



WORKING PAPER

ASSEMBLY — 41ST SESSION

EXECUTIVE COMMITTEE

Agenda Item 18: Environmental Protection – Carbon Offsetting and Reduction Scheme for International Aviation (CORSA)

**CONSOLIDATED STATEMENT OF CONTINUING ICAO POLICIES AND PRACTICES
RELATED TO ENVIRONMENTAL PROTECTION – CARBON OFFSETTING AND
REDUCTION SCHEME FOR INTERNATIONAL AVIATION (CORSA)**

(Presented by the Council of ICAO)

EXECUTIVE SUMMARY

Submitted for adoption is a proposal for the revisions to Assembly Resolution A40-19, *Consolidated statement of continuing ICAO policies and practices related to environmental protection – Carbon Offsetting and Reductions Scheme for International Aviation (CORSA)*, which has been revised in light of developments since the 40th Session of the Assembly on CORSA.

Upon adoption by the Assembly, the revised Assembly Resolution A40-19, together with the revised Assembly Resolution A40-17 and the revised Assembly Resolution A40-18, will supersede Resolutions A40-17, A40-18 and A40-19 and will constitute the consolidated statement of continuing ICAO policies and practices related to environmental protection.

Action: The Assembly is invited to adopt the revised Assembly Resolution on the *Consolidated statement of continuing ICAO policies and practices related to environmental protection – Carbon Offsetting and Reduction Scheme for International Aviation (CORSA)*, presented in the Appendix.

<i>Strategic Objectives:</i>	This working paper relates to Strategic Objective – <i>Environmental Protection</i> .
<i>Financial implications:</i>	The activities referred to in this paper will be undertaken subject to the resources available in the 2023 – 2025 Regular Budget and/or from extra budgetary contributions as guided by the ICAO Business Plan 2023-2025.
<i>References:</i>	Doc 10140, <i>Assembly Resolutions in Force</i> (as of 4 October 2019) A41-WP/370, <i>Carbon Offsetting and Reductions Scheme for International Aviation (CORSA)</i>

1. AMENDMENTS TO THE EXISTING CONSOLIDATED STATEMENT

1.1 The Appendix to this working paper presents proposed revisions to Assembly Resolution A40-19 on Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), in light of the developments since the 40th Session of the Assembly, including:

- a) preamble paragraphs are updated to reflect the status of CORSIA implementation, such as the implementation of CO₂ Monitoring, Reporting and Verification (MRV) requirements, and the ICAO Assistance, Capacity-building and Training for CORSIA (ACT-CORSIA) programme, as well as additional preamble paragraphs to recognize the Council decision of June 2020 to change the CORSIA baseline for the pilot phase, and the completion of the 2022 CORSIA periodic review;
- b) operative paragraph 11 on the calculation of offsetting requirements is updated to confirm the Council decision of June 2020, including the use of 2019 emissions as the CORSIA baseline for the pilot phase, and propose the use of 85% of 2019 emissions as the CORSIA baseline after the pilot phase, as well as propose changes to the percentage use of the sectoral and individual aeroplane operator's growth factors as 100% and 0% respectively (for 2030 – 2032 period) and 85% and 15% respectively (for 2033 – 2035 period);
- c) operative paragraph 12 on the new entrant threshold is updated to confirm the Council decision of June 2020 to refer to 2019 emissions as the new entrant threshold for the pilot phase, and propose the use of the same new entrant threshold after the pilot phase; and
- d) operative paragraph 19 is updated to reflect the status of CORSIA implementation.

APPENDIX

Resolution A40-19 Consolidated statement of continuing ICAO policies and practices related to
A41-xx: environmental protection - Carbon Offsetting and Reduction Scheme for
International Aviation (CORSA)

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 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 aviation fuels to achieve ICAO's global aspirational goals;

Whereas Assembly Resolution A39-3 decided to implement a GMBM scheme in the form of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA) as part of a basket of measures which also include aircraft technologies, operational improvements and sustainable aviation 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 ~~Advisory Group on CORSA~~ (AGC) Climate and Environment Committee (CEC), its Technical Advisory Body (TAB) and its Committee on Aviation Environmental Protection (CAEP) to support the implementation of CORSA;

Welcoming the adoption of the first edition of Annex 16 – *Environmental Protection*, Volume IV – CORSA, the provisions of which include Monitoring, Reporting and Verification (MRV) procedures for CORSA;

Also welcoming the publication of the ~~first~~ second edition of *Environmental Technical Manual* (ETM, Doc 9501), Volume IV – *Procedures for demonstrating compliance with the CORSA*;

Welcoming the progress made for the development and update of ICAO CORSA Implementation Elements, which are reflected in 14 ICAO documents directly referenced in Annex 16, Volume IV, containing materials that are approved by the Council, and are essential for the implementation of CORSA;

Also welcoming the establishment by the Council of the Technical Advisory Body (TAB), with the mandate to make recommendations to the Council on the CORSA eligible emissions units;

Recognizing the importance of a coordinated approach for capacity building activities by ICAO and its Member States, in cooperation with the aviation industry, to support the implementation of CORSA, in particular through the ICAO Assistance, Capacity-building and Training for CORSA (ACT-CORSA) programme that includes the organization of seminars, development of outreach materials, and establishment of CORSA partnerships among States, which have been instrumental to the successful implementation of MRV requirements by States and reporting of annual CO₂ emissions to the CORSA Central Registry;

Welcoming the increasing number of announcements by Member States of their intention to voluntarily participate in CORSIA in the pilot phase from 2021, with the voluntary participation of 88 States for 2021, 107 States for 2022, and 115 States for 2023;

Recognizing that strong capacity-building activities can facilitate the decision of Member States to voluntarily participate in CORSIA;

Recalling the decision of the Council (June 2020) on the use of 2019 emissions instead of 2020 emissions for the implementation of relevant CORSIA design elements (i.e., CORSIA baseline, reference year for calculating an aeroplane operator's offsetting requirements, and new entrant threshold) during the pilot phase, in light of the COVID-19 pandemic and providing safeguard against inappropriate economic burden on aeroplane operators;

Recognizing the completion of the 2022 periodic review of CORSIA by the Council with the technical contribution of CAEP, including the analyses on the impact of the COVID-19 pandemic and its CO₂ recovery scenarios on CORSIA baseline beyond the pilot phase;

Noting the support of the aviation industry for CORSIA as 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 39th Session of the Assembly to implement the CORSIA 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 United Nations Framework Convention on Climate Change (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;

Recognizing that the work related to CORSIA and its implementation will contribute to the achievement of the goals set out in the Paris Agreement adopted under the UNFCCC;

Whereas the UNFCCC and the Paris Agreement provide for mechanisms, such as the Clean Development Mechanism (CDM) and a new market mechanism 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 UNFCCC and ICAO on the development of CDM methodologies for aviation;

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;

The Assembly:

1. *Resolves* that this Resolution, together with Resolution ~~A40-17~~A41-xx: *Consolidated statement of continuing ICAO policies and practices related to environmental protection - General provisions, noise and local air quality* and Resolution ~~A40-18~~A41-xx: *Consolidated statement of continuing ICAO policies and practices related to environmental protection – Climate change*, supersede Resolutions ~~A39-1, A39-2 and A39-3~~A40-17, A40-18 and A40-19 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 aviation fuels and CORSIA, and *affirms* the preference for the use of aircraft technologies, operational improvements and sustainable aviation 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 aviation 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 CORSIA to complement a broader package of measures to achieve the global aspirational goal, without imposing inappropriate economic burden on international aviation;
5. *Recalls* its decision at the 39th Session 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 aviation 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 aeroplane operator's offsetting requirements under the scheme in a given year can be reduced through the use of CORSIA eligible fuels (i.e., CORSIA sustainable aviation fuels and CORSIA lower carbon aviation 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. *Recalls* its decision at the 39th Session on 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 aeroplane 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. *Recalls* its decision at the 39th Session that the CORSIA shall apply to all aeroplane 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. *Recalls* its decision at the 39th Session and *further decides* that the amount of CO₂ emissions required to be offset by an aeroplane operator in a given year from 2021 is calculated every year as follows:

- a) an aeroplane operator's offset requirement = [% Sectoral × (an aeroplane operator's emissions covered by CORSIA in a given year × the sector's growth factor in the given year)] + [% Individual × (an aeroplane operator's emissions covered by CORSIA in a given year × that aeroplane operator's growth factor in the given year);
- b) where the sector's growth factor from 2021 through 2023 = (total emissions covered by CORSIA in the given year – ~~average of total emissions covered by CORSIA in 2019 between 2019 and 2020~~) / total emissions covered by CORSIA in the given year, and the sector's growth factor from 2024 through 2035 = (total emissions covered by CORSIA in the given year – 85% of total emissions covered by CORSIA in 2019) / total emissions covered by CORSIA in the given year;
- c) where the aeroplane operator's growth factor from 2033 through 2035 = (the aeroplane operator's emissions covered by CORSIA in the given year – ~~average 85% of the aeroplane operator's emissions covered by CORSIA in 2019 between 2019 and 2020~~) / the aeroplane operator's 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 aeroplane operator's emissions covered by CORSIA in a given year, as stated above, or
- b) an aeroplane operator's emissions covered by CORSIA in ~~2019~~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, 100% sectoral and 0% individual ~~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, 85% sectoral and 15% individual ~~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 aeroplane 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. *Recalls* its decision at the 39th Session and *further 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 2019~~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 aeroplane operators;
13. *Recalls* its decision at the 39th Session 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: aeroplane operators emitting less than 10,000 metric tonnes of CO₂ emissions from international aviation per year; aeroplane with less than 5,700 kg of Maximum Take Off Mass (MTOM); or humanitarian, medical and firefighting operations;
14. *Recalls* its decision at the 39th Session 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 aeroplane operators included in the scheme;
15. *Recalls* its decision at the 39th Session on a three year compliance cycle, starting with the first cycle from 2021 to 2023, for aeroplane operators to reconcile their offsetting requirements under the scheme, while they report the required data to the authority designated by the aeroplane operator's State of registry every year;
16. *Recalls* its decision at the 39th Session 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;
17. *Recalls* its decision at the 39th Session that a periodic review of the CORSIA is undertaken by the Council, with the technical contribution of CAEP, 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 aeroplane 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

¹ A new entrant is defined as any aeroplane operator that commences an aviation activity falling within the scope of Annex 16, Volume IV 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 aeroplane operator.

- aircraft technologies, operational improvements and sustainable aviation fuels towards achieving the ICAO's environmental objectives;
18. *Determines* that the CORSIA is the only global market-based measure applying to CO₂ emissions from international aviation so as to avoid a possible patchwork of duplicative State or regional MBMs, thus ensuring that international aviation CO₂ emissions should be accounted for only once;
19. *Requests* the following actions be taken for implementation of the CORSIA:
- a) the Council, with the technical contribution of CAEP, to update the Annex 16, Volume IV and Environmental Technical Manual, Volume IV, as appropriate;
 - b) the Council, with the technical contribution of CAEP, to continue to develop and update the ICAO CORSIA documents referenced in Annex 16, Volume IV related to: ICAO CORSIA CO₂ Estimation and Reporting Tool; CORSIA eligible fuels; CORSIA emissions units criteria (EUC); and CORSIA Central Registry, as appropriate;
 - c) the Council to develop and update the ICAO CORSIA document referenced in Annex 16, Volume IV related to the eligible emissions units for use by the CORSIA, considering the recommendations of the TAB;
 - d) the Council to ~~establish, by early 2020, and maintain~~ and update the CORSIA Central Registry under the auspices of ICAO to enable the reporting of relevant information from Member States to ICAO;
 - e) the Council to continue to oversee the implementation of the CORSIA, with support provided by the ~~AGC-CEC~~ and CAEP, as appropriate; and
 - f) Member States to take the necessary action to ensure that national policies and regulatory frameworks are established for the compliance and enforcement of the CORSIA, in accordance with the timeline set forth by Annex 16, Volume IV;
20. *Recalls* its decision at the 39th Session that emissions units generated from mechanisms established under the UNFCCC and the Paris Agreement are eligible for use in CORSIA, provided that they align with decisions by the Council, with the technical contribution of TAB and CAEP, including on avoiding double counting and on eligible vintage and timeframe;
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, in accordance with the timeline set forth in Annex 16, Volume IV, including through the ICAO Assistance, Capacity-building and Training for CORSIA (ACT-CORSIA) programme that includes the organization of seminars, development of outreach materials, and establishment of CORSIA partnerships among States, while emphasizing the importance of a coordinated approach under the umbrella of ICAO for undertaking capacity building and assistance activities;
22. *Recalls* its decision at the 39th Session that the CORSIA will use emissions units that meet the Emissions Unit Criteria (EUC) in paragraph 19 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; and

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~~ Paris Agreement, 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 —