

Updated October 2023

CORSIA

Years in operation	Pilot phase: 2021-23 (voluntary) First phase: 2024-26 (voluntary) Second phase: 2027-35
Overall cap and trajectory	Growth above the baseline to be offset. Baseline during Phase 1 will be 85% of 2019 emissions.
Target(s)	Carbon neutral growth from 2020
Emissions reduced to date	N/A
Sectors covered	Aviation; specifically targets emissions by aeroplane operators from international flights.
GHGs covered	CO ₂
Number of covered entities	125 participating states from 2024
Allocation method	Purchase only, no free allocation
Trading rules	Airline operators are required to purchase CORSIA Eligible Emissions Units (EEUs) to compensate for any CO ₂ emissions above the set baseline.
Use of offsets and linking	EEUs as recommended by the Technical Advisory Body and approved by the ICAO Council
Other features	N/A
Penalties for non-compliance	Determined by individual states
Use of revenues	N/A

Major Developments

Recent CORSIA developments include the completion of the 2022 periodic review, resulting in changes to the CORSIA baseline, and the ongoing review of programmes applying to provide Eligible Emissions Units (EEUs) for Phase 1 compliance.

As a result of the 2022 periodic review, the ICAO Council agreed a new baseline, using 2019 emissions for the pilot phase (2021-2023), and using 85% of 2019 emissions after the pilot phase (2024-2035).

ICAO also adopted a long-term aspirational target for international aviation to reach net-zero emissions by 2050, in support of the Paris Agreement goal.



Following the 2022 Technical Advisory Body (TAB) reassessment of programmes for Phase 1 eligibility, the ICAO Council approved two programmes for Phase 1 (2024-2026):

- American Carbon Registry (ACR)
- Architecture for REDD+ Transactions (ART)

These programmes were approved for all activities that started their first crediting period after 1 January 2016 and in respect of emissions reductions that occur from 2021-2026.

A further four programmes were not approved for Phase 1 eligibility, but could be approved in the future if they make certain, specified changes to meet the TAB eligibility criteria. This is referred to by ICAO as “conditional eligibility”. The specified changes are unique to each programme, but generally refer to measures to ensure baselines are sufficiently conservative and to prevent double-claiming.

These “conditionally approved” programmes are:

- Climate Action Reserve (CAR)
- Global Carbon Council (GCC)
- The Gold Standard
- Verified Carbon Standard (VCS)

The TAB conducts its assessment annually, allowing for these conditionally approved programmes to apply for re-assessment once they have implemented the requested changes. In the 2023 assessment cycle, all four programmes submitted material updates for TAB to consider. Another assessment cycle will open in 2024.

Separately, 11 other programmes submitted responses to TAB’s 2023 call for applications. A TAB recommendation and subsequent ICAO Council decision on eligibility for these programmes is expected in Fall 2023 or early 2024.

Nine programmes are approved for the pilot phase (2021-2023). These include the six aforementioned programmes, as well as:

- China GHG Voluntary Emission Reduction Program
- Clean Development Mechanism (CDM)
- Forest Carbon Partnership Facility (FCPF)

It is important to note that some activities from these approved programmes have been specifically excluded from CORSIA, either by the applicant or by the ICAO Council.

The ICAO Council will review the implementation of CORSIA every three years, with the next review scheduled for 2025. The purpose is to periodically assess the effectiveness of the scheme in contributing to the sustainable development of the international aviation sector.

Market Commentary

The pilot phase is concluding in 2023 and while data is still being collected, so far no obligations have been incurred, ie there are so far no requirements to retire EEUs as the industry continues to feel the lingering impact of the COVID-19 pandemic. At this stage, it is unlikely the CORSIA Pilot phase will generate a significant demand for EEUs.



However, ICAO has forecasted that air passenger demand in 2024 will be higher than 2019, suggesting that the CORSIA baseline will be exceeded as soon as 2024. The First Phase runs from 2024 through 2026, though airlines will not be officially required to retire EEU's for obligations accrued in this phase until 31 January 2028. So far, 125 states have declared their intention to participate in CORSIA's first phase.

The balance of supply and demand in the coming phases of CORSIA continues to be the subject of analysis and will depend in part on which programmes are ultimately approved for Phase 1 eligibility.

Useful Links

[ICAO](#)

[CORSIA Technical Advisory Body](#)

[CORSIA FAQs](#)

References

[ICAO Assembly Resolution A41-22](#)

[ICAO TAB 2022 Assessment](#)

[CORSIA States for Chapter 3 State Pairs](#)

[ICAO 2024 passenger demand forecast](#)

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