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Policy paper

Initial offsetting approach for CORSIA: statement of intent

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Context and approach

This statement of intent sets out the UK government's initial approach to implementation of the offsetting requirements of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) in UK law.

The corresponding draft legislation is published alongside this document. As draft legislation, it will be subject to further legal review, particularly following any feedback on this statement of intent.

This legislation is not expected to have a material impact on aeroplane operators, but the government welcomes any comments and queries from stakeholders who may have questions or concerns. These comments should be sent to corsiaconsultation@dft.gov.uk by 21 July 2022.

CORSIA

The UK recognises the importance of international action to tackle emissions from international aviation and has been instrumental in agreeing and developing a global offsetting scheme, CORSIA, aimed at meeting the International Civil Aviation Organization's (ICAO's) medium-term climate change goal of carbon neutral growth from 2020 (CNG2020).

CORSIA requires qualifying aeroplane operators to offset their growth in international aviation carbon dioxide (CO₂) emissions covered by the scheme above 2019 levels.^{[\[footnote 1\]](#)} The growth in emissions will be offset by purchasing and cancelling emissions units. One unit is equivalent to one tonne of CO₂ equivalent emissions avoided or removed from the atmosphere.

Under the scheme, aeroplane operators are required to:

- monitor and report emissions on all international flights (subject to exemption thresholds)
- offset the growth above the baseline in emissions from flights between participating states by purchasing and cancelling eligible emission units generated by projects that reduce emissions in other sectors (for example, renewable energy)

CORSIA is divided into 3 phases. States may volunteer for the pilot phase (2021 to 2023) and first phase (2024 to 2026), meaning that all qualifying aeroplane operators operating on routes between participating states will be subject to offsetting requirements. The second phase (2027 to 2035) will include all ICAO states, subject to exemptions.^{[\[footnote 2\]](#)}

The UK confirmed its participation in CORSIA from the start of the pilot phase, along with 87 other states.^[footnote 3] From 2022, a total of 107 states have volunteered to participate in the scheme, representing nearly 80% of international aviation activity.

As a contracting state of ICAO, the UK is obliged to adopt the relevant [Standards and Recommended Practices \(SARPs\)](https://elibrary.icao.int/home/product-details/229739#page=1) (<https://elibrary.icao.int/home/product-details/229739#page=1>) relating to CORSIA into domestic law.

Following a [consultation on implementing CORSIA in the UK](https://www.gov.uk/government/consultations/implementing-the-carbon-offsetting-and-reduction-scheme-for-international-aviation) (<https://www.gov.uk/government/consultations/implementing-the-carbon-offsetting-and-reduction-scheme-for-international-aviation>) in 2021, the monitoring, reporting and verification (MRV) requirements of CORSIA (chapters 1 and 2 of the CORSIA SARPs) were implemented into UK law through the [Air Navigation \(CORSIA\) Order 2021](https://www.legislation.gov.uk/uksi/2021/534/contents/made) (<https://www.legislation.gov.uk/uksi/2021/534/contents/made>).

Aeroplane operators have been monitoring and reporting their international emissions since 2019 to set the baseline emissions level for the scheme and, from 2021, to determine any offsetting obligations. Guidance to help [UK-administered aeroplane operators comply with their obligations under the scheme](https://www.gov.uk/guidance/corsia-how-to-comply) (<https://www.gov.uk/guidance/corsia-how-to-comply>) has also been published.

CORSIA offsetting requirements

Further secondary legislation is required to implement CORSIA's offsetting requirements (chapters 3 and 4 of the CORSIA SARPs). This forms the second stage of CORSIA implementation in the UK.

Qualifying aeroplane operators operating flights between states participating in CORSIA are subject to offsetting requirements. A [list of these states](https://www.icao.int/environmental-protection/CORSIA/Pages/state-pairs.aspx) (<https://www.icao.int/environmental-protection/CORSIA/Pages/state-pairs.aspx>) can be found on ICAO's website.

Aeroplane operators' CORSIA offsetting obligations are calculated on an annual basis. From 2021 to 2029, this calculation is based on the international aviation sector's global growth in emissions above the baseline each year, or the 'sectoral growth factor'. The sectoral growth factor will be confirmed by ICAO by October of the following year. From 2030 onwards, this calculation will also take into account each individual aeroplane operator's growth in emissions.

Aeroplane operators will comply with their offsetting obligations by purchasing and cancelling CORSIA eligible emission units generated by projects that reduce emissions in other sectors (for example, renewable energy), with one unit representing one tonne of CO₂ equivalent emissions avoided or removed from the atmosphere.

The ICAO Council has approved a [list of emissions units](https://www.icao.int/environmental-protection/CORSIA/Pages/CORSIA-Emissions-Units.aspx) (<https://www.icao.int/environmental-protection/CORSIA/Pages/CORSIA-Emissions-Units.aspx>) that can be used for compliance with CORSIA. The Council's decision is

informed by a recommendation from a Technical Advisory Body and guided by the [CORSIA Emissions Units Eligibility Criteria \(https://www.icao.int/environmental-protection/CORSIA/Pages/CORSIA-Emissions-Units.aspx\)](https://www.icao.int/environmental-protection/CORSIA/Pages/CORSIA-Emissions-Units.aspx).

Compliance with CORSIA offsetting obligations takes place within 3-year compliance cycles. For example, aeroplane operators will be required to cancel enough eligible emissions units to cover their total offsetting obligations for the 2021 to 2023 compliance period by January 2025 and submit a verified emissions unit cancellation report to their regulator by the end of April 2025. This then repeats on a 3-year cycle.

Interaction between CORSIA and the UK Emissions Trading Scheme (UK ETS)

We recognise that the implementation of CORSIA's offsetting requirements will need to work in conjunction with the [UK Emissions Trading Scheme \(UK ETS\) \(https://www.gov.uk/government/publications/participating-in-the-uk-ets\)](https://www.gov.uk/government/publications/participating-in-the-uk-ets), as legislated for by the [Greenhouse Gas Emissions Trading Scheme Order 2020 \(https://www.legislation.gov.uk/ukdsi/2020/9780348209761/contents\)](https://www.legislation.gov.uk/ukdsi/2020/9780348209761/contents) ('the UK ETS Order').

The UK ETS was established on 1 January 2021 and, for aviation, it currently covers flights:

- within the UK
- between the UK and Gibraltar
- departing the UK for the European Economic Area (EEA)

Flights from the UK to the EEA are, therefore, in scope of both CORSIA and the UK ETS.

The UK ETS Authority is also consulting on expanding the current scope of the UK ETS to cover UK to Switzerland flights. Should this be implemented, UK to Switzerland flights will, similarly, be in scope of both CORSIA and UK ETS. See [Developing the UK Emissions Trading Scheme \(UK ETS\) \(https://www.gov.uk/government/consultations/developing-the-uk-emissions-trading-scheme-uk-ets\)](https://www.gov.uk/government/consultations/developing-the-uk-emissions-trading-scheme-uk-ets) for further detail.

The [2021 CORSIA consultation \(https://www.gov.uk/government/consultations/implementing-the-carbon-offsetting-and-reduction-scheme-for-international-aviation\)](https://www.gov.uk/government/consultations/implementing-the-carbon-offsetting-and-reduction-scheme-for-international-aviation), therefore, also included 6 high-level options for how CORSIA could interact with the UK ETS on flights in scope of both schemes. Without policy action, CO₂ emissions above the CORSIA baseline on flights from the UK to the EEA would incur obligations from both the UK ETS and CORSIA. We are carefully considering responses to the consultation.

Coronavirus (COVID-19) significantly reduced the aviation sector's activity and its emissions and, as such, it is unlikely that aeroplane operators will accrue CORSIA offsetting obligations in the pilot phase as their emissions are likely to remain below the 2019 baseline. While the speed of the sector's recovery remains uncertain, recent estimates confirm that international aviation activity in 2023 is likely to remain below 2019 levels^[footnote 4] and hence there is unlikely to be any real overlap in obligations with the UK ETS in this period.

In light of the impact of COVID-19 on emissions and expected CORSIA offsetting requirements, the government is carefully considering its approach to implementing CORSIA alongside the UK ETS.

Furthermore, the UK ETS Authority recently published a [consultation on future development of the UK ETS \(https://www.gov.uk/government/consultations/developing-the-uk-emissions-trading-scheme-uk-ets\)](https://www.gov.uk/government/consultations/developing-the-uk-emissions-trading-scheme-uk-ets), including proposals to align the cap with a net zero consistent trajectory. We believe it is right that responses to this consultation and plans for the future direction of the UK ETS are appropriately considered when determining how CORSIA should interact with the UK ETS.

We are seeking to have all legislation for CORSIA and any consequential amendments that may be required to the UK ETS in force by the start of 2024. We will consult again on the details of our interaction approach in due course, ahead of introducing further legislation. A summary of initial stakeholder views on interaction between CORSIA and the UK ETS, in response to our first consultation, will be published as part of that consultation.

While recent estimates do not predict that aeroplane operators will accrue CORSIA offsetting obligations during the pilot phase, the CORSIA SARPs require states to calculate and inform aeroplane operators of their CORSIA offsetting obligations in respect of 2021 emissions by 30 November 2022.

We are proposing to provide a legal obligation for this in UK law through a short amending Order ('the 2022 Order') to the [Air Navigation \(CORSIA\) Order 2021 \(https://www.legislation.gov.uk/ukxi/2021/534/contents/made\)](https://www.legislation.gov.uk/ukxi/2021/534/contents/made) in line with our commitment to implement the CORSIA SARPs and while further consideration is given to interaction between CORSIA and the UK ETS.

Section 2 outlines the provisions in the 2022 Order, a draft of which is published alongside this document. The 2022 Order will implement CORSIA's offsetting requirements in UK law in respect of 2021 emissions only. Further secondary legislation will be required to implement CORSIA's offsetting requirements for the full duration of the scheme and to clarify any interaction between CORSIA and the UK ETS.

Planned legislation

Background

This section outlines the provisions covered in the amending 2022 Order to the existing [Air Navigation \(CORSIA\) Order 2021](#) (<https://www.legislation.gov.uk/ukxi/2021/534/contents/made>) ('the 2021 Order'), a draft of which is available alongside this document. The 2022 Order will implement elements of Chapter 3 within Part II of Annex 16, Volume IV of the Chicago Convention (the CORSIA SARPs).

The draft 2022 Order implements CORSIA's offsetting requirements in respect of 2021 emissions only, thereby providing a legal obligation for regulators to notify UK-administered aeroplane operators of their 2021 offsetting requirements by 30 November 2022, as required by the CORSIA SARPs.

As outlined previously, aeroplane operators are not expected to accrue any CORSIA offsetting obligations in respect of 2021 emissions, given that the impact of COVID-19 means international aviation emissions were below the CORSIA baseline.^{[\[footnote 5\]](#)}

Therefore, the 2022 CORSIA Order is not expected to have a material impact. It aims to provide legal certainty of the 2021 CORSIA offsetting requirements for UK-administered airlines. As noted, further legislation will be required to implement CORSIA's offsetting requirements for the full duration of the scheme.

CO2 offsetting requirements

The 2022 Order implements the offsetting requirements for the 2021 scheme year in article 21, which inserts new articles 41A and 41B into the 2021 Order.

Provisions for the applicability of CO2 offsetting requirements for the 2021 scheme year are contained in article 41A and follow the provisions outlined in paragraph 3.1 of the CORSIA SARP that are relevant to the 2021 scheme year.

The offsetting requirements only apply to an aeroplane operator^{[\[footnote 6\]](#)} with international flights between states as defined in the ICAO document entitled [CORSIA States for Chapter 3 State Pairs](https://www.icao.int/environmental-protection/CORSIA/Pages/state-pairs.aspx) (<https://www.icao.int/environmental-protection/CORSIA/Pages/state-pairs.aspx>). For the 2021 scheme year, this will be the list of states participating in CORSIA from 1 January 2021.

Provisions for the calculation of CO2 offsetting requirements for the 2021 scheme year are contained in article 41B and follow the provisions outlined in paragraph 3.2 of the CORSIA SARP that are relevant to the 2021 scheme year. This article covers the calculation used by Regulators^{[\[footnote 7\]](#)} to determine an aeroplane operator's CORSIA offsetting requirements for the 2021 scheme year.

Additional amendments to the 2021 Order

It should be noted when considering the 2022 Order that the SI also contains small amendments to the CORSIA MRV provisions contained in the existing 2021 Order. These amendments are outlined here for clarity and are separate to the

introduction of CORSIA's offsetting requirements for the 2021 scheme year. They do not have a material effect on the impact of the draft Order.

A number of small non-reportable errors identified in the 2021 Order, with regard to terminology use and consistency of language, are corrected as part of the 2022 Order. [\[footnote 8\]](#)

An addition to existing provisions in the 2021 Order covering aeroplane operators' Emissions Monitoring Plans is contained in article 26(6). This mirrors a provision in the [Greenhouse Gas Emissions Trading Scheme Order 2020 \(UK ETS Order\)](#) (<https://www.legislation.gov.uk/ukxi/2020/1265/contents/made>) and intends to reduce administrative burden for regulators and aeroplane operators.

Provisions for calculating emissions reductions from the use of CORSIA eligible fuels were consulted on and implemented in article 32 of the 2021 Order. The 2022 Order moves these provisions to article 41C, to align with their placement in Chapter 3.3 of the CORSIA SARPs.

What will happen next

It's proposed that the draft 2022 Order, including any amendments that may be considered necessary as a result of stakeholder comments or internal review, will be made and enter force by November 2022.

Further secondary legislation will be required to implement CORSIA's offsetting requirements and related enforcement provisions for the full duration of the scheme and clarify any interaction between CORSIA and the UK ETS. We plan to consult again in due course, aiming to have all legislation for CORSIA and any consequential amendments that may be required to the UK ETS in force by the start of 2024.

If you have questions about this statement of intent, contact corsiaconsultation@dft.gov.uk

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1. The baseline is currently defined as an average of 2019 and 2020 emissions. However, due to the COVID-19 pandemic, the ICAO Council agreed to change this to 2019 only for the pilot phase. The CORSIA Periodic Review in 2022 will determine the baseline to be applied to subsequent phases.
 2. Least developed countries (LDCs), small island developing states (SIDS) and landlocked developing countries (LLDCs) are exempt from all phases of CORSIA but may volunteer to participate in any or all stages. In addition, states with a very small share of international aviation activity in 2018 are exempt from taking part in any phase of CORSIA but may volunteer to participate in any or all phases.

3. As committed to in the European Civil Aviation Conference (ECAC) [Bratislava Declaration \(https://www.ecac-ceac.org/documents/ecac-resolutions-recommendations\)](https://www.ecac-ceac.org/documents/ecac-resolutions-recommendations) of September 2016 and reconfirmed in writing to ICAO in June 2020.
4. See, for example, [EUROCONTROL Forecast Update 2021-2027, EUROCONTROL \(https://www.eurocontrol.int/publication/eurocontrol-forecast-update-2021-2027\)](https://www.eurocontrol.int/publication/eurocontrol-forecast-update-2021-2027), published in October 2021 and IATA Air Passenger Forecast, IATA, published in March 2022.
5. This is expected to be confirmed when ICAO release the sectoral growth factor (SGF) for 2021, following approval by the ICAO Council, by 31 October 2022.
6. As defined in the Air Navigation (CORSIA) Order 2021, a person is an 'aeroplane operator' where that person is an operator that produces annual CO2 emissions greater than 10,000 tonnes from the use of an aeroplane with a maximum certificated take-off mass greater than 5,700 kg conducting international flights. Humanitarian, medical and firefighting flights are excluded from all aspects of CORSIA, as are flights conducted by helicopters.
7. The [Air Navigation \(CORSIA\) Order 2021 \(https://www.legislation.gov.uk/ukxi/2021/534/contents/made\)](https://www.legislation.gov.uk/ukxi/2021/534/contents/made) designates CORSIA regulators within the UK.
8. The corrections to those errors are provided in articles 4, 5, 6(4) and (5), 7, 8, 9(2) and (3), 10(3), 11, 12, 13(2), 14, 17, 18(3), 19, 20, 21, 22, 23(2) and (3), 24, 27(3) and (4), 28, 29, 30(2), 32(2), (3) and (4)(a), and 34(2)(b), (c), and (e), 35 and 36 of the draft statutory instrument.



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