



DIRECTORS GENERAL OF CIVIL AVIATION-MIDDLE EAST REGION

Eighth Meeting (DGCA-MID/8) (Doha, Qatar, 26 – 28 October 2026)

Agenda Item 8: Environmental Protection

REGIONAL COORDINATION TO AVOID A DOUBLE CARBON BURDEN ON INTERNATIONAL FLIGHTS

(Presented by the Arab Air Carriers' Organization (AACO))

SUMMARY

This paper first outlines the existing double burden arising when an airline bears the cost of emissions reductions under **Refuel EU Aviation**, without those reductions being automatically credited towards its obligations under CORSIA. It then examines the potential additional burden resulting from the proposal to expand the European Union Emissions Trading System (EU ETS) from 2029. The combined effect of these two measures could mean that a single flight incurs the cost of sustainable aviation fuel, the cost of European carbon allowances, and CORSIA requirements, alongside parallel verification and reporting requirements. The paper recommends recognizing all actual and verified emissions reductions, so that airlines are not required to compensate again for the same emissions. Action required by the Meeting is set out in paragraph 6.

Key References: Chicago Convention (Article 1); ICAO Assembly Resolution **A42-22**; Annex 16, Volume IV; Directive 2003/87/EC, as amended; Commission Proposal **COM (2026) 616 final**; and Regulation (EU) **2023/2405**.

1. INTRODUCTION

- 1.1. CORSIA was established under the auspices of ICAO as the global market-based measure for addressing carbon dioxide emissions from international aviation. The baseline for the period from 2024 to 2035 is set at 85 per cent of 2019 emissions, and the obligations are implemented through States' legislation in accordance with Annex 16, Volume IV. An operator may fulfil its offsetting requirements by using CORSIA-eligible emissions units or by claiming emissions reductions resulting from CORSIA-eligible fuels, subject to compliance with sustainability, traceability and verification requirements.
- 1.2. This issue is particularly relevant in the context of Europe's sustainable aviation fuel requirements, under which airlines may bear the cost of actual and documented emissions reductions without those reductions being credited towards their obligations under CORSIA. The impact of this overlap could increase from 2029 if the proposal to expand the European Union Emissions Trading System (EU ETS) is adopted.

2. EXISTING DOUBLE BURDEN ARISING FROM REFUEL EU AVIATION

2.1. COSTS BORNE BY AIRLINES

2.1.1. Refuel EU Aviation requires fuel suppliers at European Union airports to supply sustainable aviation fuel (SAF) at a minimum share of 2 per cent from 2025, rising to 6 per cent in 2030 and 70 per cent in 2050. In practice, airlines bear the cost associated with this fuel on their flights departing from European airports and receive, in return, compliance data or documentation indicating the quantity attributed to them and the corresponding emissions reductions. Similar mandatory arrangements apply in the United Kingdom.

2.1.2. Accordingly, an airline has incurred an actual cost to reduce emissions in compliance with a mandatory measure, regardless of whether the sustainable aviation fuel was physically delivered to the aircraft concerned or attributed to it through the applicable supply and verification mechanism.

2.2. Cause of the Double Burden under CORSIA

2.2.1 The sustainability, chain-of-custody and verification criteria under ReFuelEU Aviation differ from those under CORSIA. Consequently, the fuel for which the airline has borne the cost, or the resulting emissions reductions, may not automatically be eligible for credit towards its obligations under CORSIA.

2.2.2 As a result, the airline first bears the cost of emissions reductions under ReFuelEU Aviation and may then be required to offset the same emissions again when its CORSIA requirements are calculated. The objective is not to double-count the environmental benefit, but to recognize actual and verified emissions reductions so that the same emissions are not subject to offsetting twice.

2.3. Illustrative Cost Estimate

2.3.1. Aggregate estimates for the Arab airlines concerned indicate that the potential additional cost of re-offsetting under CORSIA emissions that have already been reduced through expenditure on sustainable aviation fuel could reach approximately USD 1.50 billion in 2029 and USD 1.58 billion in 2030. These estimates apply to airlines of States subject to the CORSIA offsetting phase and are based on assumptions concerning emissions unit prices, sustainable aviation fuel prices and availability. They therefore indicate the potential scale of exposure and do not represent a final liability.

3. ADDITIONAL BURDEN ARISING FROM THE PROPOSED EXPANSION OF THE EU ETS

3.1. Scope of the Proposal

3.1.1 On 17 July 2026, the European Commission proposed that, from 1 January 2029, the European Union Emissions Trading System (EU ETS) should cover flights departing from airports in the European Economic Area (EEA) to airports in third countries located within 5,000 kilometers of Frankfurt. This scope encompasses a significant number of Arab States.

3.2. Legal and Competitive Implications of the Proposed Scope

3.2.1. The proposed scope is based on the geographical location of the destination, rather than on the

- 3.2.2. flight's emissions, aircraft efficiency or the airline's environmental performance. This would subject Arab airlines and aviation hubs to new costs, while competing airlines and hubs serving more distant markets would remain outside the scope of application.
- 3.2.3. Applying the obligation to the entire departing flight would constitute the extraterritorial application of a European measure, as it would cover emissions generated in international airspace and in the airspace of States outside the European Union. If implemented, this approach would be inconsistent with the principle of the complete and exclusive sovereignty of each State over its airspace, as set out in Article 1 of the Chicago Convention, and would undermine ICAO's globally agreed role in addressing international aviation emissions.

3.3. Overlap with CORSIA

- 3.3.1. For airlines of States participating in the CORSIA offsetting phase, the same departing flight would be subject to the EU ETS while remaining subject to CORSIA under the national legislation of the State concerned. Consequently, these airlines could be required to comply with the EU ETS and offset emissions under CORSIA for the same flight.

4. IMPLICATIONS OF THE TWO MEASURES COMBINED FOR AIRLINES

- 4.1. For airlines of States participating in the CORSIA offsetting phase, a single flight could incur an additional cost of sustainable aviation fuel under Refuel EU Aviation, as well as the cost of purchasing and surrendering European carbon allowances for residual emissions after accounting for sustainable aviation fuel eligible under the EU ETS. However, emissions reductions resulting from sustainable aviation fuel recognized under European rules are not currently credited towards CORSIA obligations. Consequently, the airline could be required to offset under CORSIA emissions that have already been reduced at a cost to the airline, in addition to meeting separate monitoring, reporting and verification (MRV) requirements under each system.
- 4.2. For airlines whose relevant flights are not subject to CORSIA offsetting requirements, there is no direct overlap between CORSIA and the EU ETS. However, they would still bear the additional cost of sustainable aviation fuel under ReFuelEU Aviation, as well as the cost of purchasing and surrendering European carbon allowances for residual emissions after accounting for sustainable aviation fuel eligible under the EU ETS. If these flights subsequently become subject to CORSIA offsetting requirements, the airlines could also be required to offset under CORSIA emissions reductions resulting from European sustainable aviation fuel, which are not currently credited towards CORSIA obligations.
- 4.3. For all airlines concerned, these burdens increase operating, financing and administrative costs and may affect route viability, fares and the ability of aviation hubs in the Arab region to compete in connecting traffic between Europe, Asia and Africa. Furthermore, the proliferation of regional measures fragments the rules and undermines the effectiveness of the globally agreed solution under the auspices of ICAO.
- 4.4. Estimated Financial Implications

The following table provides a preliminary estimate for the Arab airlines concerned. The figures represent exposure scenarios rather than final liabilities, as they depend on the adoption of the proposed European legislation, the design of the crediting mechanism, actual prices and eligibility under CORSIA.

Year	Net Emissions Covered (million tons of CO ₂)	Projected Price of European Allowances (USD/ton)	Estimated EU ETS Cost (USD billion)	Potential Cost Arising from the CORSIA Gap (USD billion) *
2029	11.50	189	2.173	1.498
2030	11.46	226	2.591	1.584

**This column applies only to airlines of States subject to the CORSIA offsetting requirements. The scenario assumes that 85 per cent of the quantity will be offset using CORSIA-eligible emissions units at a price of USD 33 in 2029 and USD 38 in 2030, with the remainder addressed using CORSIA-eligible fuel priced at USD 2,516 per ton. The two cost columns should not be added together automatically, as the net burden depends on the scope and effectiveness of the proposed European crediting mechanism. The net emissions calculations include reductions of approximately 0.235 million tons in 2029 and 0.732 million tons in 2030, resulting from the purchase of sustainable aviation fuel under the Refuel EU Aviation programme, at rates of 2 per cent and 6 per cent, respectively, of the total aviation fuel to be uplifted at European Union airports in 2029 and 2030. According to the study, the countries covered that have direct flights are Morocco, Algeria, Tunisia, Egypt, Lebanon, Jordan, Saudi Arabia, Qatar, Kuwait, Bahrain and the United Arab Emirates (based on scheduled flight timetables as of July 2026).*

NB: The titles of the papers shown in the English version of IP/1 reflect the original language of the papers.

5. RECOMMENDATION OF THE ARAB AIR CARRIERS' ORGANIZATION (AACO)

- 5.1. The Arab Air Carriers' Organization (AACO) recommends that States, when incorporating or transposing CORSIA requirements into their national legislation and regulations, consider the need to recognize any actual and verified reductions in emissions from international flights achieved by airlines as a result of complying with other mandatory schemes. This includes reductions resulting from the use of sustainable aviation fuel (SAF) or other alternative aviation energy sources, including fuel for which airlines incur costs under Refuel EU Aviation or similar mandatory schemes, as well as emissions that have been offset through the surrender of carbon allowances or emissions units under another mandatory scheme.
- 5.2. Such recognition should be granted where the airline provides documentation substantiating the measure taken, the cost incurred, and the flights or emissions covered. In such cases, the airline should not be required to offset again emissions that have already been reduced or offset, provided that the same environmental benefit is not counted more than once.
- 5.3. AACO further recommends that such recognition be reflected in the determination of the airline's final offsetting requirements and in the reports submitted by the State to ICAO concerning CORSIA.

6. ACTION REQUIRED BY THE MEETING

- 6.1. The Meeting is invited to:

- Take note of the existing double burden arising from the lack of automatic recognition under CORSIA of emissions reductions for which airlines incur costs under Refuel EU Aviation, and of the potential additional burden resulting from the proposed expansion of the EU ETS;

- Endorse the recommendation set out in paragraph 5, particularly the principle of recognizing any actual and verified emissions reduction and not requiring airlines to offset the same emissions again.

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