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## WORKING PAPER

### ASSEMBLY — 41ST SESSION

#### EXECUTIVE COMMITTEE

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

#### INTERNATIONAL AIR TRANSPORT ASSOCIATION (IATA) VIEWS ON THE CARBON OFFSETTING AND REDUCTION SCHEME FOR INTERNATIONAL AVIATION (CORSIA)

(Presented by International Air Transport Association (IATA))

#### EXECUTIVE SUMMARY

IATA recognizes the excellent work undertaken since the 40th ICAO Assembly by the Council with the contribution of CAEP. IATA strongly supports the ICAO Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) as a critical element of ICAO's basket of measures and industry's own strategy to address its impact on climate change. Noting the decision of the Council (June 2020), in light of the severe impacts of COVID-19 on international aviation and ensure its continued viability, IATA urges that the baseline for CORSIA for the remainder of the program (through 2035) should be 2019 emissions (one hundred percent (100%) of 2019 emissions).

The working paper also notes that the implementation of CORSIA avoids the need for duplicative carbon pricing measures to be applied to international aviation emissions on a regional, national or subnational basis and underlines that CORSIA was adopted with the recognition it should be the only market-based measure applied to international flights and on the basis that emissions should not be accounted for more than once.

**Action:** The Assembly is invited to:

- agree the CORSIA baseline after the pilot phase will be calculated using 2019 emissions only and explicitly affirm 2020 emissions will not be used;
- agree the CORSIA baseline will be one hundred percent (100%) of 2019 emissions; and
- reaffirm the principles that CORSIA is to be the only market-based measure applying to CO<sub>2</sub> emissions from international aviation, market-based measures should not be duplicative and international aviation CO<sub>2</sub> emissions should be accounted for only once.

<i>Strategic Objectives:</i>	This working paper relates to Strategic Objective – <i>Environmental Protection</i> .
<i>Financial implications:</i>	Not applicable

<sup>1</sup> English, Arabic, Chinese, French, Russian and Spanish versions provided by IATA.

<i>References:</i>	Doc 10140, Assembly Resolutions in Force (as of 4 October 2019) C-WP/15393, <i>Draft Assembly working paper – Carbon Offsetting and Reduction Scheme for International Aviation (CORSA)</i>
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## 1. INTRODUCTION

1.1 In the years leading up to the 39th Session of the ICAO Assembly, the commercial aviation industry advocated strongly for a single global market-based measure (MBM) as an important means of helping the industry achieve three goals it had adopted in 2009: a short-term efficiency improvement goal of 1.5% per annum; a mid-term goal to cap net CO<sub>2</sub> emissions through carbon-neutral growth; and a long-term goal to halve net aviation CO<sub>2</sub> emissions by 2050 when compared with 2005 levels.

1.2 These goals were adopted based on industry's assessment that in-sector advances in technology, sustainable aviation fuels (SAF), operational efficiency and infrastructure could ensure the sustainable growth of the aviation industry, allowing aviation to meet the increasing demand for air transport from passengers and shippers while reducing its climate change impact. The industry also recognized that a global MBM would be needed to fill any remaining emissions gap until the other in-sector measures could take full effect.

1.3 IATA and the broader industry devoted substantial time and resources to support CAEP working groups and technical analysis for the adoption of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA). Accordingly, IATA strongly welcomed the 39<sup>th</sup> ICAO Assembly's adoption in 2016 of the CORSA<sup>2</sup> and the 40<sup>th</sup> ICAO Assembly's determination that CORSA "is the only global market-based measure applying to CO<sub>2</sub> emissions from aviation so as to avoid a possible patchwork of duplicative State or regional MBMs."<sup>3</sup> IATA also provided critical support for capacity-building activities to implement CORSA and to develop and support the adoption of the ICAO Standards and Recommended Practices (SARPs) for monitoring, reporting, and verification (MRV) pursuant to Annex 16, Volume IV of the Chicago Convention, which were adopted by the ICAO Council in June 2018. CORSA – as the first global MBM for any sector – represents a tremendous achievement and attests to ICAO's leadership and effectiveness in addressing the impact of international aviation on climate change. IATA is gratified to have played a critical role in ensuring CORSA's development, adoption and implementation.

1.4 In the face of the devastating economic impact of the COVID-19 pandemic on commercial air carriers the industry strengthened its commitment to address climate change. In October, 2021 IATA passed a resolution committing its member airlines to achieve net-zero carbon emissions from their operations by 2050 (NZC 2050), aligning airlines with the objectives of the Paris agreement to limit global warming to 1.5°C. Comprehensive empirical analyses (including industry's *Waypoint 2050*<sup>4</sup> analysis) recognized that in-sector advances in technology, SAF, operations and infrastructure will provide the vast majority of emissions reductions needed to enable the industry to meet its ambitious NZC 2050 goal. In-sector measures will directly and permanently decarbonize aviation and – as has always been envisioned – minimize the need to rely on out-of-sector measures like offsets to achieve the NZC 2050 goal.

1.5 The commercial airline industry continues to strongly support CORSA. We greatly appreciated the decision of the ICAO Council in June 2020 to safeguard CORSA in light of the severe

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<sup>2</sup> [Assembly Resolution A39-3, paragraph 9]

<sup>3</sup> [Assembly Resolution A40-19, paragraph 18]

<sup>4</sup> Air Transport Action Group *Waypoint 2050*, 2021: [www.aviationbenefits.org/W2050](http://www.aviationbenefits.org/W2050)

impacts of the COVID-19 pandemic by adjusting the baseline for the program, providing that 2019 emissions would be used instead of 2020 emissions for the pilot phase (2021-2023).

1.6 We urge the Assembly to continue to safeguard and ensure the continued viability of CORSIA by extending the use of 2019 emissions only instead of an average of 2019 / 2020 emissions for the CORSIA baseline (adopting a 100% of 2019 emissions as the CORSIA baseline) until 2035.

## **2. CORSIA IS A CRITICAL ICAO ACHIEVEMENT THAT MUST BE STRENGTHENED**

2.1 One – if not the most significant – attribute of CORSIA is that it is internationally agreed, bringing global climate benefits to address a global problem. The agreement brought harmonized emissions monitoring, reporting and verification worldwide beginning in 2019. Further, the unique “opt-in” structure for States during the first six years of the program fostered the broad participation of States with developing and emerging economies to join States with developed economies in concrete climate action. Together with ICAO’s adoption of the first-of-its kind Aircraft CO<sub>2</sub> Emissions Standards, CORSIA demonstrates ICAO’s ability to establish sound, effective policy to address international aviation’s climate impact. Indeed, CORSIA has been exalted as an example for other entities to address emissions. Strengthening CORSIA is critical to preserving and reinforcing ICAO’s role as the appropriate international forum for addressing the international aviation’s climate impact as recognized under the United Nations Framework Convention on Climate Change and the Paris Climate Change Agreement that ICAO supports.

## **3. THE 100% 2019 EMISSIONS BASELINE ENSURES THE PURPOSE AND ENVIRONMENTAL INTEGRITY OF CORSIA**

3.1 The purpose of CORSIA has always been to stabilize emissions by establishing a mechanism that will require offsetting to achieve carbon neutral growth. In other words, the purpose of CORSIA is not and was never envisioned to be to require offsetting *per se* but rather to ensure emissions from international aviation are stabilized by requiring offsetting – as far as is necessary – to accomplish this objective. Thus, the measure of whether the environmental integrity of CORSIA is maintained is not whether a certain level of offsetting is being implemented, but whether CORSIA is ensuring that emissions from international aviation are being stabilized at the ambitious level as envisioned by ICAO when it agreed to adopt the program. Applying the 100% 2019 emissions baseline through 2035 will serve that purpose.

3.2 When ICAO adopted CORSIA the baseline was set using an average of verified 2019 and 2020 CO<sub>2</sub> emissions data, with analyses projecting 2020 emissions to be higher than 2019 emissions. The purpose of a two-year baseline for this global program was to account for small market disruptions such as air traffic closures due to a volcanic eruption in a particular region. However, the ICAO Member States never envisioned a disruption anywhere near as significant as that caused by the COVID-19 pandemic. Accordingly, in June 2020 the ICAO Council decided to use 2019 data, thus ensuring that international aviation CO<sub>2</sub> emissions will not exceed 2019 levels and maintaining the intent of the program. The same rationale and intent apply equally in present circumstances. Indeed, adopting a new, lower baseline merely to ensure “some” level of offsetting is required is contrary to the fundamental purpose of CORSIA – to cap emissions from international aviation at the level the anticipated 2019-2020 average baseline would establish. The 100% 2019 emissions baseline is fully consistent with (in fact, somewhat more ambitious than) the main purpose of CORSIA: to stabilize international aviation emissions at the level anticipated when the program was established.

3.3 Just as importantly, the 100% emissions baseline will ensure CORSIA’s role within ICAO’s broader strategy for driving emissions from the aviation sector is maintained. Offsetting under CORSIA was never intended to replace in-sector measures or to make fuel efficiency any less of a day-to-day priority. To the contrary, the 40<sup>th</sup> ICAO Assembly “affirmed the preference for the use of aircraft

technologies, operational improvements and sustainable aviation fuels that provide environmental benefits within the aviation sector” and emphasized “the role of CORSIA to complement a broader range of measures to achieve the global aspirational goal without imposing inappropriate economic burden on international aviation.”<sup>5</sup> Under the adopted “basket of measures” strategy in-sector measures are to be preferred with CORSIA intended to complement in-sector measures as needed to stabilize the sector’s emissions without compromising its ability to invest in development and deployment of in-sector measures that will result in lasting, structural emissions reductions.

3.4 Importantly, the sector has undertaken comprehensive analysis of emission reduction strategies which confirms over 90% of emissions reductions needed to achieve its NZC 2050 goal will come from in-sector measures, with 53% to 71% coming from SAF deployment, 12% to 34% from new aircraft and engine technologies and 7% to 10% from continued improvements in operational and infrastructure efficiency. In contrast, only 6% to 8% of emissions reductions needed to achieve the NZC 2050 goal will come from out-of-sector opportunities like offsets. CORSIA has been painstakingly designed to ensure the integrity of such offsets so that they verifiably mitigate emissions, providing the sector with the flexibility—to the degree needed – to stabilize international aviation emissions. Setting a lower baseline would only divert resources from in-sector actions that will structurally and permanently reduce the sector’s emissions. Indeed, adopting a lower, ostensibly “more ambitious” baseline for CORSIA would only undermine ICAO’s existing climate policy and actually frustrate efforts to achieve its ambitious climate change goals.

3.5 IATA is also concerned that adopting a lower baseline will jeopardize the continued viability of CORSIA by discouraging participation in the program. Because lowering the baseline will increase cost impacts of CORSIA beyond levels forecast many states may be less inclined to volunteer for the first phase and current volunteers may reconsider their earlier decisions to safeguard the interest of their national air transport system and its connectivity. IATA does recognize the concern raised by some States that the COVID pandemic has unbalanced the “equities” struck when the program was adopted in that current forecasting indicates offsetting requirements during the pilot and first phase will be lower than anticipated while offsetting requirements in the mandatory second phase will be comparable to the levels anticipated. IATA believes this potential imbalance can be addressed by adjusting the calculation of the individual growth factor

#### 4. **ICAO SHOULD REAFFIRM AND REINFORCE THAT CORSIA IS THE ONLY MEASURE FOR ADDRESSING INTERNATIONAL AVIATION EMISSIONS**

4.1 CORSIA was adopted with a recognition it is to be the only market-based measure applied to international flights and on the basis that emissions should not be accounted for under separate regional or State measures. The 40th ICAO Assembly explicitly affirmed these principles in Assembly Resolution A40-19, paragraph 18, which:

*Determines* that the CORSIA is the only global market-based measure applying to CO<sub>2</sub> emissions from international aviation so as to avoid a possible patchwork of duplicative State or regional MBMs, thus ensuring that international aviation should be accounted for only once.

4.2 Unfortunately, some States are applying or considering the application of State and/or regional carbon pricing instruments or ticket taxes to address emissions from international aviation that will be covered by CORSIA. Some of these policies include elements that trigger their application where CORSIA is unilaterally deemed insufficient either in terms of its coverage of international aviation operations (e.g., objecting to narrow, internationally agreed exemptions for certain States) or basis for calculating offsetting requirements (e.g., objecting to the internationally agreed CORSIA baseline). Such

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<sup>5</sup> A40-19, paragraphs 2, 4 (emphasis added); see also A40-19, paragraph 16.

policies not only contradict the international commitments of these States they also undermine multilateral efforts to deal with climate change. As such we respectfully request the 41st Assembly to reaffirm and reinforce the principles that CORSIA will be the single MBM applied to international aviation and States will not apply measures to cover international emissions covered by CORSIA by including the following paragraph in its resolution:

[The Assembly] *Determines* that the CORSIA is the only global market-based measure applying to CO<sub>2</sub> emissions from international aviation so as to ~~avoid a possible patchwork of~~ preclude duplicative State or regional MBMs, understanding duplicative MBMs include those that would apply to international emissions already covered by CORSIA through exemptions and/or offsetting requirements, thus ensuring that international aviation should be accounted for only once.

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