



**WORKING PAPER**

**ASSEMBLY — 39TH SESSION**

**EXECUTIVE COMMITTEE**

**Agenda Item 22: Environmental Protection – International Aviation and Climate Change – Policy, Standardization and Implementation Support**

**JOINT POSITION ON CERTAIN PROVISIONS OF THE PROPOSED DRAFT OF THE CONSOLIDATED STATEMENT OF CONTINUING ICAO POLICIES AND PRACTICES RELATED TO ENVIRONMENTAL PROTECTION – GLOBAL MARKET-BASED MEASURE (MBM) SCHEME**

(Presented by the India, People's Republic of China and Russian Federation)

**EXECUTIVE SUMMARY**

Recalling the UNFCCC and the Paris Agreement and *acknowledging* its principle of common but differentiated responsibilities and respective capabilities (CBDR), in light of the special circumstances and respective capabilities (SCRC), as well as *acknowledging* the principles of non-discrimination and equal and fair opportunities to develop international aviation set forth in the Chicago Convention, this working paper draws attention of the Assembly to certain provisions of the draft of the *Consolidated statement of continuing ICAO policies and practices related to environmental protection – Global Market-Based Measure (MBM) scheme*, which have to be aligned with principles mentioned above.

**Action:** The Assembly is invited to consider and approve proposed changes for the draft text of the Assembly resolution presented in the Appendix B to this working paper.

<i>Strategic Objectives:</i>	This working paper relates to Strategic Objective E – Environmental Protection.
<i>Financial implications:</i>	Suggested amendments provide necessary conditions for the sustainable growth of the national civil aviation in the developing countries in the course of GMBM scheme implementation.
<i>References:</i>	Doc 7300 <i>Convention on International Civil Aviation</i> Doc 10022, <i>Assembly Resolutions in Force (as of 4 October 2013)</i> A38-18: <i>Consolidated statement of continuing ICAO policies and practices related to environmental protection – Climate change</i> A/RES/70/1, <i>Transforming our world: the 2030 Agenda for Sustainable Development (Resolution adopted by the UN General Assembly on 25 September 2015)</i> FCCC/CP/2015/L.9 <i>Paris agreement</i> A39-WP/52, <i>Consolidated statement of continuing ICAO policies and practices related to environmental protection – Global Market-Based Measure (MBM) scheme</i>

## 1. INTRODUCTION

1.1. The analysis of consequences of implementation of the proposed GMBM scheme based on the “offsetting mechanism” (CORSIA) indicates significant risks of market distortion in the field of international air transportation, an emergence of conditions for unfair competition directed at suppression of quickly growing air transportation markets of Developing Countries, that inevitably creates risks of stagnation of their national civil aviation development process. This, in turn, will rise up risk of a pushing out airlines from those countries from the international air transportation market, and, most likely, to their subsequent bankruptcy. Such negative consequences for developing countries would hardly comparable with the new ICAO’s initiative “*No Country Left Behind*” (NCLB).

1.2. In order to avoid risks mentioned above, certain provisions have to be amended accordingly in the draft resolution on the GMBM.

## 2. MAIN POINTS FOR THE CONSIDERATION OF ASSEMBLY ON IMPLEMENTATION OF GMBM SCHEME IN FORM OF CORSIA

2.1. It’s indisputable that the main objective of GMBM scheme for the international civil aviation is a global CO<sub>2</sub> emissions reduction. However, in the proposed text of draft resolution on GMBM scheme the general accent have done on the “offsetting mechanism” rather than on emission reduction. Hence, it would be appropriate to replace wording “*offsetting requirements*” with “*CO<sub>2</sub> emissions reduction requirements*” along the text of the resolution as it shown in the Appendix to this working paper.

2.2. Tenth paragraph of the preamble to the draft resolution one more time highlights concern of the Assembly “...with the use of international civil aviation as a potential source for the mobilization of revenue for climate finance to the other sectors, and that MBMs should ensure the fair treatment of the international aviation sector in relation to other sectors”. However current CORSIA proposal consider a purchasing of the Emissions Units on the open carbon markets outside the sector of the international civil aviation, which has de facto resulted in international aviation’s role as a source for the mobilization of revenue for climate finance to other sectors, as well as it contradicts the Chicago Convention. At the moment there are not any carbon credits on sale, which have been generated as a result of implementation of ecologically efficient an aviation-related projects in the developing countries. Hence, in order to harmonize the text of the resolution with the concern of the international aviation community, mentioned above, only emissions units, which will be generated as a result of implementation of an aviation-related projects, can be only considered as eligible under CORSIA. In this regard words “civil aviation-related” have to be added before words “emissions units” in the resolving clause 17, subgraphs c), d) and e).

2.3. Inasmuch as the proposed draft resolution is “*Welcoming* the adoption of the Paris Agreement under the UNFCCC...” the text of fourteenth paragraph the preamble has to be redrafted as follows:

“*Whereas* the UNFCCC and the Paris Agreement provide for mechanisms, such as the Clean Development Mechanism (CDM) and the mechanism of implementation of the nationally determined contributions (NDCs) on a voluntary basis established by paragraph 4, Article 6 of a new market mechanisms under the Paris Agreement; to contribute to the mitigation of GHG emissions while fostering to support sustainable development, which benefit developing States in particular; *{New text reflecting Paris Agreement}*”

2.4. It’s important to note that “pilot phase” of the CORSIA implementation, which is a matter of consensus confirmed in the course of the “Friends of the President” informal meeting on August 22-23 this year, is fully in line with provisions of the resolving clause 19 a) of the Assembly resolution A38-18,

where Council has been requested to “*finalize the work on the technical aspects, environmental and economic impacts and modalities of the possible options for a global MBM scheme, including on its feasibility and practicability, taking into account the need for development of international aviation...*”. This requires no proof that only results of a practical implementation can be considered as a demonstration of a “*feasibility and practicability*” of the CORSIA, as well as its “*environmental and economic impacts*” can be objectively assessed after the “pilot phase” of its implementation only. In order to avoid unnecessary reputational risks for ICAO in the case of not satisfactory results of the “testing” phases of the CORSIA implementation, it would not be wise to “close the door” for other possible options of GMBM implementation in the future. In this regard the text of the resolving clause 4 has to be redrafted as follows:

“4. *Decides to implement [a pilot phase and a voluntary phase, and evaluate](#) a GMBM scheme in the form of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) [as one of the possible options](#) to address any annual increase in total CO<sub>2</sub> emissions from international civil aviation (i.e. civil aviation flights that depart in one country and arrive in a different country) above the 2020 levels, taking into account special circumstances and respective capabilities; ***{GMBM is Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)}***”*

2.5. Taking into account uncertainty of possible environmental results of the CORSIA implementation and its impact on the sustainable growth of national civil aviation, especially in developing countries. the resolving clause 7 d) has to be modified as under:

“d) [Subject to the positive results of CORSIA for international aviation, established after the review of the first implementation phase,](#) second phase [would apply](#) ~~applies~~ from 2027 ...”

2.6. The concept of a “*de minimis*” criteria has been introduced by ICAO Assembly six years ago as a protective measure for a sustainable growth of civil aviation in the developing countries. Taking into account a substantial probability of negative consequences for developing Countries as a result of the CORSIA implementation (as it is mentioned in the resolving 15 of the draft resolution), it is reasonable to retain this provision in the text of new resolution. Having in mind that concept “*de minimis*” needs to be carefully reconsidered in order to provide fair protection from CORSIA, the threshold of 0.5 % of global RTK can be accepted as a platform for future negotiations. In this connection the resolving clause 7 d) has to be complemented with the following text:

“d) [...\(LLDCs\) and other developing Countries exempted based on “de minimis” criteria with threshold of 0.5 % RTK and economic criteria to be reviewed and finalized during evaluation of the pilot and the first implementation phases unless they volunteer to participate in this phase:](#)”.

2.7. It is expected that in the course of the pilot and first phases of the CORSIA implementation a leading role has to belong to developed countries, who assume the main responsibility for the climate change and have a sufficient economic potential to compensate financial and reputational losses in case of failing to demonstrate CO<sub>2</sub> emissions reduction and fostering sustainable development as a result of CORSIA implementation. However, any other Member States have a sovereign right to take over decision to participate in CORSIA at any moment. In this regard, the resolving clause 7 e) has to be amended as follows:

“e) States that are exempted or have not yet participated are strongly encouraged to voluntarily participate in the scheme as early as possible, [while recognizing that the developed States will take the lead](#) ~~in particular those States that are members of a regional economic~~”

~~integration organization~~<sup>1</sup>. States who decide to voluntarily participate in the scheme, or decide to discontinue the voluntary participation from the scheme, may only do so from 1 January in any given year and they shall notify ICAO of their decision by no later than 30 June of the preceding year; *{Voluntary participation, and 6-month notification}*”.

2.8. In case of voluntary participation of developing States in the “testing” phases of the CORSIA implementation it is fair to give them opportunity to assume CO<sub>2</sub> emissions reduction responsibility without direction, that is fully in line with the approach of the Paris agreement. It would be obviously inappropriate “to sell tickets for test flights” and to set the goal of environmental integrity, which has been excluded on default by the resolving clause 12 of the draft resolution (A39-WP/52). Also, it should be noted that a separate level of an emissions offsetting obligations for operators from the developing and developed Countries operating on the same routings is fully matching to the CBDR principle. Therefore, the text of resolving clause 9 has to be redrafted as follows:

“9 *Decides* that the amount of CO<sub>2</sub> emissions ~~required-expected~~ to be offset by an aircraft operator on a voluntary basis in the course of the pilot and the first implementation phases in a given year from 2021 be set on the basis of Nationally determined contributions (NDCs) adopted individually by each participating Member State or can be is calculated every year as follows:...”

2.9. Taking into account that genuine role of any “testing” phases of a project implementation to prove its feasibility and, if necessary, to make appropriate adjustments, it would be reasonable to make following amendments in subparagraph b) and c) of the resolving clause 9:

“b) where the sector’s growth factor = (total emissions covered by CORSIA in the given year – for the pilot and the first phase: average of total emissions covered by CORSIA between 2019 and 2020; and for the second phase another base year to be decided during the review process) / total emissions covered by CORSIA in the given year;

c) where the aircraft operator’s growth factor = (the aircraft operator’s total emissions covered by CORSIA in the given year – for the pilot and the first phase: average of the aircraft operator’s emissions covered by CORSIA between 2019 and 2020; and for the second phase another base year to be decided during the review process) / the aircraft operator’s total emissions covered by CORSIA in the given year”;

2.10. Having in mind that the preamble of the draft resolution declares a support of sustainable development with emphasis in developing countries it is reasonable to redraft the resolving clause 9, e), iv) and v) as under:

“iv) for the scheme from 2030 to 2035, it is expected to make a gradual transition of offsetting requirements from 100% sectoral to include some individual contribution, the details of which, mainly based upon the review of the first implementation phase, will be submitted to the Assembly in 2028 for consideration~~through 2032, at least 20% individual, with the Council recommending to the Assembly in 2028 whether and to what extent to adjust the individual percentage;~~”

2.11. The existing significant difference in the level of profitability of airline from the different regions the World (for example, the level of profitability of North American airlines is 11 times higher

<sup>1</sup> The regional economic integration organizations: The North American Free Trade Agreement (NAFTA), South America: The Common Market of the South, Mercado Común del Sur or MERCOSUR, The Caribbean Community and Common Market (CARICOM) , The Dominican Republic–Central America–United States Free Trade Agreement (CAFTADR), The European Union (EU), Central European Free Trade Agreement (CEFTA), Eurasian Economic Community (EurAsEC), The Association of Southeast Asian Nations (ASEAN), The Asia–Pacific Economic Cooperation (APEC), China and Taiwan Economic Cooperation Framework Agreement (ECFA), The Cooperation Council for the Arab States of the Gulf – the Gulf Cooperation Council (GCC), The African Economic Community (AEC), Community of Sahel Saharan States (CENSAD), Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC), Economic Community of Central African States (ECCAS/CEEAC), Economic Community of West African States (ECOWAS), Intergovernmental Authority on Development (IGAD), Southern African Development Community (SADC), Arab Maghreb Union (AMU/UMA)...

than African airlines have) has predetermined the issue of a differential approach for a temporary protection from CORSIA a “new entrants” from developed and developing countries. Taking into account that new entrants from developing countries in most cases will operate with older and less fuel-efficient aircraft fleets, it would be fair to set their “entering threshold” of annual emissions over total emissions of the sector in 2020 at a comparatively higher level in order to protect their sustainable growth. It is suggested to set initially this threshold for “new entrants” from developing Countries at a level 0,5 per cent of a global sectoral emissions as a basis for a future careful consideration. In this connection, resolving clause 10 has to be redrafted as follows:

“10. *Decides* that a new entrant<sup>2</sup> is exempted from the application of the CORSIA for three years or until the year in which its annual emissions exceed:

- a) 0.1 per cent of total emissions in 2020 (for new entrants from the developed countries), or
- b) 0.50 per cent of total emissions in 2020 (for new entrants from the developing countries),

whichever occurs earlier. From the subsequent year, the new entrant is included in the scheme and treated in the same way as the other aircraft operators. *{New entrants}* – **Support Differentiation**”

2.12. In order to avoid serious damages of international civil aviation sector as a result of the CORSIA implementation it is reasonable to make not only a periodic review of CORSIA but do an annual assessment of its cost, safety and security impacts as well as its and environmental “efficiency” and level of induced market distortions. For this purpose, the paragraph 16 has to be amended accordingly:

“16 *Decides* that a periodic evaluation and assessment of the CORSIA is undertaken by the Council, for consideration by the Assembly, every ~~three~~ years from 2022 for the purpose referred to in paragraph 7 f) above and in order to avoid risks of substantial damages for to contribute to the sustainable development of the international aviation sector ~~and the effectiveness of the scheme, including aspects of safety, security and fair competition, its cost impact on the Member States, as well as an assessment of the ecological effectiveness of the GMBM scheme for further consideration by the Assembly on appropriateness of the CORSIA continuation.~~ This will involve, inter alia...”

2.13. According to Article 37 Chapter VI of the Convention on International Civil Aviation, issues related to MRV, Emission Units and Registry are not “*in relation to aircraft, personnel, airways and auxiliary services*” and hence out of the scope of international standards and recommended practices and procedures. Consequently, the Convention does not authorise ICAO to develop SARPs on MRV, Emissions Units and Registry. In this connection, the wording SARPs shall not appear in the resolution and all Emission Unit Criteria (EUC) shall only be “recommended” in nature. Accordingly, SARPs should be deleted and “recommended” should be added before EUC.

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<sup>2</sup> A new entrant is defined as any aircraft operator that commences an aviation activity falling within the scope of the scheme on or after its entry into force and whose activity is not in whole or in part a continuation of an aviation activity previously performed by another aircraft operator.

2.14. In spite of the technical necessity of the MRV introduction for all Member States without exclusion as basis for a fair differentiation of emissions obligations between Member States, it is not obvious that States which definitely has lack of available recourses or will be exempted to participate in the “testing” phases of CORSIA implementation have to start MRV introduction beginning from 2018. Such Member States could start the MRV implementation at national or regional level beginning from 2024 while taking into account a successful experience of the MRV implementation in other Member States. Such approach for the MRV implementation is in line with principle of SCRC also. In this regard the resolving clause 18 has to be complemented with new subparagraph b) as follows:

“b) Member States, which will be exempted under conditions of paragraph 7 d), are expected to start the MRV implementation at national or regional level beginning from 2024 while taking into account a successful experience of the MRV implementation in other Member States;”

### 3. CONCLUSIONS

3.1. The Assembly is invited to take into account those countries’ common concerns on the development of a GMBM and to adopt their amendments to the draft resolution.

3.2. Taking into account that proposed text of draft resolution in GMBM cannot be considered as “ready-made” project for CORSIA implementation, as well as an existence of a serious concern and certain ambiguity with regard to possible consequences of its implementation, it is reasonable, as a possible compromise, to support suggested in this working paper amendments for the draft resolution in order to keep open “window of opportunities” to continue common efforts of all Member States aimed to real CO<sub>2</sub> emissions reduction in the sector and at the global level.

3.3. Contrary, any attempts of enforcement of implementation of still not existing project of CORSIA can undermine basic provisions and spirit of the Chicago convention, which call all Member States “...to avoid friction and to promote that cooperation between nations and peoples upon which the peace of the world depends”.

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## APPENDIX

**Resolution A39-XX: Consolidated statement of continuing ICAO policies and practices related to environmental protection – Global Market-based Measure (MBM) scheme**

*Whereas* Assembly Resolution A38-18 decided to develop a global market-based measure (GMBM) scheme for international aviation, for decision by the 39th Session of the Assembly; ***{Existing text from A38-18, paragraph 18}***

*Recalling* that Assembly Resolution A38-18 requested the Council, with the support of Member States, to finalize the work on the technical aspects, environmental and economic impacts and modalities of the possible options for a GMBM scheme, including on its feasibility and practicability, taking into account the need for development of international aviation, the proposal of the aviation industry and other international developments, as appropriate, and without prejudice to the negotiations under the UNFCCC; ***{Existing text from A38-18, paragraph 19 a)}***

*Also recalling* that Assembly Resolution A38-18 requested the Council, with the support of Member States, to identify the major issues and problems, including for Member States, and make a recommendation on a GMBM scheme that appropriately addresses them and key design elements, including a means to take into account special circumstances and respective capabilities, and the mechanisms for the implementation of the scheme from 2020 as part of a basket of measures which also include technologies, operational improvements and sustainable alternative fuels to achieve ICAO's global aspirational goals; ***{Existing text from A38-18, paragraph 19 c)}***

*Recognizing* that ICAO is the appropriate forum to address emissions from international aviation, and the significant amount of work undertaken by the Council, its Environment Advisory Group (EAG) and its Committee on Aviation Environmental Protection (CAEP) to develop a recommendation for a GMBM scheme and its design elements and implementation mechanisms, including the analyses of various approaches for distribution of obligations; ***{New text to reflect the work since A38}***

*Further recalling* that Assembly Resolution A38-18 requested the Council, with the support of Member States, to organize seminars, workshops on a GMBM scheme for international aviation participated by officials and experts of Member States as well as relevant organizations; ***{Existing text from A38-18, paragraph 19 b)}***

*Recognizing* the convening of two rounds of Global Aviation Dialogues (GLADs) seminars held in 2015 and 2016 for all regions; ***{New text to reflect the work since A38}***

*Noting* the support of the aviation industry for a single global carbon offsetting scheme, as opposed to a patchwork of State and regional MBMs, as a cost effective measure to complement a broader package of measures including technology, operations and infrastructure measures; ***{Existing text from A38-18 preamble}***

*Recognizing* that MBMs should not be duplicative and international aviation CO<sub>2</sub> emissions should be accounted for only once; ***{Based on text from A38-18, Annex paragraph f}***

*Emphasizing* that the decision by the 38th Session of the Assembly to develop a global MBM scheme for international aviation reflects the strong support of Member States for a global solution for the international aviation industry, as opposed to a possible patchwork of State and regional MBMs; ***{Reflecting the background for a global solution compared to patchwork of MBMs}***

*Reaffirming* the concern with the use of international civil aviation as a potential source for the mobilization of revenue for climate finance to the other sectors, and that MBMs should ensure the fair treatment of the international aviation sector in relation to other sectors; ***{Based on text from A38-18, paragraph 30, and guiding principle h)}***

*Recalling* the UNFCCC and the Paris Agreement and *acknowledging* its principle of common but differentiated responsibilities and respective capabilities, in light of different national circumstances; ***{Updated to reflect Paris Agreement}***

*Also acknowledging* the principles of non-discrimination and equal and fair opportunities to develop international aviation set forth in the Chicago Convention; ***{Existing text from A38-18 preamble}***

*Welcoming* the adoption of the Paris Agreement under the UNFCCC and *recognizing* that the work related to a global MBM scheme for international aviation and its implementation will contribute to the achievement of the goals set out in the Paris Agreement; ***{Recognition of the Paris Agreement}***

*Whereas* the UNFCCC and the Paris Agreement provide for mechanisms, such as the Clean Development Mechanism (CDM) and [the mechanism of implementation of the nationally determined contributions \(NDCs\) on a voluntary basis established by paragraph 4, Article 6 of a new market mechanisms under the Paris Agreement](#), to contribute to the mitigation of GHG emissions [while fostering sustainable development, which benefit developing States in particular](#); ***{New text reflecting Paris Agreement}***

*Welcoming* the cooperation between the United Nations Framework Convention on Climate Change (UNFCCC) and ICAO on the development of CDM methodologies for aviation; ***{New text on CDM methodologies}***

*The Assembly:*

1. *Resolves* that this Resolution, together with Resolution A39-YY: *Consolidated statement of continuing ICAO policies and practices related to environmental protection - General provisions, noise and local air quality* and Resolution A39-ZZ: *Consolidated statement of continuing ICAO policies and practices related to environmental protection – Climate change*, supersede Resolutions A38-17 and A38-18 and constitute the consolidated statement of continuing ICAO policies and practices related to environmental protection;

1bis. *Acknowledges* the progress achieved on all elements of the basket of measures available to address CO<sub>2</sub> emissions from international aviation, including aircraft technologies, operational improvements, sustainable alternative fuels and a GMBM scheme and any other measures, and *affirms* the preference for the use of aircraft technologies, operational improvements and sustainable alternative fuels that provide the environmental benefits within the aviation sector; ***{Basket of measures and preference for non-MBM measures}***

2. *Also acknowledges* that, despite this progress, the environmental benefits from aircraft technologies, operational improvements and sustainable alternative fuels may not deliver sufficient CO<sub>2</sub> emissions reductions to address the growth of international air traffic, in time to achieve the global aspirational goal of keeping the global net CO<sub>2</sub> emissions from international aviation from 2020 at the same level; ***{Recognition of not achieving CNG 2020 by non-MBM measures}***

3. *Emphasizes* the role of a GMBM scheme to complement a broader package of measures to achieve the global aspirational goal, without imposing inappropriate economic burden on international aviation; ***{Complementary role of GMBM to achieve CNG 2020}***

4. *Decides* to implement [a pilot phase and a voluntary phase, and evaluate](#) a GMBM scheme in the form of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA) [as one of the possible options](#) to address any annual increase in total CO<sub>2</sub> emissions from international civil aviation (i.e. civil aviation flights that depart in one country and arrive in a different country) above the 2020 levels, taking into account special circumstances and respective capabilities; ***{GMBM is Carbon Offsetting and Reduction Scheme for International Aviation (CORSA)}***



5. *Requests* the Council to continue to ensure all efforts to make further progress on aircraft technologies, operational improvements and sustainable alternative fuels be taken by Member States and reflected in their action plans to address CO<sub>2</sub> emissions from international aviation, and to monitor and report the progress on implementation of action plans, and that a methodology should be developed to ensure that an aircraft operator's ~~offsetting requirements~~ CO<sub>2</sub> emissions reduction requirements under the scheme in a given year can be reduced through the use of sustainable alternative fuels, so that all elements of the basket of measures are reflected; *{Further progress on non-MBM measures}*

5bis. *Request* the Council to continuously monitor the implementation of all elements of the basket of measures, and consider the necessary policies and actions to ensure that progress is achieved in all of the elements in a balanced way with an increasing percentage of emissions reductions accruing from non-MBM measures over time;

6. *Acknowledges* special circumstances and respective capabilities of States, in particular developing States, in terms of vulnerability to the impacts of climate change, economic development levels, and contributions to international aviation emissions, among other things, while minimizing market distortion; *{Recognition of special circumstances of States}* – **Support Differentiation**

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: *{Phased implementation}* – **Support Differentiation**

- a) Pilot phase applies from 2021 through 2023 to States that have volunteered to participate in the scheme. States participating in this phase may determine the basis of their aircraft operator's offsetting requirements from paragraph 9 e) i) below; *{Pilot phase for volunteer States, with options for calculation of ~~offsetting requirements~~ CO<sub>2</sub> emissions reduction requirements}*
- b) First phase applies from 2024 through 2026 to States that voluntarily participate in the pilot phase, as well as any other States that volunteer to participate in this phase, with the calculation of ~~offsetting requirements~~ CO<sub>2</sub> emissions reduction requirements in paragraph 9 a) below; *{1st phase for volunteer States}*
- c) The Secretariat will make public on the ICAO website updated information on the States that volunteered to participate in the pilot phase and first phase; *{Update of information reflecting voluntary participation}*
- d) Subject to the positive results of CORSIA for international aviation, established after the review of the first implementation phase, second phase ~~would apply~~ applies from 2027 through 2035 to all States that 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 90 per cent of total RTKs, except Least Developed Countries (LDCs), Small Island Developing States (SIDS) and Landlocked Developing Countries (LLDCs) and other developing Countries exempted based on "de minimis" criteria with threshold of 0.5 % RTK and economic criteria to be reviewed and finalized during evaluation of the pilot and the first implementation phases unless they volunteer to participate in this phase; *{2nd phase for all States with 0.5%, 90% RTK, with exemptions of LDCs, SIDS and LLDCs unless they volunteer}*
- e) States that are exempted or have not yet participated are strongly encouraged to voluntarily participate in the scheme as early as possible, while recognizing that the developed States will take the lead ~~in particular those States that are members of a regional economic integration organization~~. States who decide to voluntarily participate in the scheme, or decide to discontinue the voluntary participation from the scheme, may only do so from 1 January in any given year and they shall notify ICAO of their decision by no later than 30 June of the preceding year; *{Voluntary participation, and 6-month notification}*

- f) Starting in 2022, the Council will conduct a review of the implementation of the CORSIA every ~~three~~ years, including its impact on the growth of international aviation, which serves as an important basis for the Council to consider whether it is necessary to make adjustments to the next phase or compliance cycle and, as appropriate, to recommend such adjustments to the Assembly for its decision; *{Review for adjustments}*

8. *Decides* that the CORSIA shall apply to all aircraft operators on the same routes between States with a view to minimizing market distortion, as follows:

- a) all international flights on the routes between States, both of which are included in the CORSIA by paragraph 7 above, are covered by the ~~offsetting requirements~~ CO<sub>2</sub> emissions reduction requirements of the CORSIA;
- b) all international flights on the routes between a State that is included in the CORSIA and another State that is not included in the CORSIA by paragraph 7 above are exempted from the ~~offsetting requirements~~ CO<sub>2</sub> emissions reduction requirements of the CORSIA, while retaining simplified reporting requirements; and – **Support** **Differentiation**
- c) all international flights on the routes between States, both of which are not included in the CORSIA by paragraph 7 above, are exempted from the ~~offsetting requirements~~ CO<sub>2</sub> emissions reduction requirements of the CORSIA, while retaining simplified reporting requirements; *{Minimize market distortion}* – **Support** **Differentiation**

9. *Decides* that the amount of CO<sub>2</sub> emissions ~~required-expected~~ to be offset by an aircraft operator on a voluntary basis in the course of the pilot and the first implementation phases in a given year from 2021 be set on the basis of Nationally determined contributions (NDCs) adopted individually by each participating Member State or can be calculated every year as follows:

- a) an aircraft operator's offset requirement = [ % Sectoral × (an aircraft operator's emissions covered by CORSIA in a given year × the sector's growth factor in the given year)] + [ % Individual × (an aircraft operator's emissions covered by CORSIA in a given year × that aircraft operator's growth factor in the given year);
- b) where the sector's growth factor = (total emissions covered by CORSIA in the given year – for the pilot and the first phase: average of total emissions covered by CORSIA between 2019 and 2020; and for the second phase another base year to be decided during the review process) / total emissions covered by CORSIA in the given year;
- c) where the aircraft operator's growth factor = (the aircraft operator's total emissions covered by CORSIA in the given year – for the pilot and the first phase: average of the aircraft operator's emissions covered by CORSIA between 2019 and 2020; and for the second phase another base year to be decided during the review process) / the aircraft operator's total emissions covered by CORSIA in the given year;
- d) where the % Sectoral = (100% – % Individual) and;
- e) where the % Sectoral and % Individual will be applied as follows:
- i) from 2021 through 2023, 100% sectoral and 0% individual, though each participating State may choose during this pilot phase whether to apply this to:
- a) an aircraft operator's emissions covered by CORSIA in a given year, as stated above, or
- b) an aircraft operator's emissions covered by CORSIA in 2020;
- ii) from 2024 through 2026, 100 % sectoral and 0% individual;
- iii) from 2027 through 2029, 100 % sectoral and 0% individual;

- iv) for the scheme from 2030 to 2035, it is expected to make a gradual transition of offsetting requirements from 100% sectoral to include some individual contribution, the details of which, mainly based upon the review of the first implementation phase, will be submitted to the Assembly in 2028 for consideration through 2032, at least 20% individual, with the Council recommending to the Assembly in 2028 whether and to what extent to adjust the individual percentage;
- v) ~~from 2033 through 2035, at least 70% individual, with the Council recommending to the Assembly in 2028 whether and to what extent to adjust the individual percentage;~~
- f) the aircraft 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;
- g) the scope of emissions in paragraphs 9 b) and 9 c) above will be recalculated at the start of each year to take into account routes to and from all States that will be added due to their voluntary participation or the start of a new phase or compliance cycle; *{Distribution with dynamic approach}* – **Support Differentiation**
10. *Decides* that a new entrant<sup>1</sup> is exempted from the application of the CORSIA for three years or until the year in which its annual emissions exceed:
- a) 0.1 per cent of total emissions in 2020 (for new entrants from the developed countries), or
- b) 0.50 per cent of total emissions in 2020 (for new entrants from the developing countries),
- whichever occurs earlier. From the subsequent year, the new entrant is included in the scheme and treated in the same way as the other aircraft operators. *{New entrants}* – **Support Differentiation**
11. *Decides* that, notwithstanding with the provisions above, the CORSIA does not apply to low levels of international aviation activity with a view to avoiding administrative burden: aircraft operators emitting less than 10,000 metric tonnes of CO<sub>2</sub> emissions from international aviation per year; aircraft with less than 5,700 kg of Maximum Take Off Mass (MTOM); or humanitarian, medical and firefighting operations; *{Technical exemptions}*
12. *Decides* that the emissions that are not covered by the scheme, as the results of phased implementation and exemptions, are not assigned as ~~offsetting requirements~~ CO<sub>2</sub> emissions reduction requirements of any aircraft operators included in the scheme; *{No redistribution of exempted emissions}* – **Support Differentiation**
13. *Notes* the work of the Council, with the technical contribution of CAEP, on: a) the monitoring, reporting and verification (MRV) system; b) recommended criteria for emissions units to be purchased by aircraft operators that take into account developments in the UNFCCC process; c) and registries under the CORSIA, and *requests* the Council, with the technical contribution of CAEP, to complete its work as soon as possible including the provision of capacity building and assistance, so as to enable the full implementation of the CORSIA from 2020; *{MRV, EUC, Registries – CAEP recommendations}*
14. *Decides* a three-year compliance cycle, starting with the first cycle from 2021 to 2023, for aircraft operators to reconcile their ~~offsetting requirements~~ CO<sub>2</sub> emissions reduction requirements under the scheme, while they report the required data to the authority designated by the aircraft operator's State of registry every year; *{Compliance cycle}*
15. *Decides* on the need to provide for safeguards in the CORSIA to ensure the sustainable development of the international aviation sector and against inappropriate economic burden on

<sup>1</sup> A new entrant is defined as any aircraft operator that commences an aviation activity falling within the scope of the scheme on or after its entry into force and whose activity is not in whole or in part a continuation of an aviation activity previously performed by another aircraft operator.

international aviation, and *requests* the Council to decide the basis and criteria for triggering such action and identify possible means to address these issues; *{Cost safeguard}*

16. *Decides* that a periodic evaluation and assessment of the CORSIA is undertaken by the Council, for consideration by the Assembly, every ~~three~~ years from 2022 for the purpose referred to in paragraph 7 f) above and in order to avoid risks of substantial damages for ~~to contribute to~~ the sustainable development of the international aviation sector ~~and the effectiveness of the scheme, including aspects of safety, security and fair competition, its cost impact on the Member States, as well as an assessment of the ecological effectiveness of the GMBM scheme for further consideration by the Assembly on an~~ ~~an~~ appropriateness of the CORSIA continuation. This will involve, inter alia:

- a) assessment of: progress towards achieving the ICAO's global aspirational goal; the scheme's market and cost impact on States and aircraft operators and on international aviation; and the functioning of the scheme's design elements;
- b) consideration of the scheme's improvements that would support the purpose of the Paris Agreement, in particular its long-term temperature goals; and update the scheme's design elements to improve implementation, increase effectiveness, and minimize market distortion, taking into account the consequential impact of changing the scheme's design elements, e.g., to MRV requirements; and
- c) a special review by the end of 2032 on termination of the scheme, its extension or any other improvements of the scheme beyond 2035, including consideration of the contribution made by aircraft technologies, operational improvements and sustainable alternative fuels towards achieving the ICAO's environmental objectives; *{Duration and Review}*

16bis. *Determines* that the CORSIA or any other scheme decided by the Assembly is to be the market based measure applying to CO<sub>2</sub> emissions from international aviation; *{No duplicative application of MBMs beyond CORSIA}*

17. *Requests* the following actions be taken, with a view to establishing necessary mechanisms for implementation of the CORSIA from 2020: Regarding the implementation of the MRV system,

- a) the Council to develop, with the technical contribution of CAEP, the ~~SARPs and~~ related guidance material for the implementation of the MRV system under the CORSIA, including simplified MRV procedures, for adoption by the Council by 2018; *{MRV rules development}*
- b) all Member States whose aircraft operator undertakes international flights to develop the necessary arrangements, in accordance with the MRV-~~SARPs~~ guidance material, for implementation from 1 January 2019; *{MRV rules implementation}*

Regarding the civil aviation-related Emissions Unit Criteria (EUC),

- c) the Council to develop, with the technical contribution of CAEP, the ~~SARPs and~~ related guidance material for civil aviation-related Emissions Unit Criteria (EUC) to support the purchase of appropriate emissions units by aircraft operators under the scheme, taking into account relevant developments in the UNFCCC and Article 6 of the Paris Agreement, for adoption by the Council as soon as possible but not later than 2018; *{EUC guidance development}*
- d) the Council to establish, with the technical contribution of CAEP, a standing technical advisory body on the civil aviation-related Emissions Unit Criteria (EUC) to make recommendations to the Council on the eligible emissions units for use by the CORSIA; *{Eligible programmes}*
- e) the Council, with the technical contribution of CAEP, to periodically review the civil aviation-related EUC ~~SARPs and~~ related guidance material, as appropriate, to promote compatibility with future relevant decisions under the Paris Agreement; *{EUC review}*

Regarding the establishment of Registries,

- f) the Council to develop, with the technical contribution of CAEP, policies and related guidance material to support the establishment of registries under the scheme, for adoption by the Council by 2018; *{Registry guidance development}*
- g) the Council to establish a consolidated central registry under the auspices of ICAO, for operationalization no later than 1 January 2021; *{Central registry establishment}*
- h) Member States to develop necessary arrangements for the establishment of their own registries or group registries established by groups of States, or to arrange for participation in other registries, in accordance with the ICAO guidance; *{Registry establishment for States}*

Regarding the governance of the CORSIA,

- i) the Council to oversee the functioning of the CORSIA, with support provided by the standing technical advisory body and CAEP as needed; *{Governance}*

Regarding the regulatory framework,

- j) Member States to take necessary action to ensure that the necessary national policies and regulatory framework be established for the compliance and enforcement of the scheme by 2020. *{Regulatory framework}*

18. *Decides* that ICAO and Member States take all necessary actions in providing the capacity building and assistance and building partnerships for implementation of the CORSIA from 2020, including: – **Support Differentiation**

Regarding the implementation of the MRV system,

- a) the Council to take necessary action to expand the provision of capacity building and assistance for the preparation and implementation on Member States' action plans, in order to accommodate capacity building and assistance for implementation of the MRV system by non-exempted Member States from 1 January 2019, including organization of seminars and training in all regions from 2017, and facilitation of financial support where needed, in particular for those States that volunteer to participate in the pilot phase and require support to do so; *{Capacity building on MRV}*
- b) Member States, which will be exempted under conditions of paragraph 7 d), are expected to start the MRV implementation at national or regional level beginning from 2024 while taking into account a successful experience of the MRV implementation in other Member States;
- b)c) Member States to build partnerships among themselves to cooperate on the implementation of the MRV system; *{Partnerships on MRV}*

Regarding the establishment of Registries,

- e)d) the Council to take necessary action to expand the provision of capacity building and assistance for the preparation and implementation on Member States' action plans, in order to accommodate capacity building and assistance for establishment of registries by States, including organization of seminars and training in all regions from 2017, and facilitation of financial support where needed, in particular for those States that volunteer to participate in the pilot phase and require support to do so; *{Capacity building on Registry}*
- e)e) Member States to build partnerships among themselves to cooperate on the establishment of their own registries or group registries established by groups of States, and possible pilot implementation; *{Partnerships on Registry}*

19. *Decides* that the CORSIA will use emissions units that meet the Emissions Unit Criteria (EUC) in paragraph 17 above; *{Eligible emissions units}*

19bis. *Requests* the Council to promote the use of emissions units generated that benefit developing States, and *encourages* States to develop domestic aviation-related projects; *{Further actions on the use of emissions units}* - **Support Differentiation**

20. *Requests* the Council to explore further development of aviation-related methodologies for use in offsetting programmes, including mechanisms or other programmes under the UNFCCC, and *encourages* States to use such methodologies in taking actions to reduce aviation CO<sub>2</sub> emissions, which could further enable the use of credits generated from the implementation of such programmes by the CORSIA, without double-counting of emissions reduction; *{Further actions on aviation-related methodologies}*

— END —