



DIRECTORS GENERAL OF CIVIL AVIATION-MIDDLE EAST REGION

Fourth Meeting (DGCA-MID/4) (Muscat, Oman, 17-19 October 2017)

Agenda Item 7: Environmental Protection

THE GLOBAL COMPENSATION PLAN FOR PARTICIPATING IN CARBON OFFSETTING AND REDUCTION SCHEME FOR INTERNATIONAL AVIATION (CORSA)

(Presented by AACO)

SUMMARY

The aim of this working paper is to provide a summary of the recent developments in the area of developing necessary mechanisms for the international scheme (known as CORSIA) adopted by ICAO in its 39th Session of the General Assembly. The paper also presents the outcomes of ICAO's work forces' efforts concerning the development of necessary mechanisms for implementing this scheme. It also sheds light on essential issues that affect the interests of Arab aviation companies.

1. INTRODUCTION

1.1. In its 39th Session of the General Assembly held in Montreal from September 26 to October 7, 2016, ICAO and the Member States adopted a resolution on aviation and the environment protection related to ICAO's Carbon Offsetting and Reduction Scheme for International Aviation (CORSA). In its 49th Session of the General Assembly, AACO has adopted a resolution in which it welcomed the resolution adopted by ICAO's 39th Assembly on aviation and the environment protection which defines a working mechanism for the implementation of the global scheme. AACO affirmed that environmental issues related to aviation must always be dealt with through the texts and the principles of ICAO that has established the main structure of the global scheme for dealing with the environmental impact of air transport.

1.2. ICAO works through its Executive Board and task forces on defining how the global scheme mechanisms, which have been approved by all States, will be put into effect starting from 2017 to be submitted to the 40th General Assembly of ICAO for approval in 2019 with respect to:

1. The calculation of the baseline that determines the compensation requirements for the countries participating in the global scheme;
2. The working mechanism and the criteria for emissions monitoring and audit system;
3. The criteria for CO₂ emissions certificates;
4. The establishment of a consolidated central registry for carbon certificates under the umbrella of ICAO.

1.3. Through its task forces, ICAO will make recommendations to the ICAO Council to be ratified at its meeting to be held in June 2018. These recommendations are in form of Standards and Recommended Practices (SARPs). The ratification of SARPs falls within the jurisdiction of the Council rather than the General Assembly of the ICAO. After being ratified, SARPs will be added to Annex 16 of Chicago Convention.

2. DISCUSSION

2.1. There is a number of issues that will have a negative impact on the aviation companies, if they are adopted by ICAO. These issues require support from the Arab States, particularly those who are members of the ICAO Council. What follows are some of these issues:

1. The Application of Emissions Monitoring and Audit System

- Emissions Monitoring and Audit System is used to monitor the quantity of CO₂ emission resulting from aviation. The quantity of CO₂ emission is calculated based on the actual use of fuel and audited by certified auditors to make sure it is correct. Each aviation company must pay compensation for each ton of CO₂ emissions produced by its airplanes.
- The global scheme will require each aviation company to develop a plan for monitoring and auditing CO₂ emissions. The plan will include information on the operator, the fleet, and the operation details. The plan will also provide details on the techniques used by the aviation company to monitor the use of fuel, calculate emissions, and manage emission data.
- Both States and aviation companies have to carry out structural changes, provide the work force and expertise necessary for developing emissions monitoring and audit plan, and train special cadres for preparing and implementing the plan, which will take a long time.
- ICAO will not publish any information on emissions monitoring and audit rules before its Council ratifies the SARPs. Consequently, this will affect aviation companies since the application of these rules and meeting the requirements of Emissions Monitoring and Audit System requirements will take much time and a huge financial cost. That is because the companies will have to introduce structural changes for providing necessary systems and resources.

2. Emissions Unit Criteria (EUC)

- Although ICAO's work forces have agreed on the Emissions Unit Criteria, these criteria are only known to the States that are members of the ICAO's work forces.

There are some attempts by some States to exclude the projects they have established before 2016. It was agreed that certain criteria would be established to identify the projects that could be excluded based on their environmental efficiency. Some States, however, are trying to reopen discussions for getting an approval on full exception. There was an attempt to put limits on carbon markets, yet this is contrary to aviation companies' demand that carbon markets be open to trading without restrictions. The more market restrictions, the lower the proportion of certificates traded. Thus, the purchase of certificates increases in response to the increase in demand.

3. Transparency and Data Dissemination

- ICAO proposes some provisions related to transparency and the dissemination of data through the central registry and emission units of the global scheme. The task forces discussed the quality of data that ICAO should publish on the one hand and each country on the other. There is an attempt to publish detailed data on the rate of compensation for each country, the companies registered within it, the amount of CO2 emission per flight, and other things. A compromise was reached that ICAO would publish information on emission offsetting and the cancelled emissions units at the State level. This is not particularly necessary for States that manage a small number of operators. ICAO should restrict the publication of the data worldwide.

3. ACTION BY THE MEETING

3.1 Requesting the Arab States participating in ICAO's work forces or the members of the ICAO Council to support the position of the Arab aviation companies in the subjects explained in Clause 2, as follows:

- a) ICAO should publish information on the audit and monitoring of emissions as soon as possible and even before its approval by the ICAO Council so that States and aviation companies can develop mechanisms for its application.
- b) There should be no restrictions on carbon markets that would limit the liquidity of certificates if these markets have the required environmental efficiency. The more restrictions, the lower the supply and the higher the prices. We can accept the validation of certificates, provided that certain criteria should be developed for the selection of eligible projects and the exclusion of projects that fail to meet the requirements.
- c) ICAO should not publish detailed or commercial information; only necessary information for implementing the global scheme should be published. It is necessary for ICAO to ensure that no commercial or sensitive information is published.

-END -