CORSIA

Fact sheet

Background

In 2016, the International Civil Aviation Organization (ICAO) adopted the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) to address CO_2 emissions from international aviation. This historic decision marks the first time a single industry sector has agreed to a global market-based measure in the climate change field.

The international standards for the implementation of CORSIA have been adopted as an Annex to the Chicago Convention, which all of ICAO's 193 member states must apply from 1 January 2019.

On 1 January 2024, CORSIA started its First Phase, whereby the total number of participating States mounted to 126 and the offsetting requirements kicked off.

CORSIA baseline

Originally, the CORSIA baseline – from which airline offsetting requirements under the agreement are calculated – was agreed to be an average of 2019 and 2020 emissions from international aviation. However, in 2020 the COVID-19 crisis caused a precipitous drop in demand for air transport. For example, the Revenue Tonne Kilometres (RTK) from international air traffic in 2020 witnessed an almost 60% drop from 2019 level. As a result, the CORSIA baseline would have been significantly reduced, imposing an unexpected and severe economic burden on an already extremely weakened airline industry and contravening the spirit of the CORSIA framework agreed in 2016.

Therefore, in June 2020, the ICAO Council agreed to use 2019 emissions only as CORSIA's baseline for the period of 2021-2023. In October 2022, at its 41st Assembly, ICAO set 85% of 2019 emissions as CORSIA's baseline from 2024 until the end of the scheme in 2035: a significantly more ambitious target than originally planned, which the industry supported.

Mitigating CO_2 emissions

Offsetting is an action by a company or individual to compensate for their emissions by financing a reduction in emissions elsewhere. Offsetting and carbon markets are fundamental components of global, regional, and national emissions reduction policies. They have operated for decades for compliance purposes, or for achieving voluntary emissions reductions, and continue to be an effective mechanism to underpin action against climate change, especially in hard-to-abate sectors.

Nevertheless, the aviation sector is committed to advances in technology, operations, and infrastructure to continue to reduce its carbon emissions. Offsetting is not intended to replace these efforts. Nor would CORSIA make fuel efficiency any less of a day-to-day priority. Rather, CORSIA can help the sector achieve its climate targets in the short- and medium-term by complementing emissions reduction initiatives within the sector.

In 2021, airlines committed to reaching net zero carbon emissions by 2050. Governments followed suit at ICAO's 41st Assembly by adopting a Long Term Aspirational Goal for aviation. Achieving this ambitious goal will require both in-sector measures, including continued investment in new technologies and strong support

mechanisms for the deployment of sustainable aviation fuel, as well as out-of-sector measures, such as offsetting and carbon removals – and supporting policies from governments.

Environmental integrity

There are several ways to achieve CO_2 reductions that can be used as offsets, many of which bring other social, environmental or economic benefits relevant to sustainable development. Such offsets can be sourced from various types of activities, including, for example, deployment of renewable energy, clean cooking technologies, methane capture, forestry, and other emissions-reducing or avoidance projects.

To ensure the environmental integrity of CORSIA, the ICAO Council has approved a list of eligible emissions units that can be used for compliance. The Council's decision is informed by a recommendation from the Technical Advisory Body (TAB) and guided by environmental criteria to guarantee that emissions units deliver the required CO_2 reductions.

The criteria are based on principles commonly applied under existing trading mechanisms and well-accepted carbon offset certification standards.

- A key requirement is that the greenhouse gas reduction or removal used as an offset be 'additional' to business-as-usual activity. Offsets must also represent a permanent reduction of emissions that cannot be reversed. Similarly, an activity that generates offsets should not result in unintended increases in emissions elsewhere.

- To quantify the greenhouse gas reduction benefits from an offsetting project, a baseline must be determined to represent what would have happened if the project had not been implemented. Emissions reductions will need to be quantified using accurate measurements, valid protocols, and be audited.

- Programs will need to demonstrate that they have procedures in place to track units and to avoid emissions reductions being counted more than once towards attaining climate change mitigation.

- Emissions unit programs will also need to have safeguards in place to address environmental and social risks.

- In order to prevent double claiming, eligible programs should require and demonstrate that host countries of emissions reduction activities agree to account for any offset units issued as a result of those activities such that double claiming does not occur between the airline and the host country of the emissions reduction activity.

Reporting of emissions

Under CORSIA, all airline operators with annual emissions greater than 10,000 tonnes of CO_2 are required to report their emissions from international flights on an annual basis since 1 January 2019.

Operators must keep track of their fuel use for each individual flight in order to calculate their CO_2 emissions. They will have to apply one of the five approved fuel use monitoring methods. In certain circumstances, however, operators may be eligible to use simplified monitoring and estimate their emissions using the CO_2 Estimation and Reporting Tool (CERT), developed in ICAO as part of CORSIA.

To guarantee the accuracy of the data reported by operators, annual emissions reports will need to be verified by an impartial third-party verification body, prior to submission to the State. Aggregated emissions will be communicated by states to ICAO, which will publish the total emissions from individual operators, and total emissions by all operators aggregated by each state-pair.

Offsetting requirements and status quo

Offsetting requirements under CORSIA began in 2021. Upon completion of each 3-year compliance period, operators will have to demonstrate that they have met their offsetting requirements by canceling the appropriate number of emissions units.

Considering the special circumstances and respective capabilities of states, ICAO member states agreed to implement CORSIA offsetting requirements in phases.

- From 2021 until 2026 (pilot phase from 2021 to 2024; and First Phase from 2024 to 2026), only flights between states that volunteer to participate in CORSIA will be subject to offsetting requirements. CORSIA participating states for 2023 are identified in green on the map below.

- From 2027, all international flights will be subject to offsetting requirements. However, flights to and from Least Developed Countries (LDCs), Small Island Developing States (SIDS), Landlocked Developing Countries (LLDCs) and states that represented less than 0.5% of global international RTK in 2018 will be exempt from offsetting requirements unless these states participate voluntarily. States from/to which flights are expected to remain exempt after 2027 are shown in yellow on the map below.

Given the design of CORSIA, actual offsetting requirements under the scheme are expected to only begin from the year 2024 (marking the beginning of the First Phase). However, one of the most significant barriers to CORSIA compliance in its First Phase is the issue of “corresponding adjustments”.

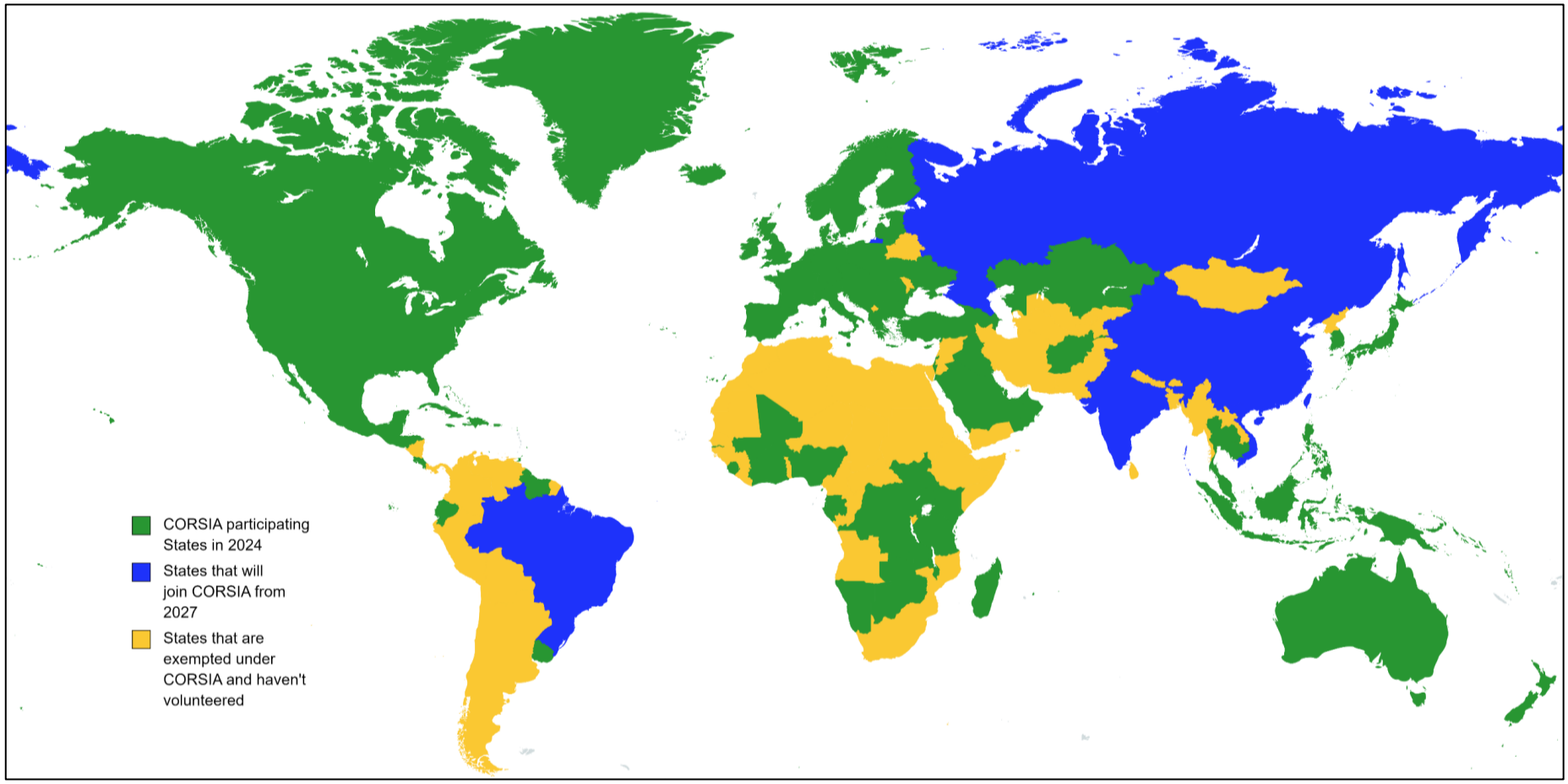
Essentially, “corresponding adjustment” is a process that must be conducted by a “host country” (the country where the CORSIA EEUs are generated) to address the concern regarding double claiming. This is to ensure that host countries do not count emissions reductions claimed by aircraft operators under CORSIA towards their national pledges under UNFCCC’s Paris Agreement. Airlines are trying to ensure that eligible emissions units (EEUs) they purchase are not included in the host country’s registry. However, the approved programs are currently hesitant to vouch for this, partly due to host countries’ lack of awareness about how or their reluctance to undertake the corresponding adjustments.

The precedent from Guyana represents a landmark that effectively unlocks the market availability of CORSIA EEUs, and also demonstrates that Article 6 of the Paris Agreement has processes in place that enable the corresponding adjustment to ensure no double claiming.

While more programs are advancing their efforts applying to be CORSIA eligible, considering the quantum of this demand and noting that the 4.64 million credits available from the Guyana project are not solely intended for use under CORSIA, there is a re-emphasis for accelerated efforts to be made by host countries to issue attestations and conduct corresponding adjustments.

IATA CORSIA Handbook

The IATA CORSIA Handbook is intended to provide information to airlines on the main elements of CORSIA and the requirements to comply with the scheme.


CORSIA participating States in 2024
States that will join CORSIA from 2027
States that are exempted under CORSIA and haven't volunteered