



WORKING PAPER

ASSEMBLY — 40TH SESSION

EXECUTIVE COMMITTEE

Agenda Item 17: Environmental Protection – Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)

IATA VIEWS ON CORSIA MRV AND EMISSIONS UNITS

(Presented by the International Air Transport Association (IATA))

EXECUTIVE SUMMARY

IATA recognizes the excellent work undertaken since the 39th ICAO Assembly by the Council with the contribution of CAEP. We consider it fundamental that the MRV SARPs were adopted as the new Volume IV of Annex 16 to the Chicago Convention. This will ensure the necessary level of uniformity in regulations which our industry needs and which is recognized by both Article 37 of the Chicago Convention and ICAO Assembly Resolution A39-22. It is of the utmost importance that all ICAO Member States comply in all respects with Annex 16, Volume IV and to ensure that their own domestic regulations are fully aligned with the SARPs. IATA also commends the critical work that has been undertaken in the Council on emissions unit criteria in accordance with Paragraph 20 of Assembly Resolution A39-3. We are confident that the emissions unit criteria provide a robust framework for the evaluation of offset programs and project types and that their application will strike an appropriate balance between ensuring that eligible emissions units bring about genuine emissions reductions and market access.

Action: The Assembly is invited to:

- (a) Reaffirm the importance of minimizing market distortions under CORSIA;
- (b) Call on Member States to take the necessary actions for the compliance and enforcement of CORSIA, in accordance with Annex 16, Volume IV;
- (c) Note IATA's view that maintaining broad access for aeroplane operators to the carbon market is important, while ensuring the environmental integrity of eligible emissions units; and
- (d) Note IATA's view that it is critical that the ICAO Council reaches a decision on CORSIA eligible emissions units in 2020 at the very latest.

<i>Strategic Objectives:</i>	This working paper relates to Objective: Environmental Protection
<i>Financial implications:</i>	Not applicable
<i>References:</i>	Doc 10075, Assembly Resolutions in Force (as of 6 October 2016)

1. INTRODUCTION

1.1 IATA views CORSIA as a critical element of the industry's strategy to mitigate its impact on climate change.

1.2 IATA recognizes the excellent work undertaken since the 39th ICAO Assembly by the Council with the contribution of CAEP. We appreciate that the process of putting together a global package requires some reasonable compromises to reach a balanced approach. We therefore fully support the Annex 16, Volume IV and implementation elements.

1.3 We consider it fundamental that the MRV SARPs were adopted as the new Volume IV of Annex 16 to the Chicago Convention. This will ensure the necessary level of uniformity in regulations which our industry needs and which is recognized by both Article 37 of the Chicago Convention and ICAO Assembly Resolution A39-22.

2. MONITORING, REPORTING AND VERIFICATION OF EMISSIONS

2.1 In paragraph 20 of Assembly Resolution A39-3, ICAO's Member States requested that all Member States develop the necessary arrangements, in accordance with the MRV SARPs, for implementation of an MRV system from 1 January 2019.

2.2 Uniformity in the implementation of CORSIA is key not only to prevent market distortions, but also to preserve the environmental integrity of CORSIA. To the extent that any State may seek to apply different requirements from those established by the SARPs, it is our view that this could upset the careful structure of Annex 16, Volume IV, and set a negative precedent against the integrity of the scheme.

2.3 The industry is concerned that the filing of differences against the MRV requirements will lead to market distortions and allow some operators to benefit from more lenient requirements than their competitors administrated by other ICAO Member States. This is particularly true for differences that affect fundamental elements of fuel monitoring, such as emissions factors, fuel monitoring methodologies or the scope of reporting.

2.4 Therefore, IATA invites the Assembly to reaffirm the importance of minimizing market distortions under CORSIA and strongly supports the wording in paragraph 19 of the Appendix to A40-WP/059, which calls on Member States to take the necessary actions for the compliance and enforcement of CORSIA, in accordance with the timeline set forth by Annex 16, Volume IV.

3. EMISSIONS UNITS

3.1 IATA strongly supports the critical work that has been undertaken in the Council on emissions unit criteria in accordance with Paragraph 20 of Assembly Resolution A39-3.

3.2 We are confident that the emissions unit criteria provide a robust framework for the evaluation of offset programs and project types and that their application will strike an appropriate balance between ensuring that eligible emissions units bring about genuine emissions reductions and market access.

3.3 In accordance with Paragraph 20 of Resolution A39-3, it is fundamental that the Council remains the sole authority to decide which emissions units can be used for CORSIA and that aeroplane operators can use any and all of the emissions units approved by the Council. This is critical to ensure all aeroplane operators can use the same emissions units for compliance with CORSIA and, thereby, create a level playing field. If operators were allowed to use different units for compliance depending on which authority they report to, this would inevitably result in significant market distortions. That situation could arise if an ICAO Member State were to allow units which are not CORSIA Eligible Emissions Units but also if a State were to impose restrictions on the use of certain CORSIA Eligible Emissions Units.

3.4 It is also important to ensure that the criteria and their application remain guided by the objective of ensuring the environmental integrity of emissions units. Any other criteria crafted to restrict the quantity of units available to aeroplane operators would be contrary to Assembly Resolutions A39-2 and A39-3 which stipulate that market-based measures should be cost-effective and should not impose inappropriate economic burden on international aviation.

3.5 IATA also supports the approach recommended to address the risk of double counting, namely that the risk of double-counting is addressed at the level where it would occur. Any potential double-use by an aeroplane operator is to be addressed through the verification of the emissions unit cancellation report, while other instances of double-counting are addressed through the emission units criterion requiring programs to have measures in place to avoid double-counting. While it is beyond the remit of ICAO, we would like to emphasize the fact that IATA believes it is critical that the issue of double-claiming – where a country which hosts emissions unit programs would count the reductions associated with units used for CORSIA towards its own mitigation pledges – be addressed in a robust and effective way in the context of the Conference of the Parties to the United Nations Framework Convention on Climate Change. Robust rules on double claiming will give aeroplane operators confidence that the emissions unit they use are not claimed by another party and that their environmental integrity is preserved.

3.6 To ensure there is a sufficient volume of eligible emissions units, it is critical that aeroplane operators have access to a broad range of units from existing offset programs and projects that meet ICAO's eligibility criteria. It is equally important that carbon markets be informed about ICAO's eligibility criteria in sufficient time to adapt their market behaviours to accommodate the eligibility criteria where necessary. The lead time for new project development and the issuance of emissions units is significant from the initial investment and project deployment to certification. Furthermore, project developers must have certainty on eligibility criteria and clear assurances that there will be demand in order to finance and develop new projects or to continue to operate existing projects. Therefore, the industry welcomes the efforts of the Council to operationalize the Technical Advisory Body and stresses that a decision on eligible emissions units must be reached in 2020 at the very latest.