



WORKING PAPER

ASSEMBLY — 41ST SESSION

EXECUTIVE COMMITTEE

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

THE VIEWS OF THE AUTHORS ON CORSIA REVIEW

(Presented by Egypt, Oman, Qatar, Saudi Arabia, Sudan, Tunisia, United Arab Emirates, Yemen and supported by ACAO)

EXECUTIVE SUMMARY

This working paper provides the views of the authors States on the core design elements of CORSIA, including the recommendations on the ‘CORSIA baseline’ and “aeroplane operator’s Growth Factor (IGF)” to safeguard the integrity of the scheme.

The “baseline” and “IGF” are the core design elements of the scheme. It is necessary to examine the effects and consequences of any change of the “baseline” and “IGF” or any other CORSIA design elements at this stage on the aeroplane operator’s and states in order to achieve the scheme goal’s while maintaining the assembly agreed guiding principles for the design and implementation of market-based measures (MBMs) for international aviation. It is essential that the assembly maintains and endorses the Council’s decision in 2020 (paragraphs 4 and 5 of C-DEC 220/13) as an implementation of clause 16 of A40-19 (inappropriate economic burden). Also, the assembly is invited to entirely remove the “IGF” due to its detrimental effects on the integrity of the scheme in general and the small, medium, and new entrant’s aeroplane operators. This would significantly contribute to the success of the scheme’s implementation over the coming years.

Action: The Assembly is invited to:

- a) take note of the content of this working paper;
- b) safeguard the integrity of CORSIA by maintaining 2019-only emissions level as the baseline for all CORSIA phases (2021 to 2035) to avoid any financial burden on the States and the aeroplane operators and ensure the growth of international aviation;
- c) remove entirely the aeroplane operator’s growth factor from the scheme and maintain the sector’s growth factor only;
- d) reaffirm that CORSIA is the sole global market-based measure to offset the emissions from international aviation; in order to avoid any State(s) and/or regional market-based measures (MBMs) and to ensure that the international aviation CO₂ emissions accounted for only once; and
- e) request the Council to establish immediately a systematic CORSIA periodic review methodology/mechanism in order to serve the relevant Assembly resolution clauses.

<i>Strategic Objectives:</i>	This working paper relates to the Environmental Protection Strategic Objective.
<i>Financial implications:</i>	The activities referred to in this paper will be undertaken the resources available in the ICAO 2023 – 2025 Regular Budget and/or extra budgetary contributions.

<i>References:</i>	Doc 10140, <i>Assembly Resolutions in Force</i> (as of 4 October 2019) ICAO Assembly Resolution A40-19
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1. INTRODUCTION AND ACAO MEMBER STATES CONTRIBUTION IN ICAO ENVIRONMENTAL PROTECTION WORK

1.1 The authors of this working paper welcome the leadership and commitment demonstrated by the aviation sector to address CO₂ emissions and climate change. Since the Assembly adopted the historic agreement for the first ever-global market-based measure in 2016, the participation in CORSIA of the ICAO Member States, the international air carriers and relevant stakeholders has been extraordinary. Up to 2021, 88 States had volunteered to participate in CORSIA from the first year of its pilot phase (2021), and this number increased to 115 States in 2022

1.2 In line with the ICAO Member States' commitment, the ACAO Member States have outlined a pathway for robust cooperation to address the environmental impacts from the international aviation. The ACAO member States had an active role collaborating internationally to reach consensus for CORSIA as the sole global market-based measure.

1.3 Five (5) ACAO member States (Iraq, Oman, Qatar, Saudi Arabia and UAE) are participating voluntarily in CORSIA's pilot phase (2021- 2023) and first phase (2024-2026).

1.4 Seventeen (17) ACAO Member States¹ have submitted their list of airplane operators attributed to their respective States for the CORSIA implementation in 2021; according to the ICAO document CORSIA Aeroplane Operator to State Attributions (refer to Appendix 1). Moreover, the major aeroplane operators had successfully completed the Monitoring, Reporting and Verification (MRV) requirements.

1.5 Four (4) ACAO Member States (Egypt, Qatar, Saudi Arabia and UAE) have also been contributing to the Committee on Aviation Environmental Protection (CAEP) – as CAEP members – together with (ACAO) as CAEP Observer, in order to formulate analysis in supporting the CAEP recommendations processes. In addition, Qatar, Saudi Arabia and UAE have also been contributing towards the ICAO Goals, as part of ICAO's Technical Advisory Body (TAB) where Qatar serves as the Vice Chair of TAB for current cycle. In addition to its role as a donor State under the ICAO ACT CORSIA programme.

2. CORSIA DESIGN ELEMENTS AND COVID-19 IMPACT

2.1 Operative Clause 11 of A40-19, stated how precisely the amount of CO₂ emissions required to be offset by an aeroplane operator in a given year from 2021 is calculated every year. The 2019 and 2020 emissions average of total emissions covered and aeroplane operator's emission covered by CORSIA (i.e. baseline for simplification), and the aeroplane operator's growth factor (Individual Growth Factor for simplifications) are the most important factors in determining the offsetting requirements for an aeroplane operator.

2.2 In order to implement CORSIA, Volume IV of Annex 16 to the Convention on International Civil Aviation (ICAO Annex 16, Vol. IV) was adopted by the Council in June 2018 and is applicable from 1 January 2019. According to paragraph 2.3.2 of the ICAO Annex 16, Vol. IV. Each State shall calculate and inform each of the aeroplane operators that are attributed to it; about their average total annual CO₂ emissions during the 2019 and 2020 period and shall submit a report to ICAO in accordance with the timeline as specified in Appendix 1 of the ICAO Annex 16, Vol. IV.

¹ Alergia, Comoros, Egypt, Iraq, Jordan, Lebanon, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates, Yemen

2.3 The global aviation industry was and still significantly impacted by the effects of COVID-19 pandemic, which has significantly affected the operations of the aviation sector, including airports closure and flights suspension, due to border closures and government restrictions worldwide. The COVID-19 pandemic and the measures adopted for that purpose resulted in increased financial burden on the airlines and airports and negative ripple effects throughout the industry. This underscores the importance of repositioning the industry for a speedy recovery from the impact of the pandemic. Assembly Resolutions and amendments to SARPs should support the industry recovery. Moreover, several states encountered a number of challenges during the CORSIA's implementation phase in 2019 – 2020 and currently for the reporting period of 2021. These challenges highlight the importance of adopting additional measures to help States effectively implement CORSIA.

2.4 In light of the impact of the COVID-19 pandemic and taking into consideration Clause 16 of Assembly Resolution A40-19 (2019), the Council of ICAO in its 220th session in June 2020 agreed that the value of 2019 emissions shall be used for 2020 emissions for the 2021-2023 CORSIA pilot phase. The adjustment to CORSIA was a result of unpredicted circumstances, which affected the sustainability of the CORSIA scheme. Furthermore, this adjustment was aimed at safeguarding States and international aviation from an inappropriate economic burden.

2.5 The authors would also like to recall clauses 9(g) and 17 of A40-19, which request the council to undertake periodic review of the scheme every three years in order to, inter alia, 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.

3. CORSIA BASELINE AND INDIVIDUAL GROWTH FACTOR (IGF)

3.1 This working paper emphasizes the urgency to accurately quantify the impact of the COVID-19 pandemic on the aviation sector's CO₂ emissions in the years beyond the pilot phase. It is already evident that the impact of the pandemic has certainly resulted in significant decline in aviation activity and decrease in the sector's CO₂ emissions in 2020, compared to the forecast prior to the pandemic.

3.2 The inclusion of 2020 in calculating the CORSIA baseline will create an undue burden on an industry. That already suffering from the lingering effects of COVID-19, the high inflation rates and the possibility of a recession, and high fuel prices.

3.3 It is of a paramount importance to clarify that CORSIA's goal is not tied to any specific amount of offsetting requirements, but it aims at achieving the carbon neutral growth goal and keeping net emissions below the baseline (whatever it is). Therefore, offsetting obligations being lower than the ones expected at the time of adopting CORSIA Assembly Resolution should not be seen as a deviation or lowering to the scheme ambition.

3.4 It is important to safeguard the ICAO Member States' interests and to avoid undue financial burden on the aeroplane operators. Therefore, ACAO Member States recommend that the 2020 emissions should not be used for CORSIA baseline beyond the pilot phase.

3.5 From a mathematical and statistical point of view, "Outliers" (i.e. unusual values in dataset) are problematic for many analyses because they can cause tests to either miss significant findings or distort real results, this is exactly the case with including 2020 emissions in CORSIA. Hence, 2020 emissions level shall be omitted.

3.6 CORSIA Baseline discussions shall take into consideration the assurance of continuous sector's growth and the avoidance of market distortion. The ACAO Member States highlight that it is important to maintain and extend the Council decision to use 2019-only emissions for the CORSIA baseline instead of average of 2019 and 2020 beyond the pilot phase. The Assembly should reiterate the strong

support and uphold the same safeguard adopted by the Council in response to any exceptional circumstances, if any, that affect the sustainability of the scheme or an inappropriate economic burden, such as that caused by COVID-19 pandemic and the ongoing geopolitical developments worldwide.

3.7 In Accordance with the [ICAO Aviation Environmental Protection Committee \(CAEP\) input to the 2022 CORSIA periodic review](#), The Individual Growth Factor (IGF) distorts competition - on the same route - among air operators with different rates of growth of their total operations and, therefore, tends to disproportionately burden smaller/less mature operators.

3.8 The relative growth of air operations tends to be inversely proportional to the size of the operator. In other words, a large/mature operator is not expected to grow vigorously, but a smaller/less mature operator is expected to grow at high rates.

3.9 This market dynamics – normal and healthy for competition – will be undermined by the IGF: as demonstrated by CAEP, growing small/medium operators subject to CORSIA will often be required to offset (i.e. buy more carbon credits) at a high percentage of their emissions, while large/mature operators tend to compensate a low percentage of their emissions.

4. ONE GLOBAL MARKET BASE MESURMENT FOR INTERNATIONAL AVIATION

4.1 It is important to recall that Assembly Resolution A40-19 strengthened the support of the aviation industry for CORSIA as a single, global carbon-offsetting scheme, and opposed a patchwork of States or regional market-based measures (MBMs). The Resolution also recognized that MBMs should not be duplicative and international aviation CO₂ emissions should be accounted for only once.

4.2 This working paper urges the Assembly to recall, respect and adhere to the guiding principles for the design and implementation of MBMs for international aviation as adopted in Annex (I) of the Assembly Resolution A37-19 (2013), and reaffirmed in the following Assembly Resolutions A39-2 (2016) and A40-18 (2019), including but not limited to:

- a) MBMs should support sustainable development of the international aviation sector;
- b) MBMs should not be duplicative and international aviation CO₂ emissions should be accounted for only once; and
- c) MBMs should not impose inappropriate economic burden on international aviation.

4.3 Referring to the Assembly Resolution in force, the authors of this working paper reiterate, acknowledge and reinforce that the CORSIA remains the single, global market-based measure for international aviation CO₂ emissions, as opposed to any potential or current patchwork of regional and national market-based measures, thus ensuring that international aviation CO₂ emissions should be accounted for only once.

4.4 CORSIA shall be and remain as the sole MBM for the international aviation sector. A well-established roadmap to support the success of the scheme through effective implementation of the requirements of Annex 16, Vol 4 is necessary.

4.5 Since the 40th Session of the Assembly, there has been significant progress made on the CORSIA implementation, including the adoption of CORSIA-related SARPs, the MRV processes, the CO₂ emissions reporting, and assistance. However, this progress has been impacted by the pandemic and the ongoing geopolitical situation around the world. Therefore, CORSIA based on the guiding principles agreed upon on Assembly Resolutions, should be a clear methodology for review in the next assembly. In addition, it is important to note that CORSIA Capacity building programme is essential element for the successful implementation of CORSIA with NO COUNTRY LEFT BEHIND Initiatives.

APPENDIX

CORZIA IMPLEMENTATION IN ARAB COUNTRIES

INFORMATION BULLETIN

1. Participating in CORZIA

1.1. ACAO member states that volunteer to participate in CORZIA's pilot phase (2021-2023) and first phase (2024-2026) (As of 1 Jan 2023 [ICAO document: CORZIA States for Chapter 3 State Pairs](#)):

1. UAE
2. KSA
3. Qatar
4. Oman
5. Iraq

1.2. This represent approximately 22% of the total ACAO members (22 Arab countries).

2. Airplane operators attribution submission

2.1. ARAB states submitted list of airplane operators attributed to States for the purposes of CORZIA implantation in 2021 ([CORZIA Aeroplane Operator to State Attributions](#)).

#	State	# of Operators
1	Algeria	2
2	Bahrain	-
3	Comoros	2
4	Egypt	6
5	Djibouti	-
6	Iraq	2
7	Jordan	4
8	Kuwait	-
9	Lebanon	2
10	Libya	-
11	Mauritania	1
12	Morocco	2
13	Oman	2
14	Palestine	-
15	Qatar	3
16	Saudi Arabia	5
17	Somalia	3
18	Sudan	3
19	Syria	2
20	Tunisia	7
21	United Arab Emirates	7
22	Yemen	1
Total		54

2.2. (17) ACAO Member States submitted the list of operators are in comply with CORZIA requirement. Representing 77% of the Total ACAO Member States.

3. ACAO Member States benefited from the ACT – CORSIA

- 3.1. **Scope:** Providing on-site training, and to closely follow-up on the preparation and implementation of the recipient States' CORSIA MRV system (in particular on the development and approval of Emissions Monitoring Plans, as well as on the establishment of national and/or regional regulatory frameworks).

CORSIA Buddy Partnerships – 3rd Phase (2020-2022)		
#	Requesting States	Supporting States
1	KSA	FRANCE
2	ALGERIA	
3	MOROCCO	
4	TUNISIA	
5	MAURITANIA	CANADA FRANCE
6	DJIBOUTI	
7	COMOROS	ITALY
8	SOMALIA	
9	SUDAN	NIGERIA
10	Bahrain	QATAR
11	IRAQ	
12	LIBYA	
13	KUWAIT	
14	OMAN	

4. ACAO Member States engagement overview

#	State	Signed Participating in CORSIA	Submitted operators list	ACT – CORSIA Requesting States	ACT – CORSIA Supporting States
1	Algeria	NA	Yes	Yes	NA
2	Bahrain	NA	-	-	NA
3	Comoros	NA	Yes	Yes	NA
4	Egypt	NA	Yes	Yes	NA
5	Djibouti	NA	-	Yes	NA
6	Iraq	NA	Yes	Yes	NA
7	Jordan	NA	Yes	Yes	NA
8	Kuwait	NA	-	-	NA
9	Lebanon	NA	Yes	-	NA
10	Libya	NA	-	Yes	NA
11	Mauritania	NA	Yes	Yes	NA
12	Morocco	NA	Yes	Yes	NA
13	Oman	Yes	Yes	Yes	NA
14	Palestine	NA	NA	NA	-
15	Qatar	Yes	Yes	NA	Yes
16	Saudi Arabia	Yes	Yes	Yes	NA
17	Somalia	NA	Yes	Yes	NA
18	Sudan	NA	Yes	Yes	NA

#	State	Signed Participating in CORSIA	Submitted operators list	ACT – CORSIA Requesting States	ACT – CORSIA Supporting States
19	Syria	NA	Yes	-	NA
20	Tunisia	NA	Yes	Yes	NA
21	United Arab Emirates	Yes	Yes	NA	NA
22	Yemen	NA	Yes	NA	NA

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