



Fact sheet: CORSIA & carbon pricing

CORSIA is the first global carbon pricing instrument covering an entire sector. The significance of this agreement cannot be overestimated. The agreement in ICAO was a major political achievement as the diverging views of ICAO's 193 member states were reconciled in a single mechanism which takes into account their respective circumstances and capabilities.

Domestic policies vs multilateralism

Whilst emissions from domestic aviation are subject to country-specific actions and therefore fall under the scope of the UN Framework Convention on Climate Change and the Paris Agreement, the International Civil Aviation Organization (ICAO) - the UN's specialized agency for aviation - was mandated to address emissions from international flights.

International cooperation, including in addressing environmental impacts, is critical for a sector like aviation. This is why, in 1944, signatories to the Chicago Convention on International Civil Aviation committed to collaborate in securing the highest practicable degree of uniformity in regulations and bring their domestic regulations in line with the international standards adopted by ICAO in Annexes to the Chicago Convention.

Implementing CORSIA

Political agreement for CORSIA was achieved on the condition that CORSIA would be the only market-based measure applied to international flights and on the basis that emissions should not be accounted for more than once. Unfortunately, the success of CORSIA may be jeopardized by the individual policies of some states.

Of particular concern is that some states are applying or considering the application of a carbon pricing instrument or ticket tax to address emissions from international aviation, on top of CORSIA. Such policies are not only against the international commitments of these states, they also undermine multilateral efforts to deal with climate change and put at stake the credibility of the global approach, potentially compromising the international support for CORSIA at a critical time for its implementation.

Offsetting

Offsetting and carbon markets are a fundamental component of global, regional and national emissions reduction policies. They have operated for decades for compliance purposes and voluntary emissions reductions and continue to be an effective mechanism to underpin action against climate change.

Offsetting is more effective than a tax, as a carbon tax merely requires companies to pay for their emissions, without any guarantees that the payment will lead to any emissions reductions.

CO₂ mitigation

The success of a CO₂ reduction measure should not be assessed on the basis of the compliance cost for operators, but on the basis of the CO₂ mitigation achieved.

CORSIA is a global scheme. As a result, CORSIA will overall result in a greater CO₂ mitigation in international aviation than any domestic policy for aviation can achieve. With today's 80 volunteering states (as of 12 May 2019), aviation will have to mitigate an annual average of 165 million tonnes of CO₂ under CORSIA. Annual offsetting requirements are forecast to increase from around 19 million tonnes in 2021 to 335 million tonnes by 2035.

While all flights are subject to MRV requirements, flights arriving and departing in some states will be exempt from offsetting requirements, unless if these states volunteer. The objective of all stakeholders should be to achieve the greatest coverage in CORSIA's offsetting requirements by encouraging more ICAO member states to volunteer for CORSIA. This would allow close to 3.5 billion tonnes of CO₂ - an annual average of 230 million - to be mitigated through the scheme.

Incentives to reduce emissions

Fuel is one of the most important cost items for commercial operators. In 2017, on average, fuel accounted for 21.4% of total airline operating costs.

CO₂ emissions are directly related to fuel use: when an aircraft operator emits a tonne of CO₂, it also burns 316 kg of jet fuel. With a jet fuel price of 750 USD per tonne, an operator reducing its CO₂ emissions by one tonne would save over 230 USD in fuel costs. This alone creates a very strong financial incentive to reduce fuel burn and emissions.