



# IATA's updated CORSIA Sectoral Growth Factor Forecast

September 2024

## Background

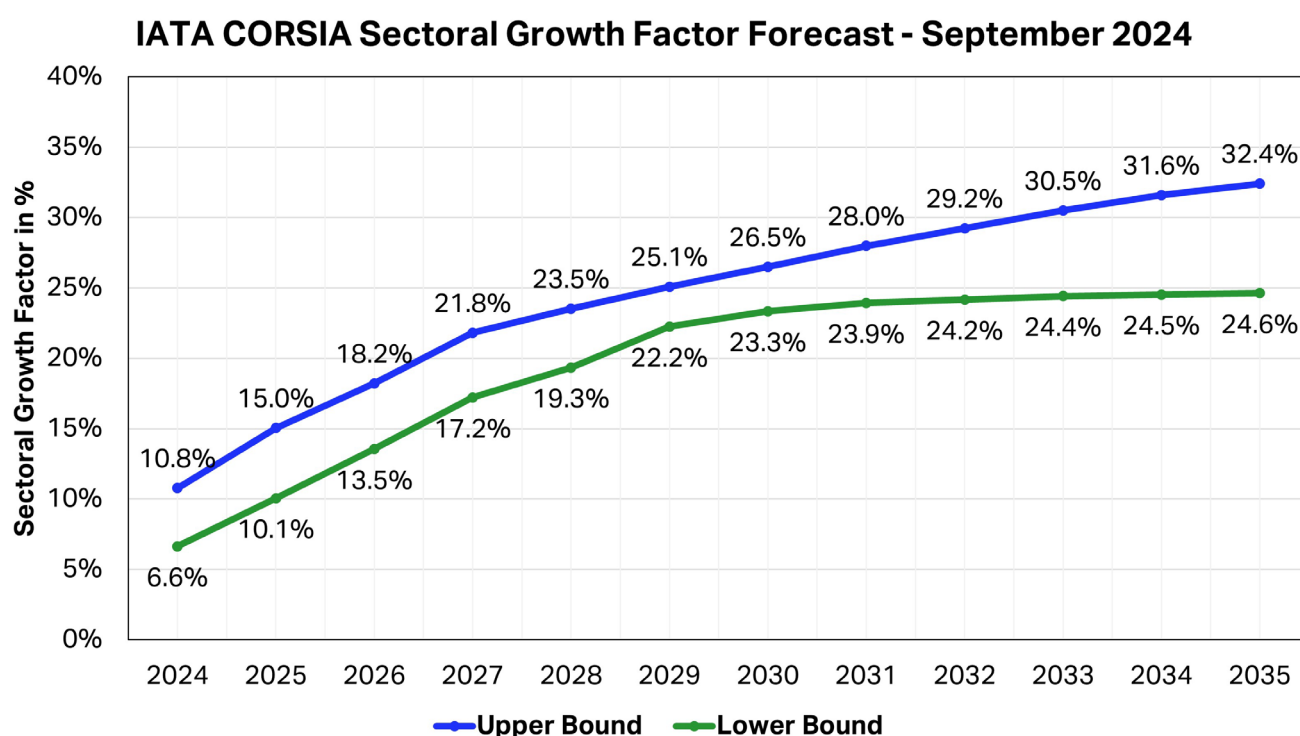
The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) is a global market-based carbon-offsetting mechanism under the auspices of the International Civil Aviation Organization (ICAO), designed to stabilize international aviation emissions from 2021. Here, IATA's updated projection for CORSIA's annual Sectoral Growth Factor (SGF) and the annual offsetting requirements forecasts are presented.

## Projection of CORSIA compliance requirements

### Updated Sectoral Growth Factor Forecasts

The annual Sectoral Growth Factor (SGF) is an important parameter affecting airlines' yearly offsetting requirements under CORSIA and, therefore, the emission reduction potential across its lifespan. Periodically, IATA models and publishes updates on its projections for the SGFs. Figure 1 below illustrates a lower- and upper-bound between which the annual Sectoral Growth Factor is expected to fall. For example, in 2024, the SGF will likely fall between 6.6% and 10.8%. The Lower and Upper Bounds correspond to low and more optimistic IATA traffic forecasts, respectively.

Figure 1: IATA CORSIA SGF Forecast (September 2024)

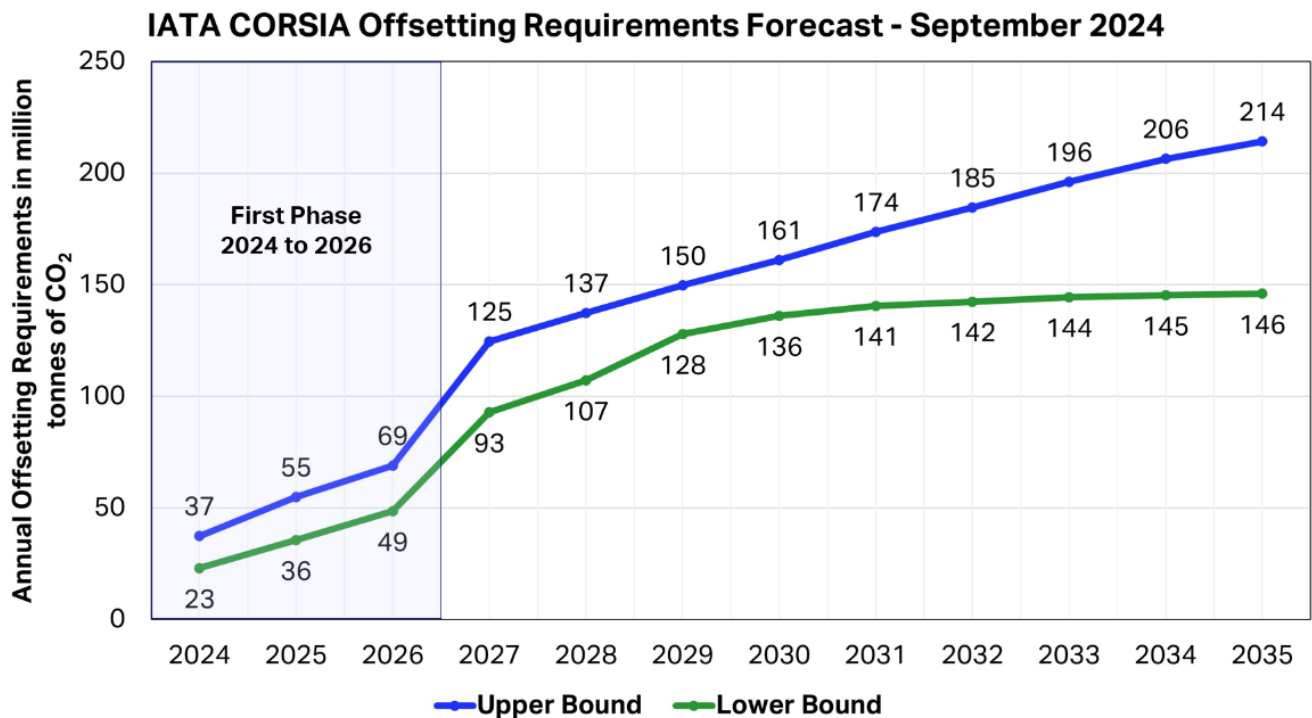


Source: IATA Sustainability and Economics

## Updated forecasts of annual Offsetting Requirements

Similarly, the forecasts for the annual offsetting requirements are presented between a Lower and Upper Bound in Figure 2. The projections begin from 2024 onwards, as there are expected to be no offsetting requirements in 2023 (SGF expected to be 0). Furthermore, the demand for CORSIA Eligible Emissions Units (EEUs) in the first phase (from 2024 to 2026) is expected to lie between 107 and 161 million units (where 1 unit is equal to 1 tonne of CO<sub>2</sub> emissions reductions).

Figure 2: IATA CORSIA offsetting requirements forecast (September 2024)



Source: IATA Sustainability and Economics

## Key takeaways

The latest traffic forecasts present a narrower range (in general, the lower bound projections have increased) between the scenarios compared to those from September 2023, which are reflected in the new forecasts presented in Figures 1 and 2. The following conclusions can be drawn from the results:

- Offsetting requirements are expected to begin from 2024; the **SGF for 2023 is expected to be 0**, and will be confirmed by the end of October 2024.
- The demand for **CORSIA EEUs in the first phase (from 2024 to 2026) is expected to lie between 107 and 161 million units**. Depending on assumptions regarding the price ranges of CORSIA EEUs and their evolution, it could **cost airlines cumulatively from 2024 to 2026 (first phase) between USD 1.9 to 6.3 billion** (without accounting for CORSIA Eligible Fuels) to comply with CORSIA.
- **Under CORSIA, between 1.3 and 1.7 billion tonnes of CO<sub>2</sub> reductions are expected to be achieved** from 2024 to 2035. Depending on the traffic scenario, these **reductions would represent between 15 and 21% of air transportation's total emissions**.