

**57th CONFERENCE OF
DIRECTORS GENERAL OF CIVIL AVIATION
ASIA AND PACIFIC REGIONS**

*Incheon, Republic of Korea
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AGENDA ITEM 7: AVIATION AND ENVIRONMENT

**INDUSTRY VIEWS ON CARBON OFFSETTING AND
REDUCTION SCHEME FOR INTERNATIONAL AVIATION
PERIODIC REVIEW**

Presented by the International Air Transport Association (IATA)

SUMMARY

The discussion paper presents industry's view that reintroducing 2020 emissions into the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) baseline would create disproportionate impacts on individual carriers due to varying COVID-related measures imposed by different jurisdictions in 2020. The industry supports using only 2019 emissions as the CORSIA baseline beyond its pilot phase. Using 2019 as the sole reference year will ensure that baseline emissions reflect normal air transport activities for all categories of operators in all States. If emissions from international aviation do not exceed 2019 levels and do not generate offsetting requirements under CORSIA in early years, due to a sluggish recovery from the pandemic, this should not imply that CORSIA is ineffective or lacks ambition.

Action: The Conference is invited to:

- a) recognize the impacts of including 2020 emissions in the CORSIA baseline and any other CORSIA design elements;
- b) support the use of 2019 emissions only as the CORSIA baseline from 2024 to 2035; and
- c) support CORSIA as the only global market-based measures for international aviation and multilateral approach under ICAO to address emissions from international aviation.

INDUSTRY VIEWS ON CARBON OFFSETTING AND REDUCTION SCHEME FOR INTERNATIONAL AVIATION PERIODIC REVIEW

1. BACKGROUND

1.1 The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) was adopted by the 39th session of the ICAO Assembly in 2016. IATA and the airline industry fully support CORSIA as the only global market-based carbon offsetting scheme for the industry and recognize its role in contributing towards the commitment of airlines to achieve net zero carbon by 2050, alongside other contributors such as sustainable aviation fuels (SAF), new aircraft technologies and more efficient operations and infrastructure improvements.

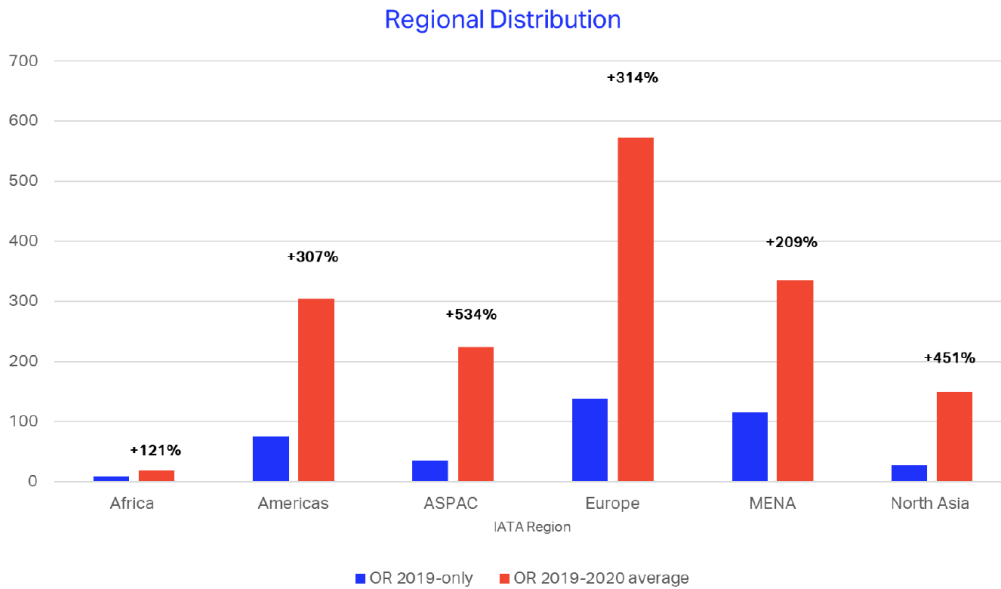
1.2 In June 2020, the ICAO Council decided to exclude 2020 emissions from all CORSIA's design elements and use 2019 emissions only for the pilot phase. IATA and the airline industry welcomed this decision because it is a safeguard against inappropriate economic burden on operators caused by the impacts of COVID-19.

1.3 The industry notes that there have been discussions about generating offsetting requirements under CORSIA from 2024 by using a 2019-2020 baseline. The industry is very concerned that reintroducing 2020 emissions into the CORSIA baseline would create disproportionate impacts on individual carriers due to varying COVID-related measures imposed by different jurisdictions and supports using only 2019 emissions as the CORSIA baseline beyond its pilot phase.

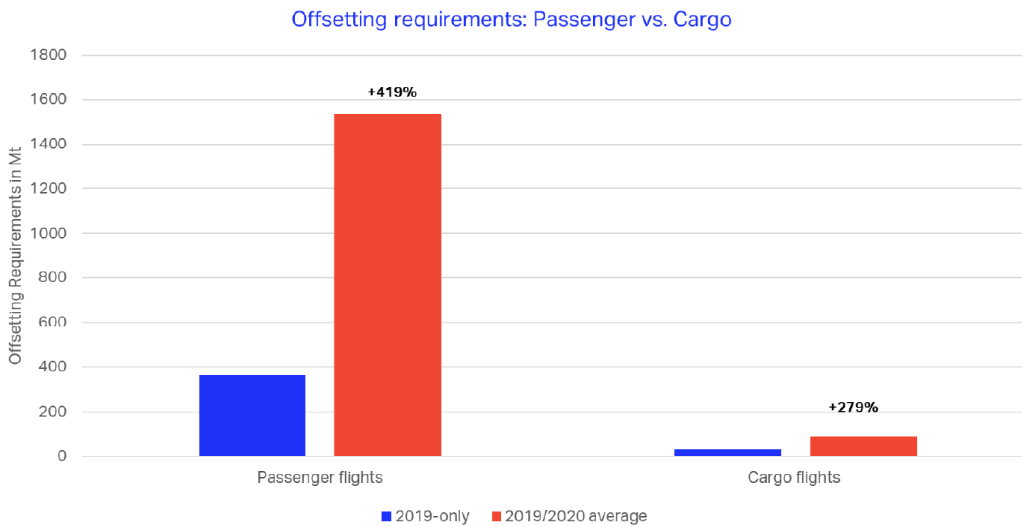
2. IMPACTS OF REINTRODUCING 2020 EMISSIONS INTO THE CORSIA BASELINE

2.1 International air traffic was decimated in 2020 because of COVID-19. Global international passenger demand (RPKs) decreased by 75.6% compared to 2019. IATA estimates that, in 2020, emissions from international aviation dropped to pre-1990 levels (approximately 187 million tonnes of CO₂). If 2020 emissions are used to determine CORSIA baseline emissions, the net emissions level that would need to be met by international civil aviation would no longer be reflective of the aspirational goal adopted by ICAO in 2010 and supported by the airline industry and ICAO Member States. Data from the CORSIA Central Registry shows that if the baseline is calculated using 2019 and 2020 average emissions, net emissions from international aviation would need to be stabilized around 435 million tonnes, which is equivalent to the sector's emissions in 2012.

2.2 COVID-19 impacted the international air traffic for regions to different extents. For example, Asia-Pacific airlines' international traffic plunged 80.3% in 2020 compared to 2019, while African airlines' international traffic fell 69.8% for the same period. Beyond having accentuated regional differences, the impact of the COVID crisis on individual carriers is even more pronounced: some will re-emerge faster, while others will be more durably affected. The duration and severity of COVID-related travel restrictions in 2020 will also directly impact the compliance costs under CORSIA for individual carriers out to 2035, with notable differences between regions and States. This is partly because some operators were able to continue operating during the COVID crisis, while others were largely grounded over extended periods in 2020. The graph below shows the disparities of offsetting requirements growth (Mt) across different regions should a 2019-2020 average baseline apply.



2.3 An area where this becomes particularly apparent is in the different impacts of the COVID crisis between passenger and cargo airlines, as illustrated in the graph below.



2.4 The ICAO Council agreed at its 220th Session that, to avoid placing an inappropriate economic burden on aeroplane operators, actual 2020 emissions should not be used for three CORSIA design features (CORSIA baseline, the reference year for calculating offsetting requirements for the pilot phase, and the new entrant threshold). The ICAO Council also acknowledged that, initially when the use of the 2019-2020 average for the CORSIA baseline was established, this was done based on forecasts that could not envisage exceptional circumstances such as those deriving from the impact of COVID-19. Therefore, using 2020 to determine the CORSIA baseline would nullify the core purpose of operative clause 16 of Assembly Resolution 40-19, which is to provide safeguards in CORSIA. Using 2020 to determine the CORSIA baseline would impose an inappropriate economic burden on international aviation, as well as on individual operators due to the differentiated impacts of the COVID-19 crisis. Should an average of 2019-2020 emissions be considered for CORSIA’s baseline, the distribution of offsetting obligations would significantly distort the intention of the original CORSIA agreement.

3. MAINTAINING 2019 EMISSIONS ONLY AS THE CORSIA BASELINE FROM 2024 TO 2035

3.1 For CORSIA’s first phase 2024-2026 and second phase 2027-2035, the industry recommends extending the ICAO Council’s June 2020 decision to use 2019 emissions only as the CORSIA baseline.

3.2 Using 2019 as the sole reference year will ensure that baseline emissions reflect normal air transport activities for all categories of operators in all States. If emissions from international aviation do not exceed 2019 levels and do not generate offsetting requirements under CORSIA in early years, due to a sluggish recovery from the pandemic, this should not imply that CORSIA is ineffective or lacks ambition.

3.3 The ICAO Assembly noted that “the role of CORSIA is to complement a broader package of measures to achieve the global aspirational goal”, underlining the subsidiary nature of offsetting and the role of CORSIA as a gap filler. In the early phases of CORSIA, net emissions would remain at levels agreed by ICAO Member States, due to the collapse in international traffic caused by the COVID crisis and a slower than anticipated recovery.

3.4 As noted in Paragraph 1.1, the industry is committed to reaching net-zero carbon emissions by 2050 across global commercial operations (domestic and international). The industry supports the adoption of a sector-wide ICAO long-term aspirational goal for aviation climate action at the 41st Session of the ICAO Assembly. CORSIA is an important out-of-sector contributor which, together with other in-sector solutions, is essential in helping the industry achieve this goal. It is imperative that 2019 emissions only be used as the CORSIA baseline from 2024 to 2035 in order to maintain the integrity of CORSIA according to its design and to keep it as the only global market-based carbon offsetting scheme for the industry.

4. SUPPORT THE EXCLUSIVITY OF CORSIA AS THE ONLY GLOBAL MARKET-BASED MEASURE FOR INTERNATIONAL AVIATION

4.1 The ICAO Assembly stipulates that “CORSIA is the only global market-based measure applying to CO₂ emissions from international aviation so as to avoid a possible patchwork of duplicate State or regional MBMs, thus ensuring that international aviation CO₂ emissions should be accounted for only once.” This principle is unanimously recognized by ICAO member States, including representatives of EU Member States.

4.2 The industry is extremely concerned and disappointed about the recent EU Parliament decision to expand the application scope of EU ETS, covering all the international departures from EEA to third countries outside EU. A unilateral approach of such will undermine multilateral efforts to mitigate aviation’s emissions. The signal by the EU that it is moving away from CORSIA agreement will inevitably distract from the multilateral cooperation that is essential for any increased ambition for international aviation to address climate change, in particular, the adoption of a long-term aspirational goal for the decarbonization of aviation by States at ICAO 41st Assembly.

4.3 The EU ETS amendments adopted by EU Parliament will be subject to further review of EU Council. The industry calls for member States in the region to engage with EU member States and the EU to urge avoidance of provisions which bring about extraterritorial effects.

5. ACTION BY THE CONFERENCE

5.1 The Conference is invited to:

- a) *recognize* the impacts of including 2020 emissions in the CORSIA baseline and any other CORSIA design elements;
- b) *support* the use of 2019 emissions only as the CORSIA baseline from 2024 to 2035; and
- c) *support* CORSIA as the only global market-based measures for international aviation and multilateral approach under ICAO to address emissions from international aviation.

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