Background on CORSIA

The International Civil Aviation Organisation (ICAO) is currently finalising a global market-based measure, the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), to reduce international civil aviation CO₂ emissions. The market-based measure was agreed at the 2016 ICAO Assembly and is built on the support of the aviation industry for a single global carbon offsetting scheme, as opposed to a patchwork of national and regional market-based mechanisms.

CORSIA is an offsetting measure, meaning that airlines can continue to increase emissions above an agreed baseline, provided they take the proportionate offsetting measures.

The ICAO and the participating states are currently adopting the tools needed to operationalise CORSIA by 2021.

There will be a pilot phase, involving voluntary participation of states from 2021 through 2023, followed by two phases from 2024 through 2026 (voluntary) and 2027 through 2035 (mandatory for most states).

2019 calendar year will now be the baseline year for CORSIA

The dramatic reduction of international air travel due to COVID-19 has led to a change to the designated "baseline year" for CORSIA. On 30 June 2020, the ICAO Council agreed to the airline industry's request to use the calendar year of 2019 as the baseline for CORSIA rather than the originally proposed financial year 2019-20.

EU policymakers had been campaigning against such alterations as they could "seriously undermine the environmental integrity of the scheme", as CORSIA is already seen to heavily deviate from the carbon reduction goals of the Paris Agreement.

Expanded number of participants

Several new member states (including Kazakhstan, Madagascar and Honduras) have announced their intention to participate voluntarily in CORSIA's pilot phase. As of 30 June 2020, 88 states representing 76.82% of international aviation activity will be covered by the scheme from its outset.

Once a state participates in CORSIA, all the routes between that state and other participating states are covered by...
the offsetting requirements under CORSIA. Routes between a participating state and a non-participating state are exempted from the offsetting requirements, although they will still attract reporting obligations.

**Links to EU ETS**

The European Commission clarified on 11 May 2020 that CORSIA will not replace EU ETS but rather complement it. Currently, flights between European countries are covered by the EU ETS "cap and trade" scheme. ICAO wants the EU to remove these flights from its carbon market so that CORSIA would be the only market-based measure for international aviation emissions. The Commission has not yet specified how the two systems will co-exist.

**Impact of Brexit on UK-based operators**

Following its exit from the EU, the UK will cease participation in the EU ETS at the end of December 2020. The UK government has published proposals to implement a new UK-only Emissions Trading System, and to reduce the existing emissions cap by 5%, in order to support the government's 2050 net zero target. The UK ETS will cover all sectors currently regulated by EU ETS, including aviation.

Phase I of UK ETS will run from 2021-2030, which matches the length of Phase IV of EU ETS.

**CORSIA Central Registry launch**

In June 2020, ICAO announced the launch of the CORSIA Central Registry (CCR), a cloud-based application supported by a database, which will be used by participating member states to fulfil their reporting requirements. The CCR database will maintain records from ICAO member states for the entire duration of CORSIA. While information and data submitted to ICAO through the CCR will be published on the CORSIA website, access to the CCR itself is restricted to authorised users nominated by the EU member states.

**Acquiring offsets**

Airlines ought to begin planning for enhanced offsetting measures as soon as possible.

In March 2020, the Council of ICAO published a decision on which emissions units would be eligible under CORSIA. The Council's decision establishes a set of six eligible emissions units that can be used to comply with the offsetting requirements in the 2021-23 pilot phase of CORSIA. The programmes are the American Carbon Registry, the China GHG Voluntary Emission Reduction Programme, the United Nations Framework Convention on Climate Change (UNFCCC) Clean Development Mechanism (CDM), the Climate Action Reserve, the Gold Standard and the Verified Carbon Standard. The emissions units are only issued to activities which commenced from 1 January 2016 onwards and in respect of emissions reductions occurring through 30 December 2020. Thus, pre-2016 projects are excluded from counting towards CORSIA.

1. ICAO Resolution A40-19, pp. 3-4, para. 9 a), b) and e).

**Your Key Contacts**