



Brussels
27 May 2020

To: Executive Vice-President of the European Commission Frans TIMMERMANS

Cc: Commissioner for Transport Adina VALEAN; Croatian Transport Minister and Rotating President of the Transport Council Oleg BUTKOVIC

Re: Adjustment of the CORSIA baseline

Dear Vice-President,

Last week, the Commission has put forward a proposal¹ that amends Council Decision (EU) 2016/915 and entails a Union common approach by which Member States would accept, at the ICAO Council from 8 to 26 June, a potential change in the CORSIA baseline from the current average of 2019/2020 CO₂-emissions from international flights to a 2019-only level.

The airline sector has been severely affected by the lockdown measures taken as a response to the Covid-19 outbreak, and several economic recovery scenarios seem to suggest that it will take several years before aviation emissions will be back at the level of 2019. The Union and the Member States have adopted urgency measures to support the sector. While we do not underestimate those challenges, we are deeply concerned by the effect a sudden change in the design of CORSIA will have on the needed reduction of the sector's emissions. CORSIA is already extremely far from being in line with the Paris Agreement and climate neutrality objective.

A recent analysis² by Öko-Institut suggests that taking 2019 as the only reference year for the start of CORSIA would seriously undermine the environmental integrity of the scheme. It is safe to assume that a baseline change as proposed by the Commission will result in a de facto postponement of the start of CORSIA by at least three years. In none of the two 2019-baseline scenarios (ranging from "most optimistic" to "most pessimistic") presented by Öko-Institut will there be any offsetting requirement for the aviation industry during CORSIA's pilot phase. It is even possible that there will not be any obligation until the beginning of the second phase (around 2027). Both scenarios also show significant drops (between 25 and 75%) in offsetting requirements over CORSIA's entire operation time, compared to a situation where the current baseline is maintained at the level already adopted by all ICAO member states.

Even more importantly, there is no urgent need to adjust the baseline at this stage. Öko-Institut finds that *"the implications of the COVID-19 crisis are relatively limited"* in their scenarios compared to a situation without COVID-19, because *"a lower baseline and a lower trend of future aviation emissions partially net out."*

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020PC0219>

² <https://www.oeko.de/fileadmin/oekodoc/Should-CORSIA-be-changed-due-to-the-COVID-19-crisis.pdf>

The Commission proposal (which, to our knowledge, has been adopted without proper analysis of the effect of such changes on the environmental integrity of CORSIA) acknowledges the possibility of several years with no or minimal offsetting requirements after adjusting the baseline, but indicates that the CORSIA review of 2022 can be used to strengthen the baseline again: *“Should it take several years to reach the pre-crisis level of traffic and associated emissions, a higher 2019 emissions baseline is likely to lead to no or minimal offsetting requirements during the pilot phase. In this context, it should be recalled that the Assembly Resolution A40-19 provides for a review of CORSIA every three years – the first of these in 2022.”*

We have been following the development of CORSIA for years now. Given our past experiences we think it is an extremely risky and even naïve strategy to just assume that such a review will actually lead to a tightening of the baseline again. Since there is already a review planned, and since offsetting obligations are very low in the first years, it would be wiser to wait for the review before making any changes to CORSIA. The shape of the economic recovery will also be clearer at that point.

Something that not should be forgotten either, is that buying CORSIA-offsets hardly can be considered a ‘burden’ for the aviation sector. The average price of a carbon credit (which represent the right to emit a tonne of CO₂) on the voluntary market was 3 dollars in 2018.³ The price of a Certified Emission Reduction, a credit generated under the Clean Development Mechanism which has been recognised as a CORSIA eligible programme, is currently 25 euro cents per credit.⁴ This situation is unlikely to change soon. The oversupply of credits is enormous. Under the current eligibility restrictions, supply of CORSIA-eligible offsets is 3.7 to 5.4 times larger than expected demand.⁵ In addition, ICAO's Technical Advisory Body is currently assessing additional programmes for eligibility under CORSIA, which is likely to increase this supply further.

We obviously recognize the exceptional circumstances that have been created by Covid-19, and the difficult situation the aviation sector is facing. The EU should however be wary for quick decisions which do not really change anything for the sector in the short term, but can have large implications for the functioning of CORSIA, and most importantly for the climate, for many years to come.

We urge you to take over the recommendations of, amongst others, Öko-Institut and to maintain the current rules for now. At the very least until the ICAO Assembly in 2022, which will review the overall ambition of CORSIA, that is the proper moment to decide upon any potential changes to the CORSIA-baseline.

Yours sincerely,

Pascal CANFIN	Chair of the Environment (ENVI) Committee of the European Parliament
Peter LIESE	EPP ENVI Coordinator
Jytte GUTELAND	S&D ENVI Coordinator
Nils TORVALDS	Renew Europe ENVI Coordinator
Bas EICKHOUT	Greens/EFA ENVI Coordinator

³ <https://app.hubspot.com/documents/3298623/view/63001900?accessId=eb4b1a> (box page 13)

⁴ <https://www.eex.com/en/market-data/environmental-markets/derivatives-market/certified-emission-reductions-futures> (fill in a day before today)

⁵ <https://www.forest-trends.org/pressroom/ecosystem-marketplace-forecasts-ample-supply-of-corsia-carbon-credits-if-icao-council-limits-eligibility-to-post-2016-offsets/>