61ST CONFERENCE OF DIRECTORS GENERAL OF CIVIL AVIATION ASIA AND PACIFIC REGION

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AGENDA ITEM 7: AVIATION AND ENVIRONMENT

REAFFIRMING THE VITAL ROLE OF CORSIA – THE CONTRIBUTION OF THE ASIA-PACIFIC REGION TO EFFECTIVE IMPLEMENTATION

Presented by the International Air Transport Association (IATA), co-sponsored by Indonesia, Japan, Singapore, Thailand and Vietnam

SUMMARY

The 42nd ICAO Assembly reaffirmed the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) as the only global market-based measure applying to CO_2 emissions from international aviation. According to IATA estimates, for the First Phase compliance period (2024-26), CORSIA is anticipated to mitigate 170-236 million metric tons of CO_2. Strong and coordinated action from States in the Asia-Pacific region is paramount for effective CORSIA implementation, to fully realize its potential in addressing CO_2 emissions from international aviation.

REAFFIRMING THE VITAL ROLE OF CORSIA – THE CONTRIBUTION OF THE ASIA-PACIFIC REGION TO EFFECTIVE IMPLEMENTATION

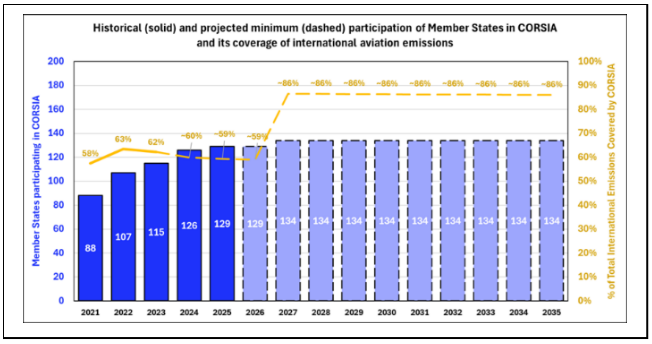
1. INTRODUCTION

1.1 The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) is part of a basket of measures to address the remaining s gap in CO_2 emissions from international aviation needed to achieve carbon-neutral growth from 2020, beyond what can be delivered through other in-sector measures such as new aircraft technologies, operational improvements, and the use of aviation cleaner energy. As noted in Resolution A42-22, the 42nd ICAO Assembly reaffirmed CORSIA as the only global market-based measure applying to CO_2 emissions from international aviation.

1.2 The First Phase of CORSIA commenced on 1 January 2024, with offsetting requirements applicable to international flights between State pairs that voluntarily elected to participate in the scheme. As of 2026, 130 States are participating in CORSIA, covering 60% of international aviation emissions (see Figure 1 below). In the Asia-Pacific region, States continue to demonstrate strong commitment to CORSIA, with additional States electing to voluntarily participate in 2026, the final year before the commencement of the second phase in 2027. This continued engagement underscores the region's support for a globally harmonized approach to addressing international aviation emissions and reinforces confidence in CORSIA as the global market-based measure for the sector.

1.3 As CORSIA is a route-based mechanism, more States participating in CORSIA implies greater coverage of the international aviation emissions under the scheme. Figure 1 illustrates the number of historical (solid bar) and the number of minimum projected (dashed bar) States participating in CORSIA from 2021, along with their impact on the share of total international aviation emissions covered under the scheme (line). As the mandatory phase starts in 2027, CORSIA is projected to cover over 85% of international aviation emissions from 2027 onwards, at the minimum.

Figure 1 Member States' participation in CORSIA and its coverage of international aviation emissions



Source: IATA estimates

1.4 States' and aeroplane operators' commitment to CORSIA implementation is evident, as shown in the Monitoring, Reporting, Verification requirement under CORSIA. As many as 128 States have submitted CO2 emissions reports regarding their international flight emissions in 2024, supported by data submissions from around 690 airplane operators, covering 99% of total international civil aviation emissions in 2024[1].The successful implementation of CORSIA hinges on the sufficient supply of CORSIA eligible emissions units (CEEUs) to meet the growing demand. It is also worth noting that,

[1] Source: Fact Sheet – CORSIA, International Air Transport Association, https://www.iata.org/en/iata-repository/pressroom/fact-sheets/fact-sheet-corsia/.

for the First Phase, offsetting requirements are expected to be met primarily through CEEUs, given the limited production and certification forecasts for CORSIA Eligible Fuels (CEFs).

1.5 Furthermore, it is equally necessary to protect CORSIA's exclusivity to avoid a potential patchwork of duplicative State or regional market-based measures (MBMs) and to ensure that international aviation CO_2 emissions and their associated financial regulatory obligations are accounted for and levied only once. These imperatives will enable CORSIA to realize its full decarbonization potential.

2. ENSURING SUFFICIENT SUPPLY OF CEEUs WHILE ALIGNING WITH THE REQUIREMENTS OF THE PARIS AGREEMENT

2.1 For the first compliance phase of CORSIA (2024-2026), IATA estimates that about 170 to 236 million metric tons of CO_2 will be offset, reflecting the Sectors' Growth Factor for 2024, announced by ICAO in December 2025. Despite the strong demand signal, reflecting the purchase obligation, aeroplane operators continue to face an acute shortage of CEEUs in the market. As of June 2026, approximately 38 million metric tons of CEEUs are available for the first phase, including from two States in the Asia-Pacific region, Cambodia and Laos. With many more projects that have the potential to become CORSIA-eligible, the Asia-Pacific region is expected to play an increasingly important role in supporting the availability of CEEUs. As additional CORSIA-eligible programs and projects from the region become operational and secure the necessary authorizations, they can contribute meaningful volumes of supply during the First Phase of CORSIA. This growing contribution can help address the gap between projected global demand and available supply, while simultaneously delivering climate finance and sustainable development benefits to host States.

2.2 The CORSIA Emissions Unit Eligibility Criteria define the necessary criteria to ensure the units' social and environmental integrity, and guarantee that CEEUs deliver the certified CO_2 emissions reductions, and that no double-counting of their emissions reductions occurs. Mitigating the risk of double claiming requires prompt action by host countries to implement institutional arrangements that ensure the timely issuance of letters of authorization (LoAs)/Attestation Statements.

2.3 The decisions regarding the implementation of Article 6 of the Paris Agreement at the COP29 (11-22 November 2024, Baku, Azerbaijan) of the United Nations Framework Convention on Climate Change (UNFCCC), provide countries hosting carbon projects with complete guidance on the steps they need to take to issue letters of authorizations (LoAs) and conduct corresponding adjustments for internationally transferred mitigation outcomes to be used under CORSIA.[2]

2.4 Various persistent barriers delay the issuance of LoAs towards CEEUs and the relevant reporting under Article 6 of the Paris Agreement, including: lack of clarity regarding measures that can help host countries develop synergies between their own NDCs and CORSIA, uncertainty regarding provisions in the Paris Agreement pertaining to the authorization of emissions units for CORSIA and, in general, limited awareness of CORSIA among key decision-making bodies, such as ministries of finance and treasury departments.

2.5 Aeroplane operators in Asia-Pacific have already demonstrated their commitment to CORSIA implementation through proactive participation in the carbon market. Several operators have initiated procurement activities for First Phase CEEUs, while others have already undertaken cancellations of eligible units in advance of compliance deadlines. These actions provide an important signal of market confidence and demonstrate that airlines are actively preparing to meet their compliance obligations under the scheme.

[2] Particularly, finalization of the rules in Article 6.2 that provide essential guidance on the process and timing of authorization, its content, format, transparency, incl. the requirement to state the conditions under which authorizations can be revoked, applications of first transfer, sequencing and timing of reporting, correcting inconsistencies, and interoperability of registries, etc.

2.6 With aeroplane operators obliged to meet their offsetting requirements by January 2028, IATA has taken a proactive approach to address the above challenges by uniting all relevant stakeholders in the CEEU market to raise awareness of the need for market action and to provide direct assistance for Host Party authorizations, to facilitate a meaningful EEU supply for the first phase of CORSIA. As of June 2026, more than 50 entities, including five States, have signed the Aviation Carbon Market Compact and joined the Supporting Alliance, indicating strong support for CORSIA and its objectives. It is also essential that countries take prompt action to authorize CEEUs and ensure that supply reaches a quantity that makes compliance possible for airplane operators. The urgency cannot be overstated, as the market is estimated to be lacking around 200 Mt of supply as of June 2026[3]. This needs immediate action as both the late arrival of supply as well as the absence of it imperil CORSIA's effective functioning as a market-based mechanism.

3. STRENGTHENING CORSIA'S EXCLUSIVITY AND UNIFIED IMPLEMENTATION

3.1 The ICAO Assembly established CORSIA as 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."

3.2 The unified implementation of CORSIA by all Member States, without regional or national derogations, is crucial to uphold its exclusivity. The advent of regional derogations regarding CORSIA's implementation is particularly worrisome and directly lead to the non-achievement of ICAO's Carbon Neutral Growth objective. Consequently, such actions would reduce climate finance to countries hosting projects generating CEEUs.

3.3 Such a fragmentation severely undermines multilateral efforts to address emissions from international aviation, especially considering that countries implementing such levies are also Member States of ICAO and were instrumental in developing and establishing CORSIA. For aeroplane operators, this leads to additional administrative and financial burdens which divert crucial funds away from proven decarbonization solutions such as SAF and carbon offsetting, as well as in some cases result in double- charging the same tons of CO2 emissions under more than one MBM. In addition, such a regional or national patchwork directly risks undermining the multilaterally agreed ICAO objective of carbon-neutral growth for the airline industry. It also limits countries' ability to generate climate finance and leverage synergies for progress towards their NDC, following another multilaterally agreed set of rules under the Paris Agreement, while also eliminating the associated environmental and socio-economic benefits.

3.4 Predictable and stable rules are essential to ensuring carbon market liquidity and bringing long-term investment. Carbon projects typically require long development cycles – often four to five years[4] – from initial design and methodology approval to securing financing and ultimately generating and issuing credits. Developers and investors make commitments based on today's rules and their reasonable expectations of future eligibility. When national or regional jurisdictions impose changes on standards, methodologies, or eligibility criteria, projects already underway can become non-viable, undermining both investor confidence and the support these projects provide to host countries.

3.5 In line with the authority vested in ICAO by its Member States as the sole legitimate forum for developing and globally harmonizing policies that support international civil aviation, it is important that Member States' relevant authorities respect the deliberations and decisions of States under the auspices of ICAO. ICAO Member States decided that CORSIA presents the fairest, non-

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[3] Source: IATA Launches Supporting Alliance for CORSIA EEU Supply, International Air Transport Association, https://www.iata.org/en/pressroom/2026-releases/06-06-iata-launches-supporting-alliance-corsia-eeu-supply/

[4] Source: The 2026-2027 Review of the EU Emissions Trading System – IATA Views & Policy, International Air Transport Association, https://www.iata.org/en/programs/sustainability/reports/the-2026-2027-review-of-the-eu-emissions-trading-system/

distortive, cost-effective way to achieve effective CO_2 reductions through its unified implementation as per the SARPs (Volume IV of Annex 16 to the Chicago Convention). Therefore, it is of paramount importance to foster collaborative efforts to promote the implementation of CORSIA, as opposed to any attempt to undermine its integrity.

4. ACTION BY THE CONFERENCE

4.1 The Conference is invited to:

a) recommend States in the Asia-Pacific region to participate, or continue to participate, in CORSIA's second phase starting in 2027;

b) recommend States to continue engaging with relevant national authorities to expedite the issuance of Letters of Authorization for CORSIA eligible emissions units; and

c) acknowledge CORSIA as the only global MBM for international aviation emissions and implement it in full.

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