



DIRECTORS GENERAL OF CIVIL AVIATION - ICAO EUROPEAN AND NORTH ATLANTIC

REGIONS

2024 MEETING (EUR/NAT-DGCA/2024)

(Toulouse, France, 23 April 2024)

Agenda Item 5: Sustainability: timely actions and cooperation to achieve the LTAG

CORSIA: CHALLENGES FOR NON-EU STATES

(Presented by Azerbaijan/Türkiye)

SUMMARY

This paper aims to elucidate the challenges faced by international aircraft operators in navigating the coexistent with CORSIA (still maintained in parallel with CORSIA) offset mechanisms. The impending double emission taxation for using airspace might cause financial burden to stakeholders from non-EU states that has prompted the need for a comprehensive reassessment of the challenges.

1. Introduction

1.1 The group received information indicating that both EU member states and ECAC member states have ratified the Bratislava Agreement to join CORSIA starting from the pilot phase. Under CORSIA, participating states necessitate aircraft operators to offset emissions through monitored, verified, and reported data, with the calculation based on the Sectoral Growth Factor (SGF). CORSIA was initially proposed as an effective market-based measure to mitigate CO₂ emissions, with its original intentions to alleviate any possible financial burden on aircraft operators. However, previous market mechanisms in Europe are going to function that present challenge and causes air companies justified disagreement.

2. Discussion

Coexistence of market-based mechanisms

2.1 In the current scenario, the simultaneous operation of existing schemes alongside CORSIA poses a considerable challenge. This necessitates operators to address emissions under two distinct schemes, contrary to CORSIA's original purpose of alleviating such burdens. This matter has been a subject of frequent and intense discussions in various forums, notably during the 41st ICAO General Assembly. To address this concern and expedite the adoption of a compromise solution, we have revisited the issue using the DGCA meeting platform.

2.2 The application period of the ETS mechanism in conjunction with CORSIA introduces uncertainties. Although the primary rationale aligns with reinforcing CORSIA, the absence of a defined

timeframe in "Directive (EU) 2023/958 of the European Parliament and the Council on emissions reduction targets and the implementation of market-based measures" could be a significant challenge in reaching a compromise.

Emerging risks in the backdrop of uncertainty

2.3 Implementing of more than one emission trading scheme for international aviation imposes double offsetting taxation obligation which is the most important issue for the entire CORSIA emission reduction scheme. Furthermore, CORSIA and ETS require different verification procedures, doubling the cost of verification and workload for aircraft operators.

2.4 Despite our commitment to effective market-based measures under CORSIA, the lack of integrity and transparency in the initial implementation phase poses challenges. This backdrop of hesitations and uncertainty among airlines may lead to unforeseen risks, including potential hazards of premature growth in air service tariffs. The degradation of market-based initiatives undermines ongoing environmental measures, and our focus should be on mitigating these challenges rather than complicating them with dual offset obligations. Furthermore, during the promotion of ongoing resource-intensive environmental measures, particularly those related to sustainable aviation fuel and green technologies, the deterioration of market-based initiatives becomes meaningless. Ultimately, European states, in collaboration with the ICAO EUR/NAT office and other regional organizations, should persist in their efforts to explore and support initiatives in the aviation industry without compromising the competitiveness of the sector.

2.5 If this issue is not solved, this may lead other States to create independent emission reduction schemes in aviation sector that may further increase the risk of double-counting and several MRV costs. Currently, Türkiye has the domestic MRV system for aviation sector and it can be enlarged to any scale.

2.6 Based on the foregoing, the following draft Conclusion is proposed:

Why	To promote integrity and transparency and level playing field feasibility on routes between states implementing CORSIA
What	Communicate with ICAO Headquarters the concerns of some States on potential challenges, inconsistencies and duplications that may arise from the obligations under the coexistence ETS mechanisms and operationalization of CORSIA as the only global market-based measure for international aviation
Who	ICAO EUR/NAT Regional Director
When	First half of 2024

Draft EUR/NAT-DGCA Conclusion 2024/1 - CORSIA: Challenges for non EU-states

That the ICAO EUR/NAT Regional Director share with ICAO Headquarters the concerns of some States on potential challenges, inconsistencies and duplications that may arise from the obligations under the coexistence ETS mechanisms and operationalization of CORSIA as the only global market-based measure for international aviation.

3. Action by the Meeting

- 3.1 The meeting is invited to:
- a) note the information provided;
 - b) amend as necessary and endorse the proposed conclusion; and
 - c) provide directions as deemed necessary

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