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Federal Office of Civil Aviation FOCA

Second Meeting of the ICAO EUR Environment Task Force, Environment Capacity Building Activities (Minsk, Belarus, 8-10 October 2019)



Carbon Offsetting and Reduction Scheme for International Aviation

Implementation in Switzerland

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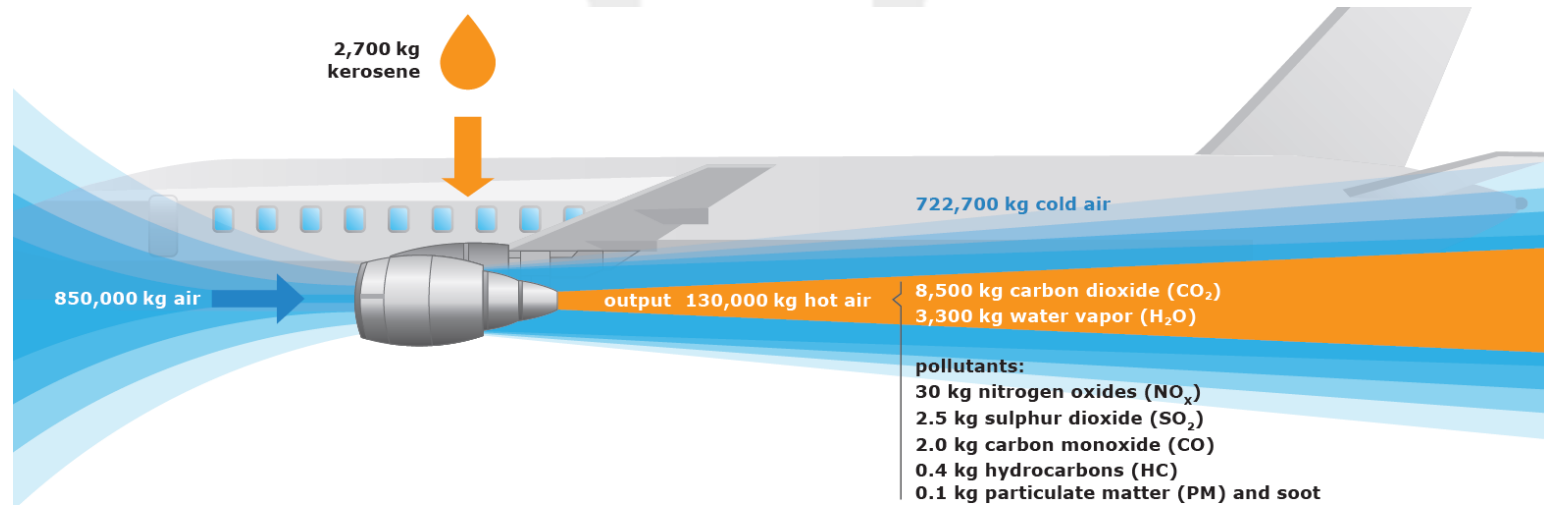
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1. Aviation and Climate Change

The combustion of Kerosene leads to the emission of significant amounts of substances relevant to climate change.

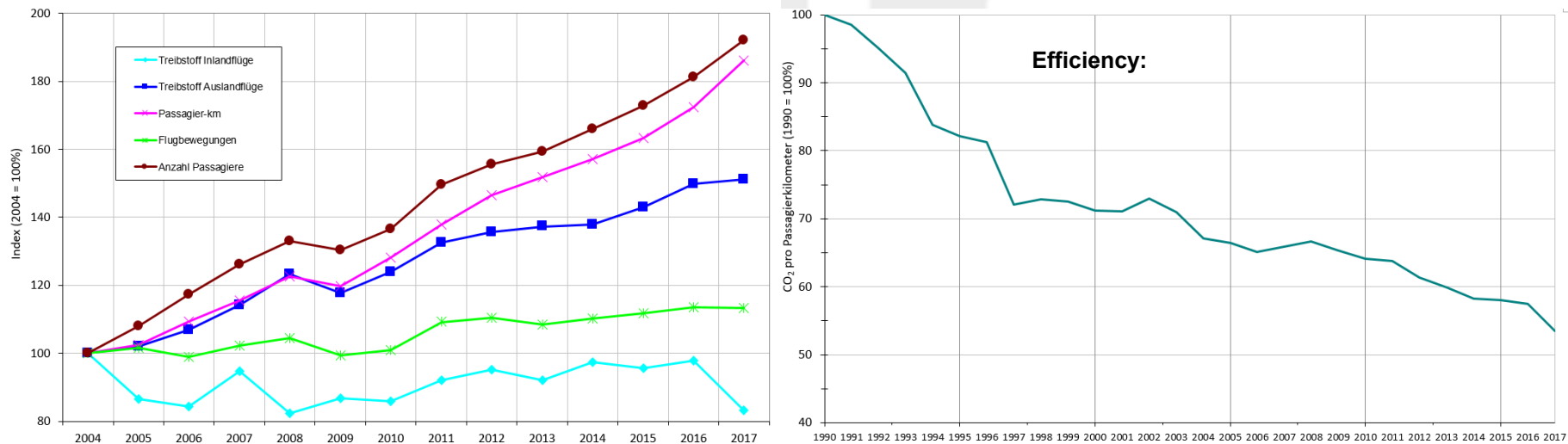
Illustrative depiction of the emissions resulting from a 1 hr flight of an average aeroplane with a capacity of carrying 150 passengers:





1. Aviation and Climate Change

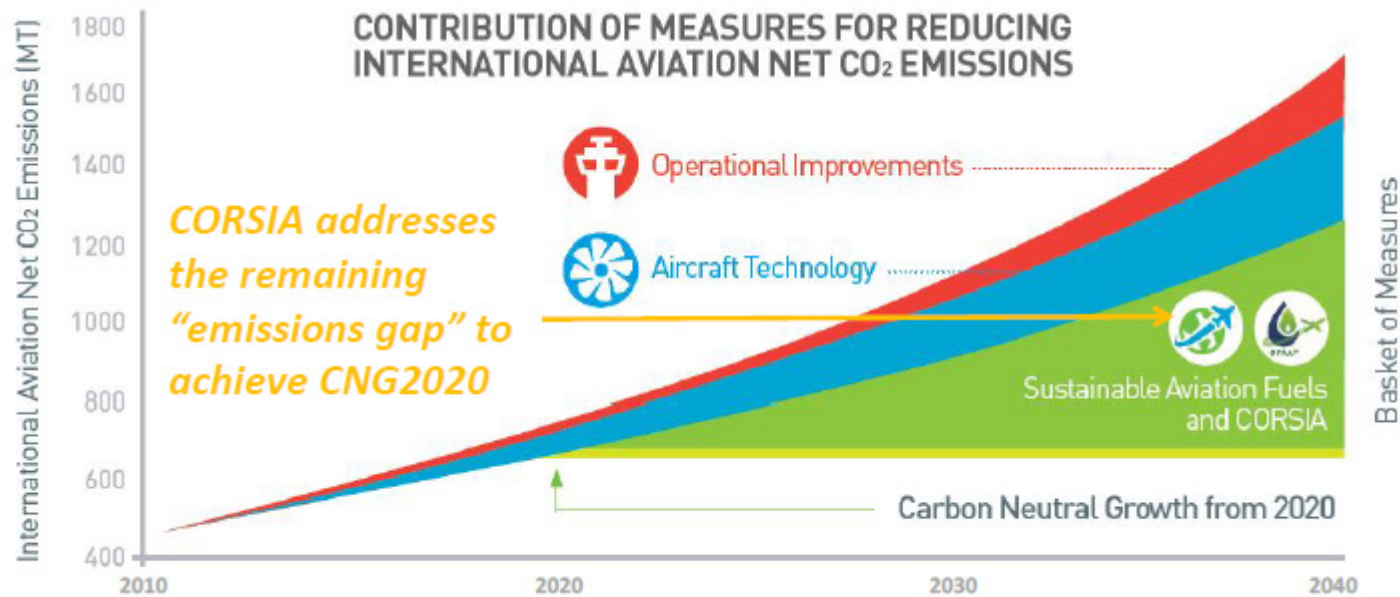
- Civil aviation accounts for approximately 2% of today's anthropogenic CO₂-emissions (65% international, 35% domestic aviation)
- Share of fossil oil sold in CH 2017 (mass): 18.0% = 5.31 Mio t CO₂
- Share of transportation fuel sold in Switzerland 2017 (mass): 26.0%



- Continued growth of emissions despite massive increase in efficiency



2. Basket of Measures



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- All areas shall contribute to the mitigation of the impact of aviation to climate change (aircraft technology, operational improvements, sustainable alternative fuels, market based measures)
- Switzerland: ICAO Action Plan on CO₂-Reduction



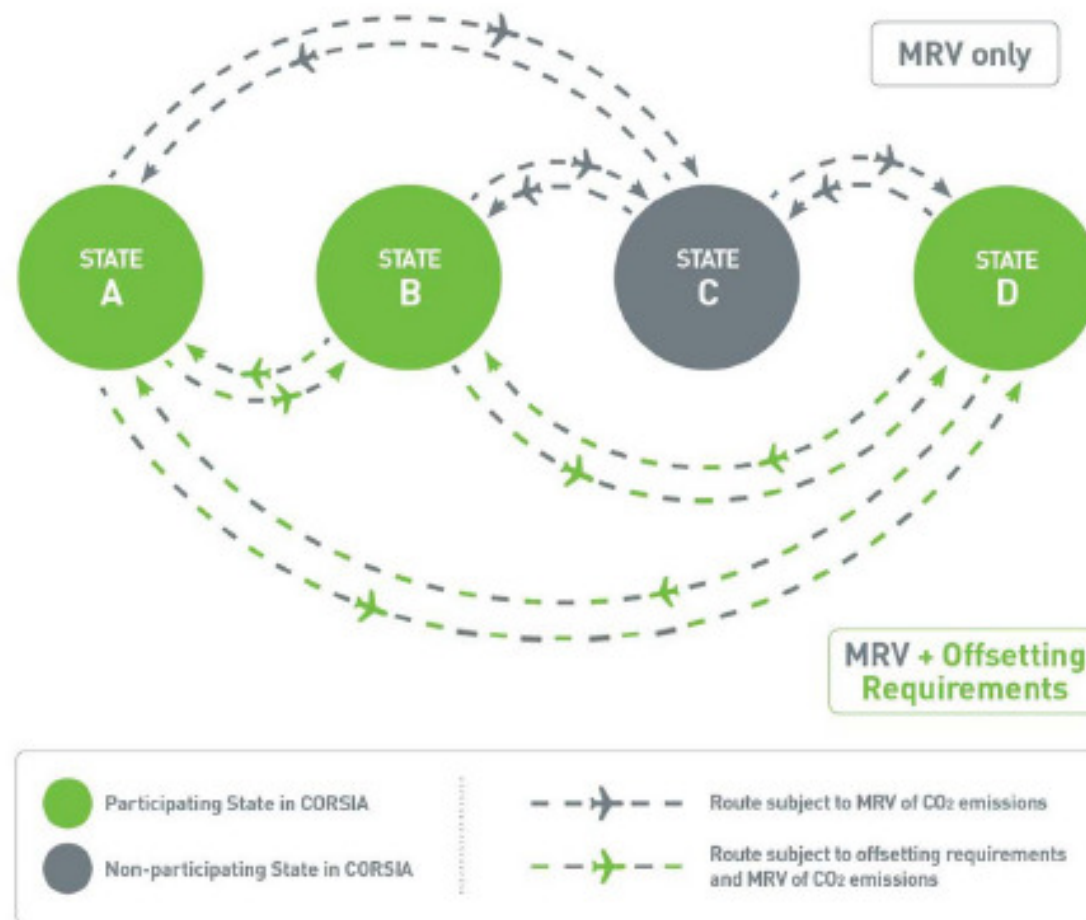
3. **CORSIA** : General Aspects

ALL ICAO MEMBER STATES with aeroplane operators conducting international flights are required to monitor, report and verify CO₂ emissions from these flights every year from 2019, independent of their participation in CORSIA.

ICAO MEMBER STATES PARTICIPATING IN CORSIA need to ensure that their aeroplane operators comply with the CORSIA offsetting requirements every three years (starting in 2021), in addition to annual CO₂ MRV.



3. **CORSIA** : General Aspects



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3. **CORSIA** : General Aspects

Offsetting:



- Participation of States in the pilot phase (2021 to 2023) and first phase (2024 to 2026) is voluntary.
- For the second phase from 2027, all States with an individual share of international aviation activity in year 2018 above 0.5% of total activity or whose cumulative share reaches 90% of total activity, are included. Least Developed Countries, Small Island Developing States and Landlocked Developing Countries are exempt unless they volunteer to participate.

As of 16 July 2019, 81 States, representing 76.63 % of international aviation activity, intend to voluntarily participate in CORSIA from its outset.



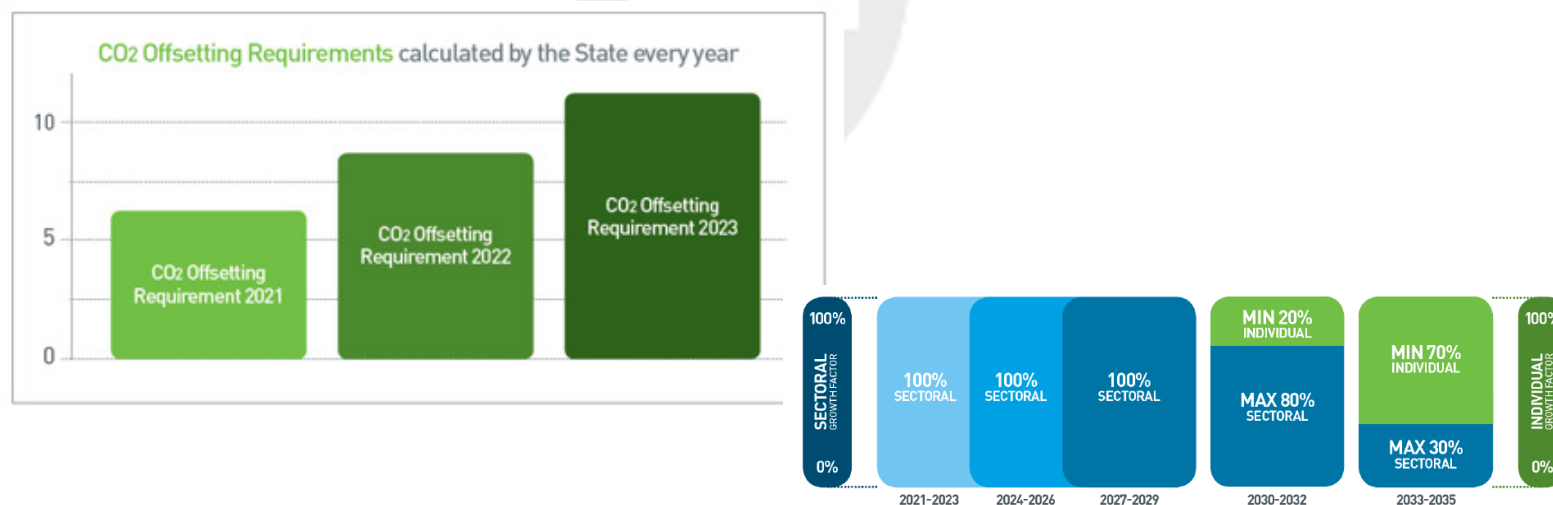
3. **CORSIA** : General Aspects

The State calculates the offsetting requirements attributed to an aeroplane operator.

$$\text{Operator's annual emissions} \times \text{Growth Factor} = \text{CO}_2 \text{ offset requirements}$$

In a given year from 2021, the **Growth Factor** is the percent increase in the amount of emissions from the baseline, and is calculated by ICAO.

The **Growth Factor** changes every year taking into account both the sector's and the individual operator's emissions growth.



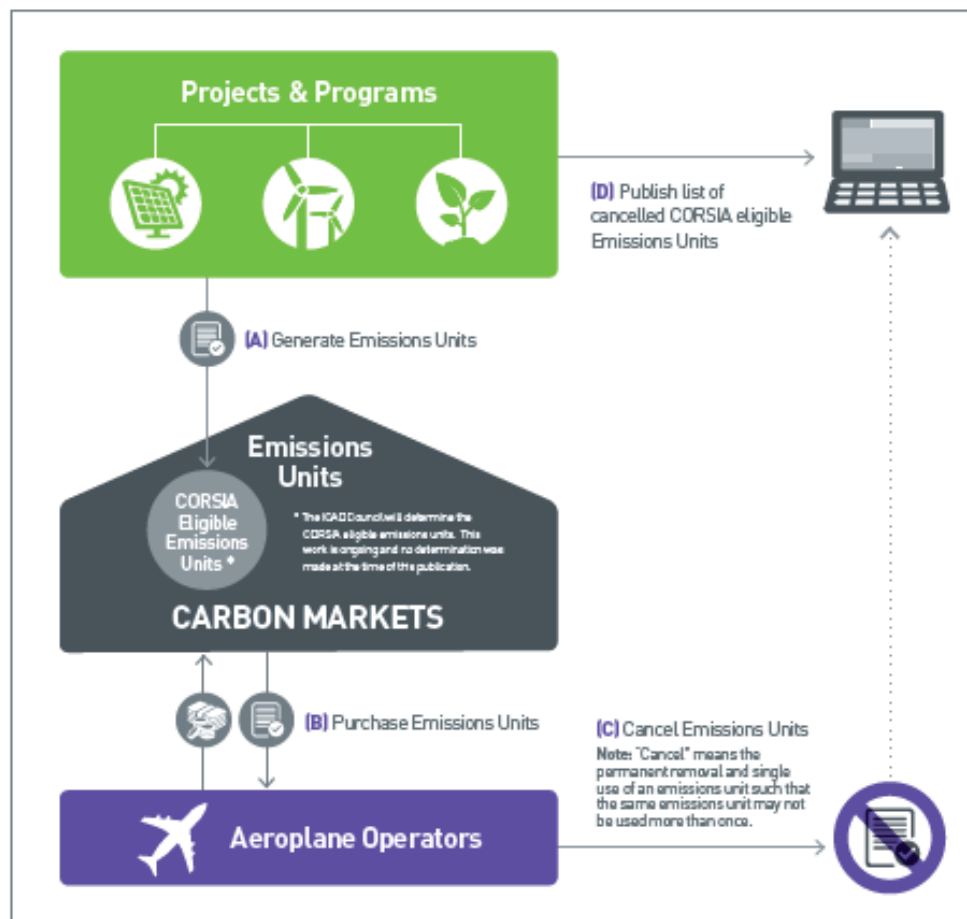
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3.



: General Aspects



The operator provides a verified Emissions Units Cancellation Report to the State, who checks the Report and informs ICAO.

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4. : Implementation in Switzerland

- First Edition of ICAO Annex 16 Volume IV “CORSA” entered into force on 22nd October 2018
- MRV-requirements became applicable on 1st January 2019
- Offsetting requirements will become applicable on 1st January 2021
- Standards and recommended practices are directly applicable in Switzerland
- The “CORSA Package” covers comprehensively and in sufficient detail all the requirements for its implementation

Implementation in Switzerland

- No need for a specific legislation in Switzerland



4. : Implementation in Switzerland

- Implementation of CORSIA in Switzerland has begun
- Swiss Operators submitted Emissions Monitoring Plan to FOCA in October 2018
- FOCA approved Emissions Monitoring Plan of Swiss Operators before end of 2018
- Swiss Operators monitor, verify and report their emissions in the calendar year 2019 and 2020
- 1st January 2021 until 31st December 2023: first compliance period (including offsetting requirements)
- Open question on interplay of CORSIA with ETS remain (mainly dependent on future decisions of the EU with respect to the future development of the EU ETS in the light of CORSIA)



5. CORSIA and Emissions Trading

	CORSIA	CH & EU ETS
Geographic Scope	Report for all international flights, surrender for all international flights unless route is exempt	Report and surrender for intra EEA- emissions
Rough estimate offsetting / surrendering obligations for Swiss Operators	Total 2021 - 2035: approx. 26.5 Mio t (CORSIA scope)	Total 2021 – 2035: approx. 19 Mio t (EEA+CH scope)
Operators to administer by CH	Only Swiss Operators (5-10)	All Operators above de-minimis have obligations under CH ETS (ca. 250); ca. < 50 operators to be administered by CH)
Compliance cycle	Annual report (surrender of sufficient amount of offset units every 3 years)	Annual report and surrender
Compliance Instruments	Eligible offset units from carbon markets; so far no allowances from emissions trading schemes	Allowances issued under the EU ETS; no offset units from other carbon markets allowed post 2020
Sanctioning of non-compliance	Up to States discretion	Yes



6. Discussion / Q & A

