



## SUSTAINABLE AVIATION: HOW COVID-19 MOVED THE CORSIA GOALPOSTS

When ICAO devised its Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), the intent was to calculate the emissions baseline using the average traffic and emissions for the years 2019 and 2020. At the time when this system was developed, international air traffic was forecast to grow at around 5% per year.

The COVID-19 pandemic has quickly changed the landscape. A report issued last month by the Air Transport Bureau of ICAO states that airlines are likely to be offering 55-67% fewer seats in 2020 compared to previous estimates.

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Using 2020 data, with its unprecedentedly low level of air traffic, would have resulted in an unrealistic reduction in the CORSIA baseline calculation. According to IATA, this would have meant 30% more stringent targets, with significant financial and operational burden for air operators. This would have inevitably hampered the already difficult recovery of the whole industry.

On 30 June 2020, ICAO announced that the baseline would be calculated solely by reference to 2019 emissions. In taking this decision, the ICAO Council relied on paragraph 16 of the ICAO Resolution A40-19, which recognises the need to provide “safeguards to ensure the sustainable development of the international aviation sector and against inappropriate economic burden on international aviation” and grants authority to the ICAO Council to identify means to address these issues.

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### **What is CORSIA and how does it work?**

CORSIA is a global market-based measure launched by ICAO in October 2016 as part of ICAO’s global aspirational goals to address CO<sub>2</sub> emissions from international aviation<sup>1</sup>. CORSIA is the first ever sector-wide carbon offsetting programme and is part of a four-pillar strategy (which also includes improvements in technology, operations and infrastructure) aimed at reducing the aviation industry’s net CO<sub>2</sub> emissions to 50% of 2005 levels by 2050.

CORSIA is implemented in phases:

#### **1. The Baseline Period (formerly 2019-2020, now 2019 only)**

All operators<sup>2</sup> are required to report their CO<sub>2</sub> emissions by tracking their fuel consumption for each individual international flight.

The data reported by operators is subject to verification by independent third-party verification bodies prior to submission to the State authorities. The aggregate emissions collected by each State are then communicated to ICAO. The average of these is used as the baseline for the subsequent phases.

#### **2. The Pilot Phase and the First Phase (2021 – 2026)**

The Pilot Phase and the First Phase are voluntary. States (i.e. ICAO contracting States, which include the vast majority of the world’s countries), rather than individual operators, choose whether or not to participate. As of 30 June 2020, 87 States, which represent approximately 76% of all international aviation activity, have signed up.<sup>3</sup> All other States are strongly encouraged by ICAO to join the Pilot Phase and the First Phase and can do so by notifying ICAO of their intent to participate by 30 June of the preceding year. States can however opt out at any time up to 2026.

During the Pilot Phase and the First Phase, airline operators will need to offset their emissions above the baseline in respect of flights between participating States, whilst also continuing to monitor and report their emissions on all their civil international flights (including flights to or from non-participating States).

#### **3. The Second Phase (2027 – 2035)**

The Second Phase will mandatorily extend the offsetting obligations of the Pilot Phase and First Phase to all international flights between States,

<sup>1</sup> Emissions from domestic flights are outside the scope of CORSIA.

<sup>2</sup> CORSIA does not apply to operators emitting less than 10,000 metric tonnes of CO<sub>2</sub>, aircraft with less than 5,700 Kg of Maximum Take Off Mass (MTOM), or humanitarian, medical and firefighting operations.

<sup>3</sup> <https://www.icao.int/environmental-protection/CORSIA/Pages/state-pairs.aspx> (visited on 2 July 2020)

with the exclusion of flights to and from a State that:

- has an individual share of international aviation activities (expressed in Revenue Tonne-Kilometres (RTKs)) in 2018 of less than 0.5% of the total international RTKs;
- is a Least Developed Country<sup>4</sup>;
- is a Small Island Developing State<sup>5</sup>; or
- is a Landlocked Developing Country<sup>6</sup>.

Any State falling into one or more of the above categories is able to opt into CORSIA on a voluntary basis.

### The offsetting mechanism

Operators required to comply with CORSIA's offsetting obligations will have to compensate for the CO<sub>2</sub> emissions from their international flights that are above the baseline by buying, on the carbon market, credits (or emissions units), which are generated by projects that reduce carbon emissions.

The selection of these credits is not left to the exclusive discretion of participating States and their airline operators. Instead, ICAO have set out certain environmental criteria to guarantee that emissions units deliver the desired CO<sub>2</sub> reductions. From this, the ICAO Council have approved a list of emissions units that can be used towards CORSIA offsetting requirements.<sup>7</sup>

### What next for CORSIA?

The COVID-19 pandemic has clearly had a very significant financial impact on the global aviation industry and a recovery to pre-pandemic activity is likely to take a number of years.

Whilst the long-term sustainability objectives of CORSIA remain of paramount importance, ICAO have taken a pragmatic decision in relation to the baseline calculation, which recognises the serious challenges imposed by the COVID-19 pandemic. This re-balanced approach to CORSIA will hopefully sustain and bolster voluntary participation in the scheme, as it should address the concerns of States which might have otherwise kept distant during the Pilot and First Phase in order to avoid additional financial burden for their airlines.

At the next Assembly session in 2022, States will have to decide whether the interim measures adopted by the ICAO Council for the Pilot Phase are sufficient or whether a further review of CORSIA is required to ensure the aviation sector's recovery, whilst maintaining the aspirational sustainability goals set out in 2016. It is worth noting that CORSIA is only one of the four pillars of the aviation industry's strategy to meet its emissions reduction plan by 2050. Building in some degree of flexibility to CORSIA in response to this unprecedented industry crisis should not stop aviation stakeholders from making substantial progress on the other three pillars, namely improvements in technology, operations and infrastructure.

For further information, please contact the authors of this briefing:



**CHARLES COCKRELL**

Partner, Dubai

T +971 4 423 0546

E charles.cockrell@hfw.com



**FRANCESCO FIORILLI**

Senior Associate, Dubai

T +971 4 423 0561

E francesco.fiorilli@hfw.com

<sup>4</sup> For the current list of LDC, see <http://unohrlls.org/custom-content/uploads/2018/12/list-of-least-developed-countries-rev1.pdf> (visited on 2 July 2020).

<sup>5</sup> For the current list of SIDS, see <http://unohrlls.org/about-sids/country-profiles/> (visited on 2 July 2020).

<sup>6</sup> For the current list of LLDC, see <http://unohrlls.org/about-llsdc/country-profiles/> (visited on 2 July 2020).

<sup>7</sup> See [https://www.icao.int/environmental-protection/CORSIA/Documents/TAB/TAB%202020/ICAO\\_Doc\\_CORSIA\\_Eligible\\_Emissions\\_Units\\_June\\_2020.pdf](https://www.icao.int/environmental-protection/CORSIA/Documents/TAB/TAB%202020/ICAO_Doc_CORSIA_Eligible_Emissions_Units_June_2020.pdf) (visited on 2 July 2020)

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