

CORSIA and the Voluntary Carbon Markets

International aviation is one of only two sectors *not* covered in the 2015 Paris Agreement (the other is international shipping). Many airlines already use carbon offsets to limit their net carbon emissions, either on a voluntary basis or to comply with national or regional regulation. To date there has been no unified effort to limit emissions from international air travel. Enter the **Carbon Offsetting and Reduction Scheme for International Aviation** (CORSIA for short). CORSIA is a program run by the International Civil Aviation Organization (ICAO) to limit carbon emissions from international aviation and meet the industry's goal to achieve carbon neutral growth beginning in 2020. Under CORSIA, airline offsetting has a chance to take off. Depending on how the sector grows in the coming years, **CORSIA may generate between 1.6-3.7 billion tonnes of demand for offsets** between 2021 and 2035. Read below to learn more about what to expect as CORSIA goes into effect, and how it may affect the existing market for voluntary carbon offsets.

2013

The International Civil Aviation Organization (ICAO) announces goal to achieve carbon neutral growth beginning in 2020



2015

195 countries sign the Paris Agreement, which aims to limit climate change to 2 degrees Celsius



2016

ICAO announces the world's first sector-wide carbon offsetting scheme: CORSIA



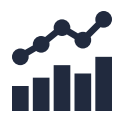
2018

The ICAO Council adopts Standards and Recommended Practices (SARPs), which lay out the criteria for essential design elements of CORSIA



2019

All countries start monitoring, reporting and verifying emissions from airlines' international flights



2022

ICAO conducts the first review of CORSIA



2021-2023

CORSIA begins its pilot phase



2025

ICAO conducts the second review of CORSIA



2023-2026

CORSIA enters Phase I, where countries participate on a voluntary basis



2028

ICAO conducts the third review of CORSIA



2027-2035

CORSIA enters Phase II, where all non-exempt countries participate



What can voluntary carbon offsets offer to CORSIA?

Voluntary carbon offsets are a strong candidate for inclusion in CORSIA. Currently, there are roughly 180 million tonnes of unsold voluntary carbon offsets, coming from projects in more than 80 countries. Project developers and investors are ready to scale up - but only if they receive the right signals from CORSIA.

What kind of emissions units will be allowed in CORSIA?

A Technical Advisory Body will screen and recommend eligible standards and offsets for approval by the ICAO Council. These standards might include voluntary **standards**, **compliance standards**, and/or **REDD+** programs. They might also specify that only certain **methodologies** or project types with a standard or program are eligible. At the moment, few details are known about which standards, **project types**, or other criteria might be allowed for use in CORSIA. Until a final decision is made by the ICAO Council, voluntary carbon project developers still won't have a clear idea of whether they are eligible to provide emissions units to be used in CORSIA.

What vintages will be allowed in CORSIA?

Another key question is how *new* offsets must be (an offset's age is called "**vintage**"). Countries home to many historical carbon offset projects typically prefer to keep vintages unrestricted, as this could help funnel more finance into their existing offset projects. Yet a number of other countries, especially those in the European Union, prefer stricter restrictions on offset age.

What will happen to airlines' existing offsetting activities?

In a study of 129 of the largest airlines around the world, Ecosystem Marketplace found that 29 airlines offer offsetting to their customers, while 15 report voluntarily offsetting at least a portion of their own emissions. How CORSIA is designed and managed may impact whether airlines continue to be regulated under programs like the EU ETS, and whether they continue voluntary offsetting.