IATA's response to "Baku to Belém Roadmap to 1.3T" consultation

CORSIA's growing potential to generate climate finance opportunities

The International Air Transport Association (IATA) is the trade association for the world's airlines, representing 360 airlines and accounting for 85% of global air traffic. We support many areas of aviation activity and help formulate industry policy on critical aviation issues.

IATA welcomes the opportunity to respond to the open consultation regarding the Baku to Belém Roadmap to 1.3T. The air transport industry fully supports the goal of reducing global CO_2 emissions and ensuring sustainable development and acknowledges the crucial importance of assisting developing countries in this endeavor.

IATA and its member airlines are committed to, and aligned with, the long-term aspirational goal established by States—under the auspices of the International Civil Aviation Organization (ICAO)— to reach net-zero CO_2 emissions from international aviation by 2050. This commitment makes international air transport the only global sector where States and industry have established such a unified and comprehensive climate objective.

A key pillar of this collective effort is the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), adopted by all 193 ICAO Member States in 2016. CORSIA is the first and only global market-based measure specifically designed to address CO_2 emissions from international aviation. Recognizing the vital role played by aviation in economic development, **CORSIA was extensively negotiated by both developed and developing States to ensure certifiable climate action and support growth in employment and economic activity, all essential for the improvement of living standards.** It was established pursuant to the United Nations Framework Convention on Climate Change (UNFCCC), which recognizes ICAO as the appropriate forum for addressing environmental matters related to international aviation.

The growing commitment of governments to CORSIA is evident as the number of participating States has increased from 81 in 2021 to 129 in 2025. Between 2021 and 2023, about 60% of international air transport's CO_2 emissions occurred on routes between two States participating in CORSIA. CORSIA is projected to cover at least 85% of international air transport's CO_2 emissions from 2027 onwards.[1] To comply with CORSIA, airlines are required to purchase CORSIA Eligible Emissions Units (EEUs) to compensate for CO_2 emissions that IATA estimates to lie between 146 and 236 million tonnes for the 2024 – 2026 period. **The cost to airlines will likely rise from about USD 3 billion in 2027 to over USD 30 billion in 2035 and is expected to generate a cumulative total of more than USD 120 billion from 2024 to 2035.** These amounts underline CORSIA's growing contribution to climate finance and to the creation of a global, liquid, and transparent carbon credit market that will expand the investor population able to channel funds to developing economies.

CORSIA is designed for climate action and economic development. It does more than allow aircraft operators to offset their CO_2 emissions. It drives tangible, robust emissions reduction, delivering guaranteed and meaningful climate action. By directing airline funding toward high-quality, independently verified emissions-reduction projects, particularly in developing countries, CORSIA unlocks scalable financing

[1] IATA, Chart of the Week, Growing Commitment to CORSIA, May 2025. Accessible here.

opportunities. Beyond environmental gains, these projects deliver wide-ranging socioeconomic benefits, including rural development, biodiversity conservation, technology transfer, job creation, and income generation. **CORSIA empowers developing economies to reduce CO_2 emissions, access international carbon markets, and attract broader investment**—unlocking significantly greater funding potential than any targeted tax on air transport could achieve.

Important decisions regarding the operationalization of Article 6 of the Paris Agreement were reached at the 29th Conference of the Parties (COP29) of the United Nations Framework Convention on Climate Change (UNFCCC). This provides a solid institutional foundation for implementing CORSIA, as it provides host countries with clear guidance on the steps required to issue Letters of Authorization (LoAs)[2] and to apply the corresponding adjustments necessary to release CORSIA Eligible Emissions Units (EEUs) from the national accounting.

However, aircraft operators continue to face a shortage of CORSIA EEUs, as host countries struggle to issue Letters of Authorization (LoAs)/Attestation Statements. To date, Guyana is the only country to have successfully released CORSIA EEUs for sale on the global carbon credit market.[3] A pipeline of eligible projects could swiftly come to market if countries completed the procedures stipulated under Article 6 of the Paris Agreement.

In this context, **IATA and its member airlines call on host countries to take prompt action to implement Article 6 of the Paris Agreement, issue the required Letter of Authorization, enable the release of CORSIA EEUs, and, therefore, unlock CORSIA's full potential to provide significant climate finance opportunities to developing countries**.

More specifically, IATA and its member airlines call on States to:

(1) **Harmonize** ICAO and UNFCCC processes,[4] and streamline authorization.

(2) **Request implementation assistance** to establish an appropriate structure to issue LoAs and conduct corresponding adjustments.

(3) **Develop processes and administrative capabilities** to enable actions required under Article 6.

(4) **Prioritize the above as urgent climate action** given that CORSIA EEUs will potentially comprise two-thirds of the credits transferred under Art 6.2 of the Paris Agreement.[5]

Taxes, by contrast, are not inherently climate instruments. They are primarily designed to raise funds for the government. The effect of taxes is to curb the taxed activity. Taxes on air passenger tickets would be paid by the countries' flying population amid an already weak tax base in most developing countries. Second-order impacts on airlines include lower demand, lower profitability on often particularly vulnerable routes, and ripple effects across the global network.

The share of the aviation sector in global GDP is nearly 4%, supporting over 87 million jobs and generating approximately USD 4.1 trillion in economic activity (2023). In addition, air transport is a unique lever for economic development as it not only contributes to an economy's GDP but lifts the productivity of all industries that use its

[2] i.e., the formal documents issued by host countries under Article 6 of the Paris Agreement to permit the use of Internationally Transferred Mitigation Outcomes (ITMOs) toward compliance with CORSIA. It ensures transparency, legal clarity, and enables corresponding adjustments to avoid double counting of emissions reductions.

[3] Government of Guyana, Press Release, Guyana Announces World's First Carbon Credits for Use in UN Airline Compliance Programme, CORSIA. Accessible here.

[4] In practical terms, given the discrepancies in the CORSIA and UNFCCC reporting timelines, States need to harmonize the reporting procedures to avoid double-claiming and ensure the environmental integrity of emission reductions.

[5] Sylvera, Report, CORSIA First Phase Scenario Modeling, Analysing future prices, supply and demand under 6 different scenarios for CORSIA. Accessible here.

services. Thwarting this “multiplier” effect reduces all countries’ growth potential, and that of developing countries even more so.

Air transport is indispensable in all economies, and vital in many developing and geographically isolated States, such as small island nations and countries spanning vast territories. Taxing air passenger tickets will weigh on potential growth, penalize domestic households, and only deliver climate benefits if explicitly allocated to such programs. Furthermore, the implementation of segmented taxes contradicts ICAO’s Policies on Taxation in the Field of Air Transport (Doc 8632), which calls on States to avoid imposing discriminatory taxes on international aviation. Note that several countries, such as Sweden, have removed,[6] or plan to remove, such taxes, having identified air transportation as a key policy tool to drive economic development.

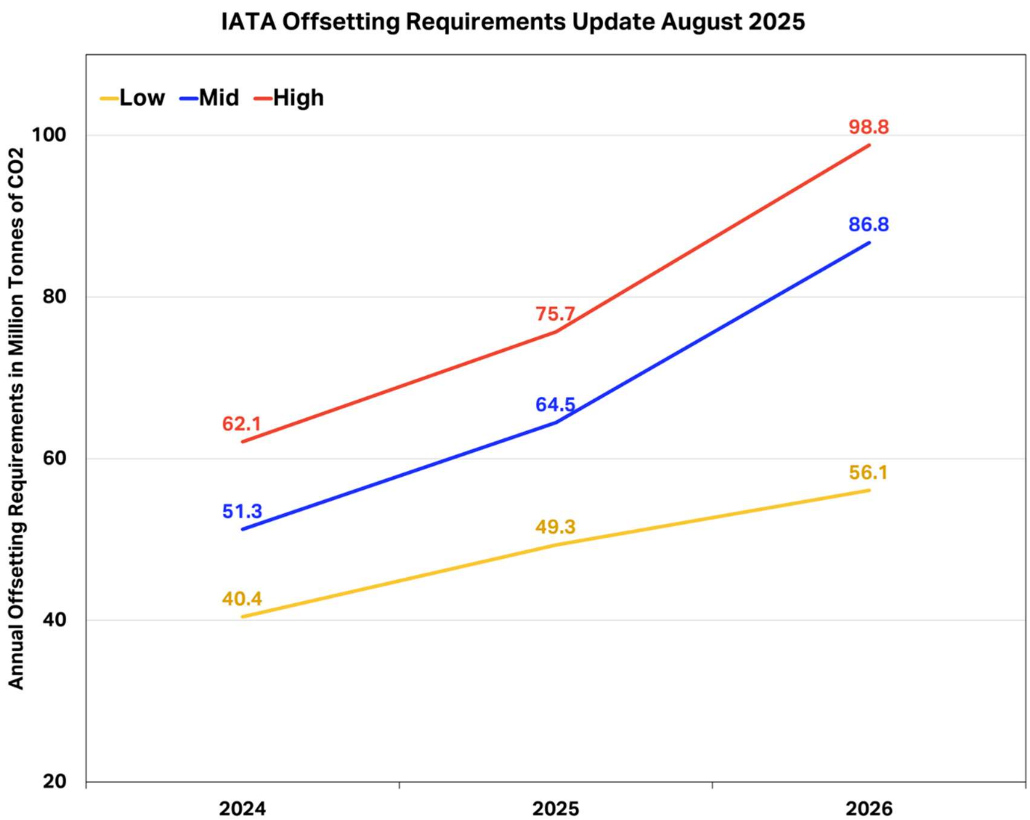
[6] For instance, Sweden has officially abolished its Air Travel Tax as of July, 1, 2025.

Appendix

Forecasts of CORSIA Annual Offsetting Requirements

Figure 1 presents the forecasts for the annual offsetting requirements for the three modelled scenarios. The offsetting requirements begin in 2024, when they are projected to fall between 40 and 60 million tonnes of CO2. Furthermore, in the entire first phase, the offsetting requirements, translating to demand for CORSIA Eligible Emissions Units (EEUs), are expected to lie between 146 and 236 million tonnes of CO_2.

Figure 1: IATA CORSIA offsetting requirements forecast during the first phase from 2024 to 2026 (August 2025)



Source: IATA Sustainability and Economics