



WORKING PAPER

**SEVENTH WORLDWIDE AIR TRANSPORT CONFERENCE
(ATCONF/7)**

Montréal, HQ, 16 to 20 November 2026

Agenda Item 3: Strengthening regulatory and institutional frameworks
3.4: Levies on international air transport

**AVOIDING DOUBLE CHARGING ON INTERNATIONAL FLIGHTS COVERED BY CORSIA
UNDER A REGIONAL MARKET-BASED MEASURE**

(Presented by Saudi Arabia and the United Arab Emirates)

EXECUTIVE SUMMARY

An international flight operated between two airports located within the economic area of a regional emissions-trading scheme is, by the International Civil Aviation Organization (ICAO) definition, an international flight covered by the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), while also falling within the scope of the regional measure. This concern arises most acutely for a third-State air operator not based in that region. The two instruments differ in character: CORSIA is an offsetting scheme, whereas a regional emissions-trading scheme is a cap-and-trade mechanism whose allowance costs are fiscal in substance. Where both apply to the same emissions, the operator bears an additional charge, fiscal in substance, on emissions already addressed through offsetting under CORSIA, together with the administrative burden of complying with two unharmonized systems for a single flight.

The governing principle is not in dispute: the Assembly has determined that such emissions are to be accounted for only once (Resolution A42-22, paragraph 18). What is missing is its operational implementation by the competent authorities of the region concerned. The resulting charge on emissions already addressed under the global scheme is also inconsistent with the guiding principles for the design and implementation of market-based measures agreed by the Assembly (Resolution A38-18) and reaffirmed in successive Assembly resolutions, under which such measures should avoid duplication, inappropriate economic burden and market distortion.

Consistent with the Chicago Convention, ICAO's policies on charges and taxation, and the Assembly's determination that CORSIA is the only global market-based measure applying to CO₂ emissions from international aviation, so as to avoid a patchwork of duplicative State or regional measures (Resolution A42-22, paragraph 18), this paper invites the Conference to support the principle that emissions already addressed under CORSIA should not bear an additional regional charge that is fiscal in substance.

Action: The conference is invited to;

- a) recognize that an international flight covered by CORSIA monitoring and reporting may also fall within a regional emissions-trading scheme, and that, the two instruments being different in character, this may result in an additional charge by the regional scheme, fiscal in substance, on emissions already addressed under CORSIA;

	b) affirm that, consistent with the Chicago Convention, ICAO's policies on charges and taxation, the Assembly's determination that CORSIA is the only global market-based measure applying to CO₂ emissions from international aviation and that such emissions should be accounted for only once (Resolution A42-22, paragraph 18), and the guiding principles for MBMs (Resolution A38-18), emissions already addressed under the agreed global market-based measure should not bear an additional regional charge that is fiscal in substance; c) request the Council to remain seized of this matter until Member States applying such measures bring them into conformity with the agreed global framework — specifically by exempting international flights covered by CORSIA monitoring and reporting from the application of regional emissions-trading surrender obligations — so that emissions already addressed under CORSIA are not charged again, and no operator bears a second charge on those emissions by reason of not being based in the region; and d) reaffirm that, CORSIA being the agreed single global market-based measure for international aviation, regional measures should be implemented consistently with it and with the principle that emissions are accounted for only once, so that the responsibility for avoiding duplicative charges on CORSIA-covered flights rests with the region concerned in giving effect to that agreed framework.
<i>Strategic Goal:</i>	This working paper relates to Strategic Goals: <i>The Economic Development of Air Transport Assures the Delivery of Economic Prosperity and Societal Well-Being for All and Aviation is Environmentally Sustainable.</i>
<i>Financial implications:</i>	No direct financial implications for the Organization are anticipated.
<i>References:</i>	Chicago Convention ICAO's Policies on Taxation in the Field of International Air Transport (Doc 8632) Guiding principles for MBMs (Assembly Resolution A38-18, Annex) Assembly Resolution A42-22, paragraph 18 Assembly Resolution A42-26, Appendices B and C

1. INTRODUCTION

1.1 The Convention on International Civil Aviation and ICAO's *Policies on Taxation in the Field of International Air Transport* (Doc 8632) frame the treatment of charges and levies imposed on international operations, in particular the distinction between cost-related charges and levies that operate as a fiscal burden. Assembly Resolution A42-26, Appendices B and C, records ICAO's policies on taxation and on levies affecting international air transport and is directly relevant to the treatment of the charge examined in this paper.

1.2 The Assembly has determined that 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 are accounted for only once (Assembly Resolution A42-22, paragraph 18). The guiding principles for the design and implementation of MBMs (Assembly Resolution A38-18, Annex) provide to like effect.

1.3 In recent years, various forms of levies affecting international air transport have been introduced, expanded, or proposed for further expansion. This paper concerns one such interaction: the application of a regional emissions-trading scheme, alongside CORSIA, to the same international flight.

2. TWO INSTRUMENTS OF DIFFERENT CHARACTER

2.1 CORSIA and regional emissions-trading schemes both place a price on carbon but differ in character. CORSIA is an offsetting scheme: operators purchase and cancel CORSIA eligible emissions units, funding emissions-reduction projects in host countries. A regional emissions-trading scheme is a cap-and-trade mechanism: operators surrender allowances, an increasing share of which is auctioned, with the revenue accruing to the public authorities of that region. In practical terms, the latter charge is fiscal in substance.

2.2 Because an offsetting contribution and a fiscal surrender are not of the same character, they cannot be reconciled by treating one as equivalent to the other. Where both apply to the same emissions, the operator bears two distinct obligations, only one of which corresponds to the offsetting undertaken under the agreed global scheme.

3. THE REGULATORY GAP AND THE ECONOMIC BURDEN

3.1 An international flight between two airports in two different States within the economic area of a regional measure is covered by CORSIA by virtue of its international character, as defined in Annex 16, Volume IV, and by the regional measure by its directive. The governing rule is not absent: the Assembly has determined that such emissions are to be accounted for only once (Resolution A42-22, paragraph 18). What is missing is its operational implementation by the competent authorities of the region concerned. The gap is therefore one of implementation, not of principle; addressing it does not create a new rule but gives effect to one the Assembly has already established.

3.2 The flight is covered by CORSIA by the agreed determination of the Assembly. A regional measure may nonetheless bring the same flight within its own scheme — but its coverage is an overlay on CORSIA, not an equal or competing claim. Any reconciliation is therefore the region's to make: it is for the regional authorities to align their measure with CORSIA, not for CORSIA to yield to the regional scheme. Until they do, an operator already meeting its CORSIA obligation may be charged a second time for the same emissions.

3.3 The economic burden is twofold. First, the operator may bear an additional charge by the regional scheme, fiscal in substance, on emissions already addressed through offsetting under CORSIA — a charge that funds no further environmental action. Second, the burden is asymmetric: for the same route, exposure and certainty may differ according to where the operator is based, and the operator based outside the region additionally bears the burden of reconciling two administrations' treatment of a single flight. This is difficult to reconcile with the principles of non-discrimination and a level playing field. Independent industry (IATA) analysis has reached the same conclusion, identifying that operators not based in the region concerned may be charged twice for the same emissions on international routes within its economic area. Furthermore, subjecting third-State air operators to dual, unharmonized administrative and surrender regimes for a single flight creates an unwarranted administrative barrier to international air transport.