

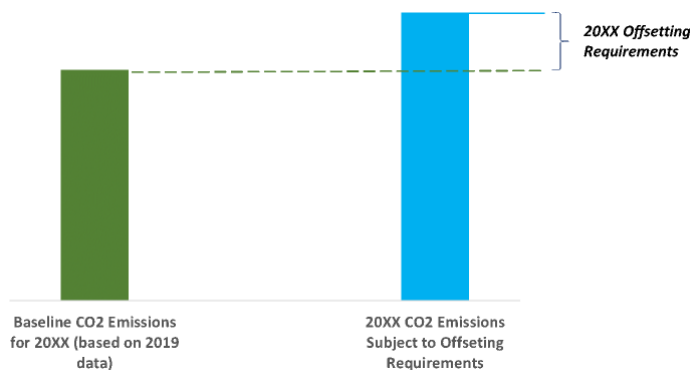
ICAO CORSIA Summary

Background

The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) is a market-based mechanism designed to help the international aviation sector reach its carbon-neutral goal from 2020 forward. CORSIA relies on the use of eligible emissions units from the carbon market to offset CO₂ emissions that are not reduced from the use of sustainable aviation fuel and/or improved operational efficiency.

In October 2022 the International Civil Aviation Organization (ICAO) set a new baseline covering the first two phases of the program. The baseline is 85% of the international aviation sector CO₂ emissions in 2019 (see below chart).

It is estimated that international aviation net CO₂ emissions in 2019 were 600 million tons per year (Mt) and target net CO₂ emissions are 510 Mt per year starting in 2024. The resulting offsetting requirements between 2024-2035 range between 600 Mt to 2,100 Mt total over the period.



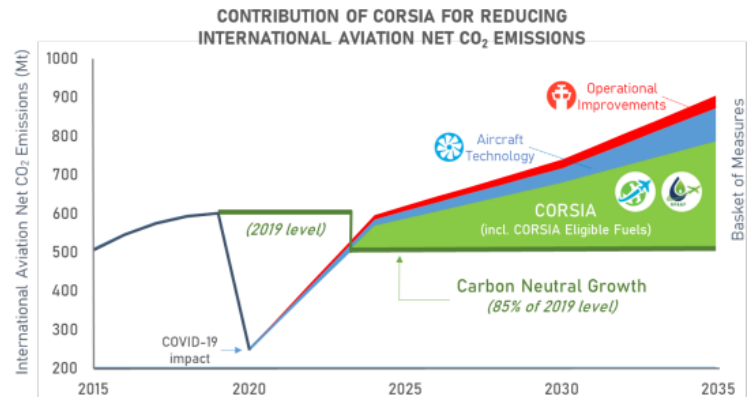
Phased Implementation

CORSIA is being implemented in three phases:

Pilot phase: from 2021 to 2023. Participation is voluntary.

Phase 1: from 2024 to 2026. Participation is voluntary. See eligible units in next section.

Phase 2: from 2027 to 2035. Participation is mandatory for most flights between almost all states. Eligible units not yet released.



Eligible Emissions Units for Phase 1, 2024-2026

American Carbon Registry (ACR)

Eligibility Timeframe: Eligible for cancellation for use toward CORSIA offsetting requirements in the 2024 – 2026 compliance period.

Eligible Unit Dates: Issued to activities that started their first crediting period from 1 January 2016 and in respect of emissions reductions that occurred from 1 January 2021 through 31 December 2026.

Scope of Eligibility: ACR Emission Reduction Tons (ERTs), including any additional certifications. No exclusions.

Architecture for REDD+ Transactions (ART)

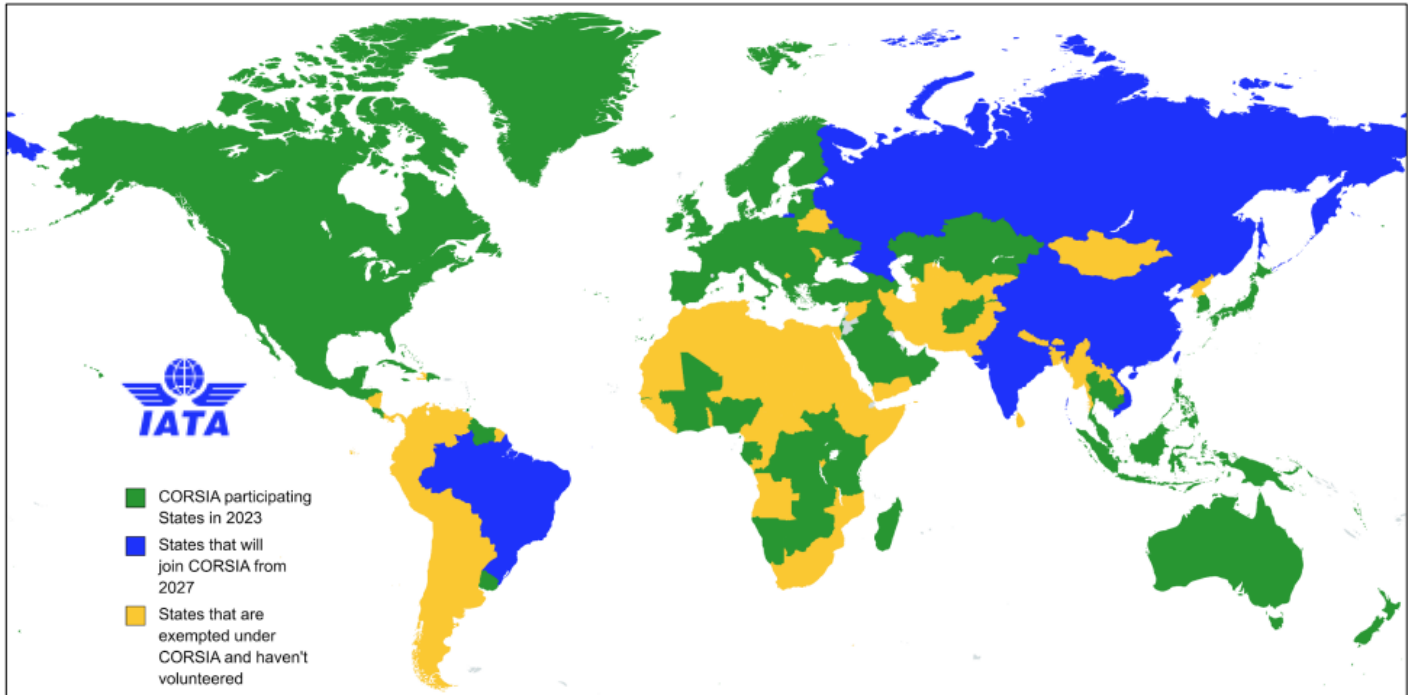
Eligibility Timeframe: Eligible for cancellation for use toward CORSIA offsetting requirements in the 2024 – 2026 compliance period

Eligible Unit Dates: Issued to activities that started their first crediting period from 1 January 2016 and in respect of emissions reductions that occurred from 1 January 2021 through 31 December 2026.

Scope of Eligibility: ART credits, including any additional certifications. No exclusions.

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Participant Map



Participants

Starting January 1, 2024, a total of 125 states have announced their participation in CORSIA.

The map above the shows 2023 participating states in green, states that will join CORSIA in 2027 in blue, and states that haven't volunteered in yellow.

International aviation emissions are counted under ICAO only and are not counted in nationally determined contributions (NDC).

On the other hand, domestic aviation GHG emissions are to be dealt with under the Paris Agreement and counted under NDC's.

Reporting

Airline operators with annual emissions greater than 10K tons per year are required to report emissions to their assigned state of operation. Operators track international emissions using one of five approved fuel use monitoring methods

Reporting is completed on an annual basis and is verified by a 3rd party prior to state submission. States aggregate the emissions data and provide it to ICAO.

Enforcement

The State is primarily responsible for ensuring that airline operators comply with the CORSIA requirements.

ICAO requires states to take necessary action to ensure that national policies and regulatory frameworks are in place and aligned with CORSIA.

Penalties for being out of CORSIA compliance depends on the member state that airline operators are assigned to. The specifics on fees, sanctions, and/or penalties on a per state basis is not clear at this stage.

Sources:

https://www.icao.int/environmental-protection/CORSIA/Documents/CORSIA%20States%20for%20Chapter%203%20State%20Pairs_3Ed_web.pdf

https://www.icao.int/environmental-protection/Documents/EnvironmentalReports/2019/ENVReport2019_pg17-23.pdf

https://www.icao.int/environmental-protection/CORSIA/Documents/TAB/CORSIA%20Eligible%20Emissions%20Units_March2023.pdf

<https://www.icao.int/environmental-protection/CORSIA/Pages/CORSIA-FAQs.aspx>

<https://www.fccaviation.com/resources/corsia-the-definitive-guide>