

coelum.

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CORSIA, a scheme
to reduce CO₂ in the
International Aviation .
by Vera García

JANUARY NEWS on
Mexican Aviation

COELUM: Pronunciation: 'che-l&m, is Latin for airspace or sky. The Romans began questioning the rights they had in the space above the land they owned and to how high above did that right extended to. Ad coelum et ad inferos, they discussed, meaning that their right of property would extend as high up to the heavens and down to hell.

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CORSIA, a scheme to reduce CO₂ in the International Aviation .

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Domestic and international aviation account for approximately 2% of total global CO₂ equivalent emissions, and only the international aviation account for approximately 1.3%¹. As demand for air travel will likely double by 2035², one of ICAO's goals for the aviation sector is carbon neutral growth from 2020 onwards.

“The Assembly agreed to implement CORSIA, to address any increase in total CO₂ emissions from international civil aviation above the 2020 levels.”

ICAO's measures for reducing emission of CO₂ from international aviation include standards improvements; technology improvements; air traffic management improvements; operational improvement and implementing a global market-based measure (“MBM”) scheme in the form of the Carbon Offsetting and Reduction Scheme for International Aviation (“CORSIA”).

On the 39th Session of the ICAO Assembly, held from 27 September to 6 October 2016 in Montreal, Canada, the Assembly adopted the Resolution A39-3, Consolidated statement of continuing ICAO policies and practices related to environmental protection – global MBM³.

The Assembly agreed to implement CORSIA, to address any increase in total CO₂ emissions from international civil aviation above the 2020 levels. The 2020 baseline will be calculated in base of the data reported by air carriers from members of ICAO, as airlines need to undertake a monitoring, reporting and verification (MRV) of CO₂ emissions from international flights starting on January 1, 2019.

CORSIA shall apply only to international routes between States⁴ that are part of the program, this means that offset requirements apply only if the origin and destination States are both participants of this scheme.

CORSIA will provide flexibility to airlines from States to choose how to cut their emissions of CO₂ by either:

- ✓ Investing in emissions offsets within or outside of the aviation sector: A carbon offset is a reduction in emissions of carbon dioxide or greenhouse gases made in order to compensate for or to offset an emission made elsewhere. Companies compensate for its carbon emission by purchasing carbon credits⁵ from the carbon market. Credits are generated by investing in emission reduction projects in different parts of the world (i.e. planting trees to reduce CO₂).

1.- https://www.icao.int/environmental-protection/Documents/ICAOEnvironmentalBrochure_Web.pdf

2.- According to PwC's annual report on the state of the worldwide airline industry.

3.- https://www.icao.int/environmental-protection/Documents/Resolution_A39_3.pdf

4.- Country/countries member/members of the ICAO.

5.- According to the Collins English Dictionary, a carbon credit is a certificate showing that a government or company has paid to have a certain amount (usually equivalent to one tonne) of carbon dioxide removed from the environment.

- ✓ Flying more efficient aircraft: implementation of the new CO₂ standards adopted by ICAO in 2016 for aircraft types from 2023⁶
- ✓ Using new technologies to set more efficient flightpaths: implementation of navigation system such as Performance-based Navigation (“PBN”) that helps aircraft to take more precise and short routes which helps them to conserve fuel, reduce aviation congestion, and protect the environment.⁷
- ✓ Using sustainable lower-carbon alternative fuels: biofuels with strict standards, otherwise, jet-fuel plantations could destroy forests and make global warming worse.

“The Environment Defense Fund estimates that in 2027 (Second phase), when the program becomes mandatory, the reduction will cover 77 percent of anticipated emissions growth.”

CORSIA is intended to be fully implemented by all members of ICAO from 2027-2035 through three phases: Pilot Phase; First Phase and Second Phase. The Environment Defense Fund estimates that in 2027 (Second phase), when the program becomes mandatory, the reduction will cover 77 percent of anticipated emissions growth⁸.

- i) **Pilot phase from 2021 through 2023:** participation by States is voluntary. As of May 31, 2017, seventy States including Mexico intend to voluntarily participate in CORSIA. This is 86% of the global international aviation.
- ii) **First phase from 2024 through 2026:** participation by States is still voluntary.
- iii) **Second phase from 2027 through 2035:** all States are included, 90% of International activity should be covered. The States and entities mentioned below are excepted from offsetting requirements unless they volunteered to participate⁹.
 - x States with an individual share of international aviation activities in Revenue Tonne Kilometers (RTKs), in year 2018 below 0.5 per cent of total RTKs;
 - x States that are not part of the list of States that account for 90 per cent of total RTKs when sorted from the highest to the lowest amount of individual RTKs;
 - x Least Development Countries (LDCs); Small Island Developing States (SIDS); and Landlocked Developing Countries (LLDCs).

6.- <https://www.icao.int/Newsroom/Pages/New-ICAO-Aircraft-CO2-Standard-One-Step-Closer-To-Final-Adoption.aspx>

7.- <https://www.icao.int/safety/pbn/Pages/default.aspx>

8.- <https://www.edf.org/climate/aviation>

9.- https://www.icao.int/environmental-protection/Pages/A39_CORISIA_FAQ2.aspx

On the other hand, in a local level every country which intends to voluntarily participate in CORSIA in 2021 should start preparatory activities for the implementation of the Carbon Offsetting and Reduction Scheme for International Aviation reduction plan for aviation, by way of example in Mexico, different activities are currently being carried out:

- The General Directorate of Civil Aviation (the “DGAC”), issued on September 2016, the Advisory¹⁰ Circular CA AV-4214¹¹ - Presentation of the Report of Greenhouse Gas Emissions, Data on Fuel Consumption and Tons-Kilometer (the “Advisory Circular”). The Advisory Circular is a guidance for air carriers; concession and permission holders, to monitor, notify and verify CO₂ emissions.
- Mexico published and filed before the ICAO the Action Plan 2015-2018- Action Plan to Reduce Greenhouse Gas Emissions from Mexican Civil Aviation¹²; in which the DGAC and other aviation authorities identified among others the following measures: using technologies related to the improvement of the performance of aircraft; better operational practices; improvement on air traffic management; development of alternative fuels and improvement on airport infrastructure¹³.
- Some airlines are already part of voluntary offset programs (*i.e. programme Plataforma México CO₂*).
- The Environment Committee for Aviation (CMMA) dependent of the DGAC had a meeting on October 5, 2017 in which some preparatory activities for the implementation of CORSIA were discussed. For example, the Small-Scale Implementation (“SSI”) which offers training to airlines and governments through similar tests to what CORSIA will be¹⁴.

It is well known that contaminants created by aircraft pollutants are a harm to human health as well as to the environment. As an effort to take responsibility over this issue ICAO has created a plan of action to reduce emissions by working with States on the improvement of technology and regulations. Mexico has been part of the action by taking a step forward in the improvement of this matter, while there is still area for growth, it is important to continue to work diligently for the benefit of all. Aviation emissions are expected to grow rapidly in the next decades, so it is imperative to rapidly take action.

10.- The advisory circulars and not mandatory in Mexico.

11.- <http://www.sct.gob.mx/fileadmin/DireccionesGrales/DGAC-archivo/modulo2/ca-av-42-14-r1.pdf>

12.- <http://www.sct.gob.mx/transporte-y-medicina-preventiva/aeronautica-civil/6-medio-ambiente-y-desarrollo-sustentable/61-medio-ambiente-y-desarrollo-sustentable/plan-de-accion/>

13.- Action Plan 2015-2018.

14.- Minute of the CMMA session as of 02/17.

ASA to provide Flight Safety Courses to Cabin Crew members of airlines operating to Mexico.

In order to continue giving safety training to all cabin crew members operating in Mexico, Airports and Auxiliary Services (ASA) has informed that they will launch a "Flight Safety Supervisor" course, focused. In a statement, the government agency indicated that this course, which is part of its Instruction Program 2018, aims to provide safety knowledge and the minimum necessary safety skills for flight attendants. <http://a21.com.mx/normatividad/2018/01/08/impartira-asa-curso-sobre-seguridad-para-sobrecargos> January 08, 2018.

Mexican President Inaugurates the Aeronautical Technology Center in Querétaro.

Mexican President Enrique Peña Nieto inaugurated the National Center for Aeronautical Technologies (CENTA). This state-of-the-art facility located in Queretaro will focus on the research and development of new technologies and innovation for the Mexico's aeronautical sector. <http://www.elfinanciero.com.mx/bajo/inaugurara-epn-el-centro-de-tecnologias-aeronauticas-de-queretaro.html> January 09, 2018.

The European Union wants to open air 'bridges' with Mexico.

The renegotiation of the Free Trade Agreement (NAFTA) with Canada and the United States is not the only open front for Mexico in commercial matters. The country also seeks to modernize the Free Trade Agreement with the European Union, and the region's Transportation Commissioner, Violeta Bulc, visited Mexico in order to open new 'air roads' to connect both areas. <http://aerolatinnews.com/2018/01/15/la-union-europea-quiere-abrir-puentes-aereos-con-mexico/> January 15, 2018.

Bombardier keeps growing in Querétaro and plans a massive recruitment program.

The Secretary of Labor of Querétaro, José Luis Aguilera Rico, informed that Bombardier will carry out a new massive recruitment of personnel. This reflects the confidence that the company is having on Mexican labor market which is expected to continue growing in the near future. <http://www.elfinanciero.com.mx/bajo/bombardier-realizara-nuevo-reclutamiento-masivo-en-queretaro.html> January 18, 2018.

COFECE against price fixing in Mexico.

The Mexican competition authority ("COFECE") concluded an investigation which began in 2015 addressing prospective price-fixing and cartel activities between national carriers. Although specifics of the investigation are yet to be revealed, COFECE has claimed that it has enough evidence to prove such monopolistic practices particularly in domestic flights. <https://vanguardia.com.mx/articulo/acusa-cofece-las-aerolineas-de-coludirse-para-fijar-precios> January 22, 2018.

Why will it be more expensive to travel abroad in 2018?

The USD \$8.00 increase to the Fee for the Use of Airport Infrastructure (TUA) at the Mexico City International Airport (AICM) made the capital aerodrome the most expensive in Latin America. In addition, it raises the discussion about the way this increase rate affects the passengers, who ultimately pay such fee. <http://a21.com.mx/normatividad/2018/01/22/por-que-sera-mas-carro-viajar-al-extranjero-en-2018> January 22, 2018.

Canada and Mexico are consulting on keeping NAFTA Investor Dispute System Without the U.S.

Canada and Mexico are seeking to preserve the dispute-settlement panels provided for in the NAFTA agreement despite having the U.S. opting out of it. Dispute resolution is among the most contentious issues in currently in place during the NAFTA negotiation talks. <https://www.bloomberg.com/news/articles/2018-01-25/canada-mexico-may-keep-nafta-dispute-resolution-without-u-s> January 25, 2018.

IATA on Lithium Batteries in International Flights.

Effective January 2018, on all IATA member airlines lithium batteries that can be removed from smart luggage will not be checked-in. Lithium batteries have become the preferred energy source to power a wide variety of consumer however most people are not aware that lithium batteries can pose a safety risk if not prepared in accordance with the transport regulations. To help with compliance, IATA has developed guidance for shippers, freight forwarders, ground handlers, airlines and passengers. <http://www.iata.org/whatwedo/cargo/dgr/Pages/lithium-batteries.aspx> January 22, 2018.

Roads to the New Airport of Mexico City will cost the same as the Mexico-Toluca train.

According to studies conducted by the Mexico City Airport Group, the New Airport will require 17 road works to meet the demand of passengers who will arrive and depart from it. According to estimates from the Ministry of Communications and Transportation (SCT), improvements to existing roads and the construction of new ones to support the operation of the New Airport will require an investment of 40 thousand 241 million pesos. <http://www.elfinanciero.com.mx/empresas/carreteras-al-nuevo-aeropuerto-costaran-lo-mismo-que-el-tren-mexico-toluca.html> January 25, 2018.

Alternative means of financing for the new Mexico City Airport.

The general director of the Mexico City Airport Group (GACM), Federico Patiño, said that the aim is to increase the participation of the private equity for the financing of the new capital airport so as not to put pressure on the country's public finances. <http://a21.com.mx/aeropuertos/2018/01/25/buscan-mayor-participacion-privada-en-nuevo-aeropuerto> January 25, 2018.

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