



COVID-19 and CORSIA:

Stabilizing net CO₂ at 2019 “pre-crisis” levels, rather than 2010 levels.

The use of verified emissions from 2019 alone to establish the CORSIA baseline is a pragmatic and simple way to mitigate the extraordinary and unforeseeable impacts of the COVID-19 crisis on CORSIA. Using 2019 emissions would provide all stakeholders with the certainty and confidence required to ensure the successful implementation of CORSIA, whilst preserving the scheme’s environmental benefits of achieving carbon neutral growth. This would also maintain the level of ambition envisaged when CORSIA was adopted.

COVID-19 and 2020 emissions

Under CORSIA, airlines are required to purchase eligible emissions units to offset increases in CO₂ emissions above a baseline which is currently defined as the average of emissions in 2019 and 2020. However, if 2020 emissions are used in that determination, the level of net emissions that would need to be achieved by international civil aviation will no longer be reflective of the aspirational goal adopted by ICAO and supported by the airline industry:

- The most recent estimates indicate that emissions in 2020 could drop to 250 million tonnes of CO₂, which corresponds to the level of emissions some 25 years ago.
- The average of the actual emissions in 2019 and 2020 is expected to be equivalent to the sector’s total emissions in 2010.
- As a result, the CORSIA baseline would be about 30% more stringent than it would have been without the COVID-19 crisis.

IATA is highly concerned that if the level of ambition pursued through CORSIA and the cost impacts on international aviation are much higher than originally forecast, states may be less inclined to volunteer for CORSIA and indeed current volunteers may reconsider their earlier decisions in order to safeguard the interests of their national air transport systems and global connectivity. Calculating offsetting requirements against reference emissions which are 30% lower than pre-crisis levels would considerably increase the cost of airline compliance in all phases of CORSIA. This would be particularly challenging for an industry striving to recover from the financial impacts of an unprecedented crisis.

Effectiveness and ambition of CORSIA

The effectiveness of CORSIA must be measured against the goal that prompted its adoption, namely ICAO’s global aspirational goal to stabilize emissions from international aviation:

- Using 2019 emissions will maintain a level of ambition comparable to that which underpinned CORSIA’s adoption: net emissions will be stabilized at a level close to the pre-crisis forecast of around 600 million tonnes of CO₂.
- Using 2019 emissions will not impact the effectiveness of CORSIA: the 40th ICAO Assembly emphasized that “...the role of CORSIA is to complement a broader package of measures to achieve the global aspirational goal...”, thereby underlining the subsidiary nature of offsetting to the primary objective of in-sector emissions reductions.



It is imperative that the success of CORSIA is measured by the scheme's ability to stabilize net emissions in the mid-term (carbon neutral growth), rather than by the volume of carbon offsets that are required to comply with the scheme. If emissions from international aviation do not exceed 2019 levels in the early years due to a sluggish recovery, this should not imply that CORSIA is ineffective or lacks ambition. On the contrary, actual emissions would remain below the intended baseline, reducing or eliminating the need to rely on offsetting. However, IATA would regret that the outcome would not be achieved solely through advances in technology, more efficient operations, or increasing availability of sustainable fuels; but mainly as the result of significantly lower levels of traffic and an industry struggling to recover.

It should be emphasized that CORSIA was never envisaged as a mechanism for financing the carbon markets beyond what is necessary to offset the sector's emissions above the baseline. Maintaining the current baseline methodology on the justification that offsetting requirements would otherwise not be "sufficient" would go well beyond ICAO's aspirational target and likely raise widespread concerns as to the intent of CORSIA.

There are no other workable solutions

IATA's recommendation to use 2019 emissions for the determination of CORSIA's baseline is a pragmatic and simple approach to an extraordinary situation. Some have put forward the alternative method to calculate offsetting requirements during the pilot phase, as foreseen in Paragraph 11 e) i) b) of Assembly Resolution A40-19, as a suitable option to address the impacts of COVID-19 on CORSIA. However, the reality is that it would only provide some marginal relief for airlines in the first 3 years of the scheme and would not address the increased impact on airlines in any of the subsequent compliance periods.

The urgent need for clarity

IATA urges ICAO to reach a decision on this matter during the Council's 220th session in June 2020 in order to allow the necessary amendments to Annex 16, volume IV to be adopted in time for the pilot phase.

As of today, the only certainty for the sector is that the impacts of the COVID-19 crisis on international civil aviation are severe. The speed at which aviation markets will recover around the world will be dependent upon a wide variety of factors, including the severity of the pandemic within a particular country or region, the type of restrictions imposed in response to the pandemic, the rate at which those restrictions are removed, policy responses to support the aviation industry and the underlying types of demand that drive different markets.

Regardless of the near-term outlook for the aviation industry, what is important from an environmental perspective is that net emissions are stabilized from 2021 at pre-crisis levels to ensure ICAO's aspirational target can be met. Using 2019 emissions only will achieve this and the verified emissions for 2019 will be available in the coming months. In contrast, deferring a decision until verified emissions for 2020 (or later years) are available would unnecessarily delay a decision on the baseline.

Operators must be able to estimate their offsetting requirements and plan the procurement of eligible emissions units prior to the start of the pilot phase on 1 January 2021:

- Deferring the decision to a later date would create regulatory uncertainty and impact the stakeholder and market confidence that is required for the successful implementation of CORSIA;
- Deferring the decision would mean that the baseline would be confirmed only after the pilot phase has already begun, resulting in airlines being subject to a compliance mechanism whose scope is unclear and without knowing the level of stringency they will have to comply with.