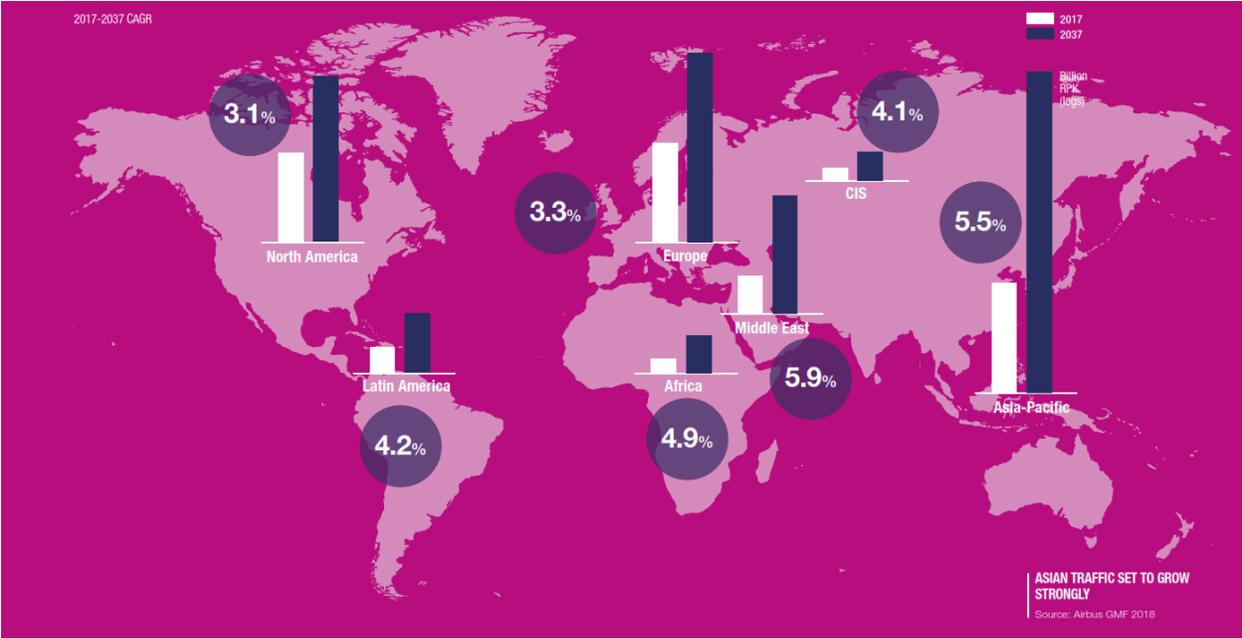
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<sup>2</sup> IEA CO<sub>2</sub> Emissions from Fuel Combustion Highlights (2018 edition)

<sup>3</sup> Airbus Global Market Forecast: Global Networks, Global Citizens (2018-2037)

APPENDIX A

EMERGING WORLD IS THE MAJOR ENGINE FOR THE GROWTH OF THE INTERNATIONAL CIVIL AVIATION

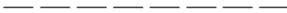


Source: Airbus GMF2018



TRAFFIC BETWEEN EMERGING MARKETS TO REPRESENT A HIGHER SHARE OF WORLD TRAFFIC  
 Source: Airbus GMF 2018

Source: Airbus GMF2018



## APPENDIX B

### THE CORSIA SERVING CNG2020 GOAL IS UNFAIR AND INEQUAL: AN ANALYSIS BASED ON THREE SCENARIOS

#### 1. Assumption

Assuming that States A and B would participate in the CORSIA serving CNG 2020 goal from 2021 to 2035 and the baselines for A and B are 60 million and 40 million respectively. 3 scenarios are for the projection of A, B and the sectoral annual growth rates, while in Scenario 3, relevant data from CAEP is adopted for the sectoral growth rate.

**Table 1 : Projections for State A, State B and sectoral annual growth rates**

Scenarios	A's AGR			B's AGR			Sectoral AGR	
	2020-2025	2026-2030	2031-2035	2020-2025	2026-2030	2031-2035	2020-2029	2031-2035
1	1.0%	0.5%	0.0%	8%	6%	3%	3.5%	2.5%
2	1.0%	0.0%	-1.0%	6%	4.5%	3%	3.0%	2.0%
3	2.4%	2.0%	2.1%	7.8%	5.6%	5.0%		

#### 2. Calculations of the offsetting requirements

As per the attribution method listed in A39-3, offsetting requirements for States A and B in the three scenarios mentioned above are calculated respectively and the results are listed in Table 2.

**Table 2 : Amount of emissions and offsetting requirements for States A and B in different scenarios**

Scenarios	Years	A			B		
		Accumulated emissions (unit: million tons)	Accumulated offsetting requirements (unit: million tons)	Offsetting % of emissions	Accumulated emissions (unit: million tons)	Accumulated offsetting requirements (unit: million tons)	Offsetting % of emissions
1	2021-2029	56734	9669	17%	54620	9922	18%
	2030-2032	19492	5184	27%	25245	8983	36%
	<b>2033-2035</b>	19492	3163	<b>16%</b>	27586	13912	<b>50%</b>
2	2021-2029	56416	8368	15%	49226	7677	16%
	2030-2032	18823	4289	23%	21219	6499	31%
	<b>2033-2035</b>	18264	1915	<b>10%</b>	23187	10029	<b>43%</b>
3	2021-2029	61349	11067	18%	53887	10107	19%
	2030-2032	23120	6763	29%	25011	8818	35%
	<b>2033-2035</b>	24607	7333	<b>30%</b>	28953	15056	<b>52%</b>

### 3. Analysis

3.1 From 2021 to 2029, the offsetting percentages of emissions for A and B in three different scenarios are nearly the same, which means each state's obligation would be proportional to the size of its emission.

3.2 After 2030, the offsetting requirements for States A and B are getting more and more differentiated, resulting in B's offsetting obligations for each ton of CO<sub>2</sub> emissions in 2030-2035 accounting for 274%, 266% and 169% of A's respectively in different scenarios and B's offsetting obligations in 2021-2035 accounting for 182%, 166% and 135% of A's while the accumulated amount of emissions for A and B is almost the same. In other words, B's offsetting obligations for 1 ton of CO<sub>2</sub> emissions would account for 162%, 166% and 137% of A's respectively in different scenarios in the CORSIA serving the CNG2020 goal.

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## APPENDIX C

### ANNEX TO A39-2 RESOLUTION

The guiding principles for the design and implementation of market-based measures (MBMs) for international aviation:

- a) MBMs should support sustainable development of the international aviation sector;
- b) MBMs should support the mitigation of GHG emissions from international aviation;
- c) MBMs should contribute towards achieving global aspirational goals;
- d) MBMs should be transparent and administratively simple;
- e) MBMs should be cost-effective;
- f) MBMs should not be duplicative and international aviation CO<sub>2</sub> emissions should be accounted for only once;
- g) MBMs should minimize carbon leakage and market distortions;
- h) MBMs should ensure the fair treatment of the international aviation sector in relation to other sectors;
- i) MBMs should recognize past and future achievements and investments in aviation fuel efficiency and in other measures to reduce aviation emissions;
- j) MBMs should not impose inappropriate economic burden on international aviation;
- k) MBMs should facilitate appropriate access to all carbon markets;
- l) MBMs should be assessed in relation to various measures on the basis of performance measured in terms of CO<sub>2</sub> emissions reductions or avoidance, where appropriate;
- m) MBMs should include de *minimis* provisions;
- n) where revenues are generated from MBMs, it is strongly recommended that they should be applied in the first instance to mitigating the environmental impact of aircraft engine emissions, including mitigation and adaptation, as well as assistance to and support for developing States;
- o) where emissions reductions are achieved through MBMs, they should be identified in States' emissions reporting; and
- p) MBMs should take into account the principle of common but differentiated responsibilities and respective capabilities, the special circumstances and respective capabilities, and the principle of non-discrimination and equal and fair opportunities.

— END —