

May 25<sup>th</sup>, 2020

To: ICAO Council members

Subject : Open letter by carbon market stakeholders on the CORSIA impacts of COVID-19

Dear ICAO Council members,

The ongoing global health crisis has led to a drop in air traffic which in turn has already caused tremendous economic hardship for the aviation sector's workers.

This situation has also led to a drop in CO<sub>2</sub> emissions from international flights in 2020. This will result in lower baseline emissions for the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). As CORSIA's stated purpose is to help the international aviation sector achieve "carbon-neutral growth from 2020", the ICAO Assembly set CORSIA's baseline at the average of 2019 and 2020 emissions.

Last month, the International Air Transport Association (IATA) asked the ICAO Council to change this baseline, from the current 2019-2020 average to a 2019-only level. This change would result in significantly lower offsetting requirements for airlines compared to the current CORSIA design. In fact, under most recovery scenarios, the change sought by IATA would eliminate all offsetting requirements for the duration of the CORSIA pilot phase and potentially several years thereafter. This would result in a de facto postponement of the start of the CORSIA by three to five years.

As organisations active in various aspects of the aviation carbon market (including programmes, developers, brokers, NGOs and businesses), we would like to highlight the importance of safeguarding the integrity, stability, and regulatory predictability of CORSIA as adopted by the Assembly. We, therefore, urge you not to modify the CORSIA baseline.

Changing the rules and thereby eliminating three to five years of offset obligations would damage the credibility and long-term stability of CORSIA. A predictable process is a key feature of a successful carbon market. This applies to programme review, evaluation, and potential adjustments to strengthen climate goals. The aim is to limit the uncertainty for covered entities, offset developers, and others developing compliance or investment strategies. Consistency - applying fixed rules objectively and automatically, and making rule changes only in accordance with established processes for making such changes - is crucial. Without it, investors will not have the confidence to make the near-term and long-term investments needed to achieve environmental goals. The lack of durable investment would contribute to worsening the climate crisis.

While we fully acknowledge the difficult times that the aviation industry is experiencing at the moment, CORSIA's built-in tools - special flexibility during the pilot phase, and triennial reviews - can be used to address the current situation. It is important to ensure that the COVID-19 crisis is not a catalyst for ad hoc changes that would hinder a sustainable global recovery. CORSIA is an important mechanism for carbon

markets around the world. Changes to elements as fundamental to its design as the baseline should be treated very cautiously.

We thank you for the attention you will dedicate to this issue, and urge you to promote and protect the integrity and stability of CORSIA.

Best regards,

