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**DRAFT TEXT FOR THE REPORT
ON
AGENDA ITEM 22**

(Section on Global Market-based Measure Scheme)

The attached material on Agenda Item 22 (Section on Global Market-based Measure Scheme) is submitted for consideration by the Executive Committee.

Note.— After removal of this covering sheet, this paper should be inserted in the appropriate place in the report folder.

(15 pages)

Agenda Item 22: Environmental protection – International Aviation and Climate Change – Policy, Standardization and Implementation Support**22.3 GLOBAL MARKET-BASED MEASURE SCHEME**

22.3.1 In WP/52 and Corrigendum No. 1, the Council submitted the draft Assembly Resolution text on a global Market-based Measure (MBM) scheme, *Consolidated statement of continuing ICAO policies and practices related to environmental protection – Global Market-based Measure (MBM) scheme*, which was developed in light of the work of the Organization since the 38th Session of the Assembly towards the development of a global MBM scheme, as summarized in Appendix A. The Appendix B to this working paper presented the draft Assembly Resolution text, for consideration by the 39th Session of the Assembly.

22.3.2 In WP/414, Slovakia on behalf of the European Union and its Member States and the other Member States of the European Civil Aviation Conference, expressed the need for a credible, robust and effective global MBM scheme to be decided by the 39th Assembly as a key element of the “basket of measures” to tackle CO₂ emissions from international aviation and to achieve carbon neutral growth from 2020. The paper presented the European position on the need for key design elements to be clear, credible and agreed upon as a package for the duration of the global MBM scheme, together with a roadmap for implementation from 2020. It also included the intention of the EU, its Member States and the other Member States of the ECAC to implement this scheme from the start, and requested States, who can do so, to declare before the end of the Assembly their commitment to voluntarily participate in the global MBM scheme from the beginning.

22.3.3 In WP/412, India, China and the Russian Federation proposed changes to certain provisions of the draft Assembly Resolution text on a global MBM scheme, in particular: review of the scheme after the pilot and first phases would determine the design parameters of the second phase from 2027, such as the RTK threshold for the exemption of States and a specific individual rate in the dynamic approach from 2030; recognition that “developed States will take the lead”; distribution of offsetting requirements on the basis of Nationally Determined Contributions (NDCs) by individual participating States, or by the formula provided in paragraph 9 of the draft text; use of different thresholds to participate in the scheme between new entrants from developed and developing States; not using Standards and Recommended Practices (SARPs) for Monitoring, Reporting and Verification (MRV) requirements; and different timelines for implementation of MRV by States participating in different phases of the scheme.

22.3.4 In WP/449, Guatemala and Spain shared information related to the initiative “Alliance for Sustainable Aviation (ALAS)”, which was developed by Guatemala, Spain and the US, in order to promote emission reduction programmes and projects toward an environmental, social, and economically sustainable aviation sector, focused on a progressive development approach for lowering emissions. It invites other States and Organizations to join the initiative, and emphasized the need for cooperation among States for the implementation of Carbon Offsetting and Reduction Scheme for International Aviation (CORSA).

22.3.5 In WP/182, Qatar expressed its view based on Assembly Resolution A38-18, Annex paragraph i) which specifically refers to recognizing “early action” taken by airlines to improve fuel

efficiency and reduce aviation emissions. Qatar pointed out that the proposals did not include an important design element that was commonly known as “early movers”, and that the absence of that recognition would act as a de-motivator for airlines to improve their efficiencies at a higher rate than that of the industry, and would actually penalize early movers when carbon neutral growth would be implemented.

22.3.6 In WP/211, Revision No. 1, Indonesia supported the establishment of a global MBM scheme for international aviation and summarized its positions including: the need to ensure that an operator’s emissions offsetting requirements be reduced through the use of sustainable alternative fuels on an individual basis; that Indonesia would be willing to take early action by joining the scheme from 2021 if technical support would be received from ICAO and/or other Member States; and that Indonesia supported a dynamic transition of distribution of offsetting requirements from a 100 percent sectorial to an individual approach.

22.3.7 In WP/233, Brazil supported a two-phased approach for the implementation of the global scheme, with a minimum five-year gap between them, and advocated for a classification of States in each phase based primarily on aviation criteria such as RTK. It strongly believed that all countries from South and Central America that do not fall under the exemptions should join the scheme together in the second phase. It supported the 100 per cent sectoral approach for the distribution of offsetting requirements. It also recognized that further work should be commissioned to CAEP with respect to the implementation of the scheme, in particular emissions unit criteria must be guided by and consistent with UNFCCC and its Paris Agreement.

22.3.8 In WP/234, Brazil summarized technical arguments in support to the adoption of the 100 per cent sectoral approach for the distribution offsetting requirements, with a view to avoiding market distortions and disproportionate burden to some region’s international air traffic development.

22.3.9 In WP/343, Malaysia supported the development of a global MBM scheme, in the form of the global offsetting scheme, aiming at reducing the impact of carbon emissions from the international aviation sector. Malaysia would undertake all the necessary actions to prepare for the implementation of the scheme, while requesting for technical assistance from ICAO and encouraging cooperation with other States. Malaysia supported the phased implementation of the scheme based on the consensus by Member States, and also supported the sectoral approach on the distribution of offsetting requirements. Malaysia expressed its intention to voluntarily participate in the scheme from its outset.

22.3.10 In WP/387, the Russian Federation provided an overall analysis of the negative impacts associated with the implementation of CORSIA, and offered an alternative approach to addressing environmental challenges, based on the Clean Development Mechanism (CDM) for International Civil Aviation (ACDM), as a basis for implementing a global MBM scheme. The proposal intended to establish a mechanism for mobilizing resources available to international aviation, by introducing an environmental fee from States calculated as a flat charge rate per tonne of aviation fuel used for internal flights, in order to fund environmentally efficient aviation projects in developing States.

22.3.11 In WP/411, Canada expressed its view that a single and robust global MBM scheme as one element of a basket of measures to address CO₂ emissions from international aviation would achieve a significantly better environmental outcome at a lower cost than a patchwork of State and regional measures. It recognized that the draft Assembly Resolution contained in WP/52 was the product of significant efforts at compromise, the elements only work when taken together as a package, and that the

package was balanced and reflective of the multiple perspectives of various States. Canada expressed its intention to voluntarily participate in the scheme from its outset and encouraged other States to do the same.

22.3.12 In WP/428, Chile presented its views on ongoing CAEP's technical work in Monitoring, Reporting and Verification (MRV), Emissions Unit Criteria (EUC) and Registries related to a global MBM scheme, and the benefits for all Members States to have access to relevant information in a transparent manner. Chile proposed that the discussion related to future technical work of CAEP on a global MBM scheme should be available to all Member States.

22.3.13 In WP/448, the United States supported ICAO's comprehensive approach to achieve carbon neutral growth from 2020 through a "basket of measures" including a global MBM as a gap-filler. The United States supported the adoption of CORSIA and endorsement of the proposed Assembly Resolution text in Appendix B to WP/52, which consisted of a carefully balanced package of key elements, and that the United States expressed its intention to provide capacity building support to States to aid in the implementation of CORSIA. The United States also expressed its intention to join the global MBM from the beginning, assuming the participation of other States that collectively represent significant global emissions, and encouraged other States to consider participating in the global MBM from the beginning and to publically state their willingness to do so during the Assembly, if at all possible.

22.3.14 In WP/153, Revision No. 1, IATA stressed that proliferation of carbon pricing instruments on aviation would result in an unsustainable patchwork of measures for operators and for governments. In contrast, IATA believed that if a global carbon offsetting scheme to support carbon neutral growth from 2020 would be the sole, global measure to address CO₂ emissions from international aviation, the costs for the industry, whilst significant, would be more "manageable".

22.3.15 In WP/154, Revision No. 1, IATA set out its views on a phased implementation of the global MBM scheme, including: all operators should be granted equal treatment on any given route; emissions not covered by the scheme should not be redistributed to be offset by any operators who are subject to the scheme; the proportion of emissions from international aviation covered in the different phases should not be lower than what is envisaged under the proposal as a result of the High-level Meeting in May 2016; and the special provision for Least Developed Countries (LDCs), Small Island Developing States (SIDS) and Land-Locked Developing Countries (LLDCs) would limit the impact of the scheme on developing and emerging economies.

22.3.16 In WP/155, Revision No. 1, ACI, CANSO, IATA, IBAC and ICCAIA presented the Resolution on a global MBM scheme, adopted by the 72nd IATA Annual General Meeting in June 2016, which set out a series of recommended design elements including: phased implementation should not cause market distortions and all operators on the same route should be treated equally; and the distribution of offsetting requirements should give due consideration to an appropriate weighting between a sectoral and an individual component, recognizing that the weighting may change over the lifetime of the scheme.

22.3.17 In WP/413, ACI, CANSO, IATA, IBAC and ICCAIA also expressed that, while the aviation industry recognized the considerations which led to the proposed CORSIA to apply on a voluntary basis in the pilot and first phases, it underlined the importance of ensuring that this would not result in additional market distortions and preserve the global and exclusive nature of the scheme. It also discussed the need for regulatory predictability and stability, and emphasized the role of capacity-building

in facilitating participation in CORSIA. It encouraged States to join CORSIA on a voluntary basis from the outset of the scheme, and requested the Council to accelerate work on MRV, EUC and registries.

22.3.18 In WP/248, World Bank aimed to highlight the partnership opportunities between ICAO and the World Bank Group (WBG) to support a successful implementation of the global MBM scheme. The WBG had extensive expertise in capacity-building activities that would be central to mechanisms under the ICAO scheme, including designing and setting up registries; MRV systems; and data collection and management tools. The WBG stands ready to support the ICAO capacity building and assistance programme that would be needed to implement the scheme successfully.

22.3.19 In WP/431, the Republic of Korea shared information, prior to the start of a global MBM scheme for international aviation, on the lesson learned by Republic of Korea based on its experience of MRV system under the Agreement of Voluntary Activity (AVA) with national aircraft operators and under the Korean Emission Trading Scheme (ETS) for domestic flights.

22.3.20 In WP/443, Thailand provided information related to the Thailand Voluntary Emissions Reduction (TVER) programme, as one of the greenhouse gas emissions reduction mechanisms under Thailand's voluntary carbon market, inviting the Assembly to support TVER credits to be used as an offset credit for an international aviation global MBM scheme.

22.3.21 In WP/163, IATA reiterated the importance of the principles of simplicity, integrity and confidentiality for aircraft operators, and that substantial further work would be required on several key elements related to MRV, EUC and Registries to enable the full implementation of a global MBM scheme for international aviation.

22.3.22 In WP/206, International Coalition for Sustainable Aviation (ICSA) identified key elements for the Assembly to consider in order to place the global MBM scheme on an environmentally and economically solid footing. It offered recommendations to further strengthen the Assembly Resolution text including: the need for setting greater ambition through the review process in line with the Paris Agreement; and regional routes with already-heavy carbon pollution should have greater initial responsibility; obligations of small, fast-growing regional routes should increase as their pollution grows; and responsibilities should be updated regularly.

22.3.23 In WP/377, the Latin American Association for Aeronautics and Space Law (ALADA) praised the work undertaken by ICAO and its Member States on environmental issues, and presented its position with regard to a global MBM scheme, including that the implementation of the scheme would be favoured by the mandatory submission of State Action Plans, and inclusion of environmental issues in the ICAO audit programmes.

22.3.24 In WP/465, Dominican Republic presented its progress in the implementation of their Action Plan for Reducing CO₂ Emissions (DRAPER), which had been prepared in compliance with the requirements as per Assembly Resolution A38-18 and with the support of the ICAO-EU assistance project, and the update of the Action Plan was submitted in July 2015.

22.3.25 The Committee recognized the CAEP membership issue raised by WP/428 from Chile, and noted that the Council had already taken a decision to disseminate more information on the progress of CAEP, and that the Secretariat would explore the best way to facilitate all interested States to become CAEP observers and nominate their experts to participate in the MBM-related work.

22.3.26 The Committee recognized that several papers emphasize the importance of capacity building and assistance to States for the implementation of a global MBM, and that the draft Assembly Resolution text included specific provisions in this regard. The Committee welcomed WP/248 from the World Bank that intends to provide support for capacity building activities for implementation of a global MBM scheme in the areas of MRV systems and registries.

22.3.27 The Committee recognized the amount of work that has been done by the Council, its Environment Advisory Group (EAG), the High-Level Group, the High-Level Meeting and the Friends of the President Informal Group Meeting, as well as technical inputs by experts, before the Council came up with the draft Resolution text contained in Appendix B of WP/52.

22.3.28 An overwhelming number of States expressed their support to the draft Assembly Resolution text as contained in WP/52, as it represented the results of significant efforts made by the Organization over the last three years and reflected different views of States, therefore being a carefully balanced and acceptable compromise as a package.

22.3.29 Some States expressed concern, in particular on the need to undertake further work to ensure that the views of all States were incorporated in the draft Assembly Resolution text, and suggested that further discussion and consultation be undertaken to improve the draft text. The Committee recognized that these issues were addressed by paragraph 2 of WP/52.

22.3.30 The Committee noted that the Chairperson, together with the President of the Council, would consult with some States with a view to discuss possible improvements to the draft Assembly Resolution text, without impacting the support garnered so far by the text.

22.3.31 Following informal consultations with some States, the Committee considered the suggestions as a result of the consultations, and agreed on the following amendments to the draft Assembly Resolution text:

- A new preamble paragraph for the draft text to be added: “*Recognizing* that this Resolution does not set a precedent for or prejudice the outcome of negotiations under the UNFCCC, the Paris Agreement, or other international agreements, nor represent the position of the Parties to the UNFCCC, the Paris Agreement, or other international agreements;”; and
- A new paragraph 7 c) for the draft text to be added: “All States are strongly encouraged to voluntarily participate in the pilot phase and the first phase, noting that developed States, which have already volunteered, are taking the lead, and that several other States have also volunteered;”.

22.3.32 States expressed a range of views on what should be a Standard, a Recommended Practice or guidance material regarding MRV and EUC. In this respect, the Committee requested that the Council, while undertaking the work for the development of the Standards and Recommended Practices (SARPs) and related guidance material for the implementation of the MRV system under the CORSIA, provide clear guidance on what should be a Standard or a Recommended Practice and what should be in guidance material.

22.3.33 The Committee noted that, regarding emissions units generated from mechanisms established under the UNFCCC and the Paris Agreement, the Council will consider their eligibility for use in the CORSIA, provided that they align with decisions by the Council, with the technical contribution of CAEP, on eligible vintage and timeframe.

22.3.34 The Committee noted that the Council, while undertaking work on emission units criteria, would foster the development of methodologies for, and the implementation of, emission reduction projects that would generate emission units arising from the aviation sector. The Committee emphasized that States are encouraged to develop domestic-aviation related projects.

22.3.35 The Committee noted that the management and overall governance of the scheme, following the Assembly decisions, is under the responsibility of the Council.

22.3.36 An overwhelming number of States reiterated their support to the draft Assembly Resolution text as contained in WP/52 together with the suggested amendments above as a result of the informal consultations.

22.3.37 A few States reiterated their concern regarding the impacts of some design elements in the proposed global MBM scheme on the sustainable development of international aviation, in particular, on developing countries.

22.3.38 The Committee agreed to recommend that the Assembly adopt the following Resolution:

Resolution 22/2: 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;

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;

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;

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;

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;

Recognizing the convening of two rounds of Global Aviation Dialogues (GLADs) seminars held in 2015 and 2016 for all regions;

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;

Recognizing that MBMs should not be duplicative and international aviation CO₂ emissions should be accounted for only once;

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;

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;

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;

Also acknowledging the principles of non-discrimination and equal and fair opportunities to develop international aviation set forth in the Chicago Convention;

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;

Whereas the UNFCCC and the Paris Agreement provide for mechanisms, such as the Clean Development Mechanism (CDM) and a new market mechanisms under the Paris Agreement, to contribute to the mitigation of GHG emissions to support sustainable development, which benefit developing States in particular;

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

Recognizing that this Resolution does not set a precedent for or prejudge the outcome of negotiations under the UNFCCC, the Paris Agreement, or other international agreements, nor represent the position of the Parties to the UNFCCC, the Paris Agreement, or other international agreements;

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;
2. *Acknowledges* the progress achieved on all elements of the basket of measures available to address CO₂ 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;
3. *Also acknowledges* that, despite this progress, the environmental benefits from aircraft technologies, operational improvements and sustainable alternative fuels may not deliver sufficient CO₂ emissions reductions to address the growth of international air traffic, in time to achieve the global aspirational goal of keeping the global net CO₂ emissions from international aviation from 2020 at the same level;
4. *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;
5. *Decides* to implement a GMBM scheme in the form of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) to address any annual increase in total CO₂ 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;
6. *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 CO₂ 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 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;
7. *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;
8. *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;

9. *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) 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 11 e) i) below;
- 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 in paragraph 11 a) below;
- c) All States are strongly encouraged to voluntarily participate in the pilot phase and the first phase, noting that developed States, which have already volunteered, are taking the lead, and that several other States have also volunteered;
- d) 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;
- e) Second phase 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) unless they volunteer to participate in this phase;
- f) States that are exempted or have not yet participated are strongly encouraged to voluntarily participate in the scheme as early as possible, 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;
- g) 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;

10. *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 9 above, are covered by the offsetting 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 9 above are exempted from the offsetting requirements of the CORSIA, while retaining simplified reporting requirements; and

- c) all international flights on the routes between States, both of which are not included in the CORSIA by paragraph 9 above, are exempted from the offsetting requirements of the CORSIA, while retaining simplified reporting requirements;

11. *Decides* that the amount of CO₂ emissions required to be offset by an aircraft operator in a given year from 2021 is 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 – average of total emissions covered by CORSIA between 2019 and 2020) / 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 – average of the aircraft operator's emissions covered by CORSIA between 2019 and 2020) / 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) from 2030 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 11 b) and 11 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;

12. *Decides* that a new entrant¹ is exempted from the application of the CORSIA for three years or until the year in which its annual emissions exceed 0.1 per cent of total emissions in 2020, 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.

13. *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 CO₂ 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;

14. *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 of any aircraft operators included in the scheme;

15. *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;

16. *Decides* a three year compliance cycle, starting with the first cycle from 2021 to 2023, for aircraft operators to reconcile their offsetting requirements under the scheme, while they report the required data to the authority designated by the aircraft operator's State of registry every year;

17. *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 international aviation, and *requests* the Council to decide the basis and criteria for triggering such action and identify possible means to address these issues;

18. *Decides* that a periodic review 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 9 g) above and to contribute to the sustainable development of the international aviation sector and the effectiveness of the scheme. 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,

¹ 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.

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;

19. *Determines* that the CORSIA or any other scheme decided by the Assembly is to be the market-based measure applying to CO₂ emissions from international aviation;

20. *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;
- b) all Member States whose aircraft operator undertakes international flights to develop the necessary arrangements, in accordance with the MRV SARPs, for implementation from 1 January 2019;

Regarding the Emissions Unit Criteria (EUC),

- c) the Council to develop, with the technical contribution of CAEP, the SARPs and related guidance material for 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;
- d) the Council to establish, with the technical contribution of CAEP, a standing technical advisory body on the Emissions Unit Criteria (EUC) to make recommendations to the Council on the eligible emissions units for use by the CORSIA;
- e) the Council, with the technical contribution of CAEP, to periodically review the EUC SARPs and related guidance material, as appropriate, to promote compatibility with future relevant decisions under the Paris Agreement;

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;
- g) the Council to establish a consolidated central registry under the auspices of ICAO, for operationalization no later than 1 January 2021;

- 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;

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;

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.

21. *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:

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 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;
- b) Member States to build partnerships among themselves to cooperate on the implementation of the MRV system;

Regarding the establishment of Registries,

- c) 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;
- d) 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;

22. *Decides* that the CORSIA will use emissions units that meet the Emissions Unit Criteria (EUC) in paragraph 20 above;

23. *Requests* the Council to promote the use of emissions units generated that benefit developing States, and *encourages* States to develop domestic aviation-related projects;

24. *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 CO₂ 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;

— END —