



Background briefing: Why we need to avoid a free for all of projects under the aviation offsetting scheme

36 countries of the Council of the International Civil Aviation Organisation (ICAO) are currently meeting in Montreal, Canada, to decide on the rules for the Carbon Offset and Reduction Scheme for International Aviation (CORSIA). The so called “CORSIA package” includes criteria for the offset credits purchased by airlines and criteria for alternative fuels, which can be used by airlines to decrease the number of offsets they have to purchase. If either is weak, the climate policy could do more harm than good for the environment.

Summary

- Certain countries e.g. Brazil, China want all credits generated under the UN’s Clean Development Mechanism (CDM) to be eligible under CORSIA and for individual countries to be able to decide on the eligibility criteria. As there are enough old CDM projects to cover all CORSIA demand, their use would not generate any new emissions reductions, and CORSIA would effectively be a failure.
- A centralized process whereby the ICAO Council approves a limited number of eligible credits, and respect for the credit quality rules, as called for by the European Union and others, are of paramount importance to avoid use of fraudulent credits.
- One critically important element of credit quality that may be determined at the meeting is restricting the eligibility of offsets by date (called a vintage restriction), to eliminate the bulk of CDM credits.

What are the key points of discussion and where do countries stand?

For many countries, led by the European Union, the main goal is to reach an agreement on the draft rules as they are now, see [here](#), which lay out a formalized process for the 36 Council countries to agree on eligible offsets.

There is a divide between countries that do not want this official process so they can decide unilaterally what their airlines will use, and countries that want a formalized process respected. The difference in opinion is around the use or prohibition of old UNFCCC offsets created under the Clean Development Mechanism (CDM):

Positions: Many of the so called BRICS countries e.g. Brazil, Russia, China + Egypt are pushing to have all credits generated under CDM to be eligible under CORSIA.

The European Union (+ individual submissions by Norway, the Netherlands, Austria, Azerbaijan, Finland, France, Germany, the Netherlands, Poland, Portugal, Romania, Slovenia, and the former Yugoslav Republic of Macedonia, Malta) support the package as it is now, with a centralized process to determine offset eligibility.



However, the EU's has said that should the offset criteria be re-opened for discussions, it would want to include so called '**vintage restrictions**', meaning that only projects that start after 31 December 2016 would be eligible under the scheme. Norway would like eligible units to be restricted to those originating from programmes and projects that start after 31 December 2019. A vintage restriction would limit the amount of CDM credits that can be used under the scheme.

The United States' position is that the ICAO Council, not airlines or states, will determine which units are eligible.

Why should CDM credits not be allowed under CORSIA?

There are currently enough credits from the Clean Development Mechanism (CDM) on the market to supply the [whole demand of CORSIA from now until it ends in 2035](#).

This means that should all CDM credits be allowed in without restrictions, there would be no incentive to generate new projects, and therefore no new emissions reductions for all of the new pollution generated by aviation. CORSIA would effectively be a failure.

To avoid this scenario, it is imperative that the ICAO Council sends a clear signal that there will be restrictions as to what credits are eligible and that it is the ICAO Council that decides on the project eligibility, not countries or airlines.

Next steps

Following the ongoing meeting, ICAO Council will assemble a Technical Advisory Body (TAB) that will be responsible for applying the agreed rules to offset programs wanting to be eligible under CORSIA.

Who is on this body, what is their mandate and how transparent are their deliberations, are the natural next questions. The UN climate talks on market measures (Article 6) are public, and this should be the case also for aviation's market measure.

How did we get to CORSIA and how effective will it be?

The UN climate change body (UNFCCC) tasked ICAO to address aviation emissions in 1996. Rather than setting a reduction goal, in 2010, ICAO agreed to an aspirational goal of carbon-neutral growth from 2020 levels (CNG 2020).

In 2016, after 20 years of talks, ICAO Member States established an offsetting scheme to compensate some emissions growth above 2020 levels. The scheme does not reduce emissions, but allows airlines to emit more as long as the emissions are offset through purchase of carbon credits from various projects around the world.

CORSIA falls short of achieving even the goal of carbon neutral growth in 2020, let alone aviation's fair share of the Paris Agreement goal of limiting temperature rise to 1.5 degrees.



A number of important details, so far unresolved, could end up undermining the scheme's impact:

- It is unclear what states will participate and when. The scheme is voluntary until 2027, and even after that, coverage and enforcement are unclear.
- The CORSIA will only cover a portion of emissions growth above 2020 levels, and does nothing to address emissions below the 2020 level. According to calculations by CE Delft, CORSIA will only cover about 21.6% of aviation's global emissions in the period 2021-2035.
- Quality criteria for offsets has not yet been determined. Worryingly, the negotiations are moving towards a free for all of offset providers, from the UN offsetting scheme CDM to private companies, to participate in the aviation scheme, which would mean that many eligible credits in CORSIA would have zero positive impact on climate, and may have serious social consequences.

What is aviation's impact on climate change?

Aviation emissions account for approximately 4.9% of all global warming and if left unaddressed, are projected to grow by up to 300% by 2050. Aviation may account for a quarter of the total carbon budget to stay under 1.5 degrees of warming by 2050.

Questions?

Kelsey Perlman, policy officer - international transport
+32 2 335 36 64
kelsey.perlman@carbonmarketwatch.org

Further information

International Coalition for Sustainable Aviation (ICSA) [analysis on the ICAO CORSIA Package](#)