

REPORT

CORSIA Countdown

Supply readiness, compliance risk and
price exposure ahead of January 2028

Powered by the Sylvera Article 6 & CORSIA Hub

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Executive summary pt.1

CORSIA Phase 1 (CP1) represents the first real test of international aviation's signature initiative to address climate change, agreed in 2016.

Covering 2024–2026 emissions under ICAO's global carbon scheme, CP1 is voluntary for states — but airlines operating under the authority of a participating state are mandated to comply. With 130 states already participating and full mandatory coverage for all states beginning in 2027, the scheme is rapidly moving from pilot to permanent fixture.

The deadline to retire CP1 credits is 31 January 2028, only 19 months away. Yet, the market remains significantly uncertain, supply-constrained and under-priced — presenting material risks and strategic opportunities for airlines, project developers, investors, and traders alike.

Sylvera's market forecasts, covering over 50 different scenarios, estimate that prices could reach \$53 per CORSIA credit (known as Eligible Emissions Units, or EEU's) if there is a shortage by the January 2028 deadline, while scenarios with lower demand or higher supply see prices ranging from \$15 to \$33.

Supply is structurally scarce

Only 38M issued credits from registered projects qualify as EEU's today — against a potential CP1 demand of around 163M (after excluding intra-EEA flights and small states from total CP1 offsetting requirements).

The gap reflects two eligibility gates beyond issuance: a host-country Letter of Authorization (LoA) and either a corresponding adjustment (CA) or qualifying insurance.

The bottleneck is structural, and Sylvera's project-level EEU pipeline, part of the Article 6 & CORSIA hub, shows realistic eligible supply adjusted for these gaps.

Executive summary pt.2

Demand is real, but heavily tempered

Demand is more straightforward on paper — airlines' CP1 offsetting obligations are set by 2024-2026 flight activity, making them relatively inelastic.

But in practice, demand is tempered by swing factors: the US-Iran conflict has reduced international aviation activity in affected corridors, and enforcement signals vary significantly across jurisdictions, with particular uncertainty surrounding the type and extent of participation from airlines based in the US and the EU.

Total offsetting requirements and participation-adjusted demand are hence not the same number — but with the right data, the gap is quantifiable.

The window is narrowing

Buying activity remains muted as of mid-2026, with only a handful of early movers having transacted and the broader market stuck in a holding pattern. Many airlines are awaiting policy clarity and enforcement signals before committing to procurement, but this inaction is not cost-free. A late buying rush concentrated near the January 2028 deadline — when liquidity will be thin and supply already contracted — creates simultaneous price and availability risk for non-compliant carriers.

For developers and traders, CA risk is not an abstract policy question — it is direct commercial exposure. The window to secure LoA and CAs is closing, and projects that miss it risk being shut out of the market and unable to meet CORSIA eligibility requirements.

What this report covers

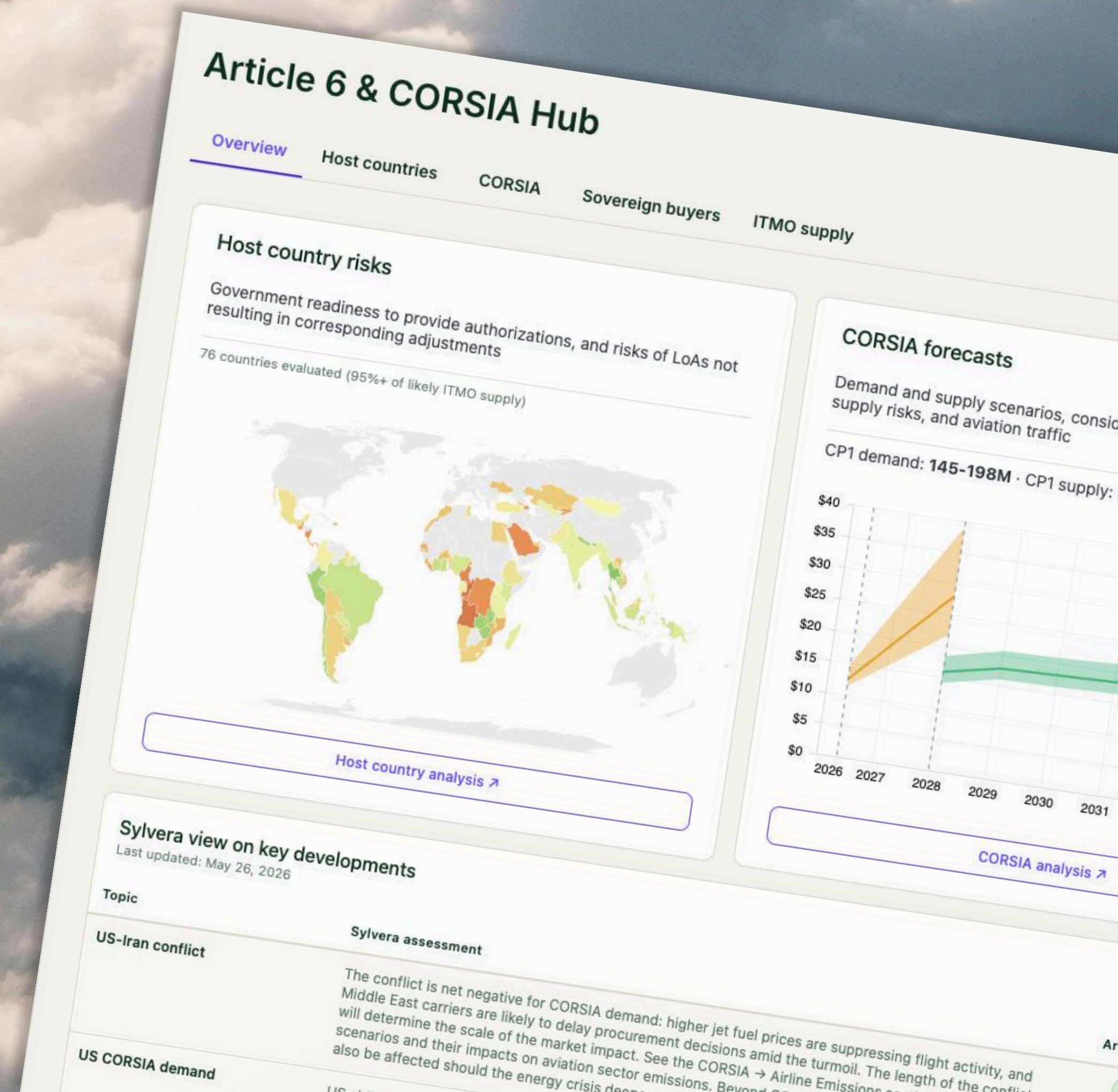
The CORSIA market is entering a critical phase, and the data to navigate it has been hard to come by. This report changes that.

We break down CP1 supply by country risk tier, model demand with jurisdiction-by-jurisdiction enforcement adjustments, lay out a price outlook, and quantify exposure across the market — from airlines to project developers, investors, and traders.

All grounded in the project-level pipeline analysis and Article 6 risk monitoring behind [Sylvera's Article 6 & CORSIA Hub](#).

ARTICLE 6 & CORSIA HUB

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CORSIA Phase 1: Key market uncertainties

Key market uncertainties

CORSIA is overseen by the International Civil Aviation Organization (ICAO) requiring airlines to offset international emissions above 85% of 2019 baseline levels.

It covers roughly 60% of global aviation emissions and is set to become the largest single source of compliance demand for carbon credits in the coming years.

For international airlines, the clock is already running. CORSIA Phase 1 (CP1), covering emissions from 2024–2026, carries a compliance deadline of 31 January 2028 — by which airlines must retire eligible emissions units (EEUs) for those years.

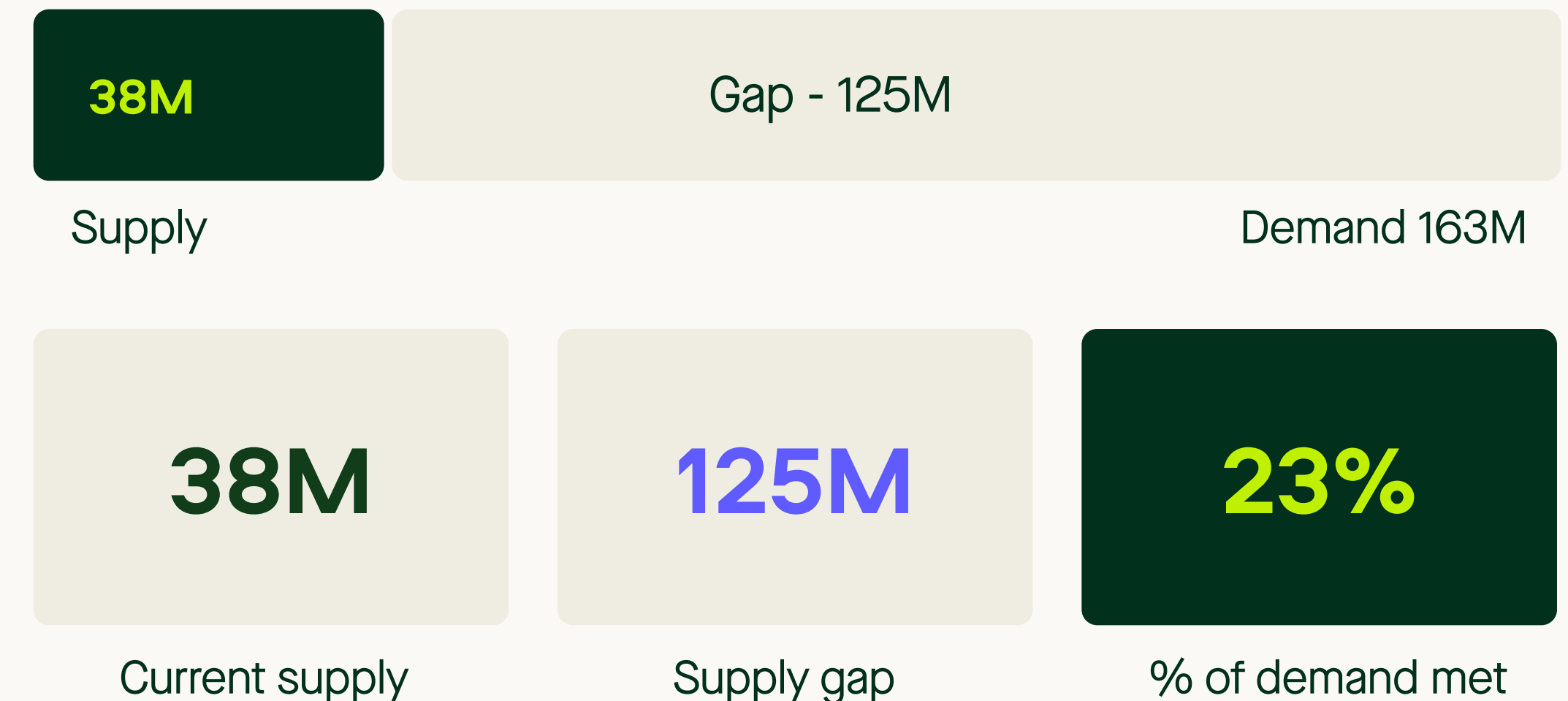
Demand is inelastic, largely determined by flight activity since January 2024, with maximum demand anticipated to reach 163M¹ for CP1. Supply tells a different story.

Only carbon credits meeting eligibility requirements set by ICAO — at the standard, methodology, and vintage levels, and with host-country authorizations and either corresponding adjustments (CAs) or qualifying insurance — can qualify as EEUs. Only 38M EEUs exist: just 23% of projected demand.

More will come through further issuances and authorizations, but whether enough arrives before the January 2028 deadline is an open question.

Procurement remains muted: as of June 2026, few airlines have moved to secure supply, with most watching for enforcement and authorization signals before committing. So far, the market has seen around 400,000 tonnes of retirements for CORSIA compliance, around 0.2% of the expected total demand.

Supply as a share of projected demand:



Key market uncertainties

Three uncertainties define the CP1 market:

1. Supply adequacy

An Article 6.2 Letter of Authorization (LoA) is the entry ticket, but the CA application — the Article 6 accounting exercise that prevents double counting — is the harder gate. CA risk is particularly relevant to developers, investors, and traders, for whom a CA that fails to materialize translates directly to commercial loss.

2. Demand realization

Airline compliance is not guaranteed — and the motivations behind it vary. Some airlines will comply voluntarily; others are waiting for a clearer enforcement signal. Critically, domestic enforcement of CORSIA is not mandatory, and the infrastructure to deliver it varies sharply across participating states and regions. The EU is the biggest single source of demand uncertainty — and its July 2026 review could reshape the market materially.

3. Price formation

A thin market, high information asymmetry, and an unresolved supply-demand balance make pricing volatile.

These uncertainties will not resolve easily — with no central authority and decisions left to individual sovereign states, there is no single lever to pull.

Progress comes country by country, resulting in an unusual degree of uncertainty for a compliance scheme this close to its deadline. Sylvera's Article 6 & CORSIA Hub is tracking this gap at the project level in real time — covering LoA and CA status, issuance data, and country risk across all ICAO-eligible standards.

CORSIA Phase 1: Supply

Phase 1 supply

38M EEU exist today — out of a potential 300M

Around 300M credits issued to date are potentially eligible for CP1 — yet only 38M, just 13%, have actually become eligible CORSIA EEUs.

The rest are waiting to clear two critical hurdles: the host-country LoA and the CA or insurance coverage.

By January 2028, the pool of potentially eligible credits could reach 640M. But narrow it to countries realistically able to deliver LoAs and CAs, and supply drops to 104M. Narrow further to credits where all requirements are met, and just 48M remain. The gap between apparent and actual supply is where price risk lives.



A 25% haircut is applied to future and non-yet eligible volumes to reflect that not all credits are likely to be authorised. High-confidence countries have Sylvera LoA and CA risk scores below 50%. Country-level intent to authorize specific activity types or serves CORSIA has not been factored in.

Phase 1 supply

Only 21% of countries present high confidence for LoAs and CAs

To date, 24 countries have published a total of 67 LoAs. Only 5 have reported CAs — and the CA data that does exist points to some reporting gaps. That points to a steep learning curve ahead in a market that is both new and time-constrained, where speed and efficiency are decisive.

LoAs and CAs are more than just administrative checklists. To implement them, a host country needs a clear plan for meeting its own climate target, with visibility into its priority sectors and where carbon-market opportunities sit against them. Few countries are currently fully equipped on these fronts, making authorization risk a real concern.

The KOKO Networks case shows the cost. Even in Kenya — pro-market, vocal on carbon — and with KOKO's LoA request backed by the World Bank Multilateral Investment Guarantee Agency (MIGA), the LoA never came, serving as a reminder that willingness on paper does not equal delivery.



Phase 1 supply

Assessing host country risk requires more than headline signals.

The Sylvera Article 6 & CORSIA Hub distills LoA and CA risks across 75+ countries into 14 indicators — built from expert consultations and evolving market practice — that capture each country's willingness and capacity to authorize credits and apply CAs at scale, and the gaps and risks associated with doing so.

The data reveals a stark picture: only 21% of assessed countries demonstrate high confidence of achieving both LoA issuance and CA recognition; 62% are on the watch-list, where supply is plausible but meaningful gaps remain; and 17% are low-probability, with little to no intent or groundwork in place.

The majority are at varying stages of developing the strategy, legal frameworks, and institutional and infrastructural arrangements needed to support LoAs and CAs — with meaningful variation between the two risk types.

Which countries are positioned to achieve LoA issuance and CA recognition?

75+
assessed
countries

% of total

21%

High confidence

LoA and CA risk scores 0-50%

A clear Article 6 and CORSIA framework is in place, with the host country making strong progress toward both LoA issuance and CA recognition

62%

Watch-list

LoA and CA risk scores 51-70%

CORSIA supply is plausible and intent exists with progress made to some extent; however, policy gaps or reporting uncertainty could undermine authorization or CA recognition if left unaddressed.

17%

Low-probability

LoA and CA risk scores 71-100%

Little to no intent, progress, or policy groundwork exists for Article 6 or CORSIA participation, or severe gaps persist where efforts have begun, making LoA issuance unlikely to materialize and CA recognition uncertain.

Phase 1 supply

Insurance de-risks airlines; developers, investors, and traders carry higher risk

LoA risk applies uniformly across the CORSIA market as it is the entry point for all participants. CA risk is a different matter.

For airlines, insurance provides security: under ICAO's eligibility framework, credits from some standards — notably Verra and Gold Standard — can qualify as EEUs without a CA in place, provided qualifying insurance is obtained to cover the eventuality that a CA never materializes. Of the 38M EEUs currently available, 7.8M have reached eligibility this way, via insurance from Oka, CFC Underwriting, or Artio, all approved by both Verra and Gold Standard.

For developers, investors, and traders, however, insurance is not a clean exit. If CAs fail to materialize, they bear the obligation to compensate with an equivalent volume of credits. A host country's CA trajectory is then not an abstract policy question; it is a direct commercial exposure.

For investors and traders, credits from high-confidence LoA/CA jurisdictions will command a premium as January 2028 approaches, making country-tier selection, not just credit volume, the key investment variable.



CORSIA Phase 1: Demand

Phase 1 demand

163M is the ceiling for CP1 demand, but the floor is much lower

In theory, CORSIA demand is known: each airline's offsetting obligation equals its share of international emissions above the 85%-of-2019 baseline, multiplied by the sector growth factor published annually by ICAO. Full implementation would put total CP1 demand at 198M EEUs.

In practice, not all of that demand will materialise. Sylvera's base case — built on insights from CORSIA roundtables and expert consultations — is partial implementation at 163M, which excludes intra-European Economic Area (EEA) flights already covered by the European Union Emissions Trading System (ETS), and smaller states that represent under a negligible share of international aviation emissions and are unlikely to see compliance.

Three swing factors stand to further dilute the 163M demand for EEUs, which we'll cover over the next few pages.



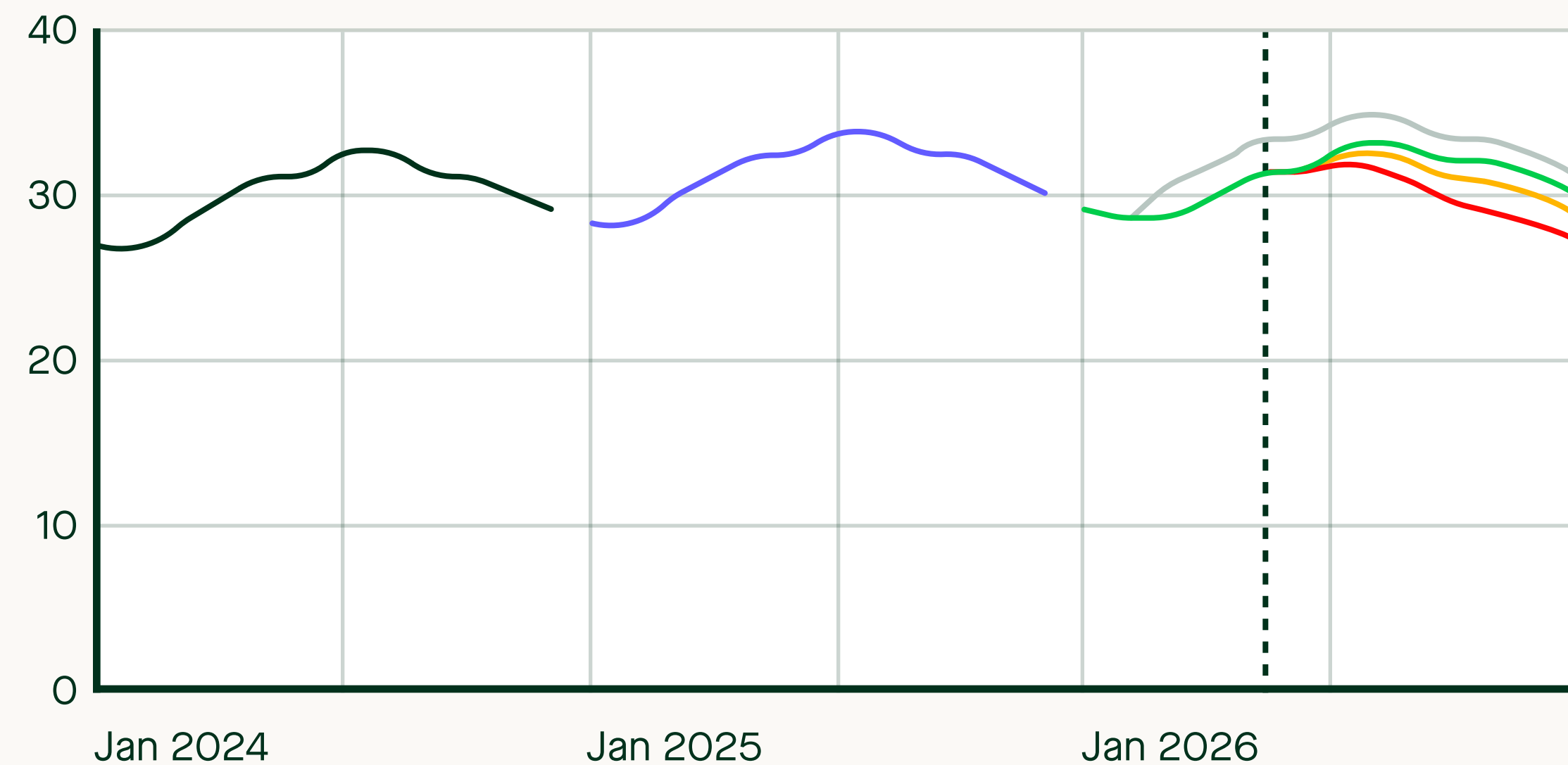
Phase 1 demand

1. The US-Iran conflict could wipe 4–9% off demand

The ongoing US-Iran war is suppressing international air traffic, and Sylvera estimates this could reduce CP1 demand by 4%–9% depending on duration and escalation. If the conflict resolves by the end of Q2 2026, the upper bound of 163M EEUs remains.

Should it extend into H2, demand falls to 157M; a full escalation brings it down further to 149M.

CORSIA CP1 emissions
Monthly emissions (MtCO₂)



- 2024 ICAO actual
- 2025 estimate
- BAU (no conflict)
- Escalation
- Prolonged Fuel Shortage
- Quick Recovery

Phase 1 demand

2. EU review: a potential 24% CP1 demand cut and a legitimacy crisis

The European Commission's CORSIA review, due in July 2026, could bring all flights from EEA airports under the EU ETS instead of CORSIA.

As of June 2026, we understand that such a proposal could take effect for 2027 emissions onwards, hence applicable for CORSIA Phase 2. However, such a decision could still create a significant uncertainty for affected airlines (primarily European ones) and affect whether and how they would participate in the market to meet Phase 1 obligations by Jan 2028.

To understand the potential consequences, Sylvera analyzed an extreme case by excluding all flights departing from the EEA from the CORSIA CP1 demand estimate. This could happen if the regulatory uncertainty leads to delayed purchases and compliance amongst airlines. In such a scenario, total CP1 demand would reduce by 24% to ~123M (subject to a quick recovery following the US-Iran war).

Beyond the direct demand impact, the EU's preference for its ETS over CORSIA could trigger a cascade of other states walking away from the scheme. Should CORSIA remain the applicable mechanism for EU airlines, a separate risk emerges.

A draft EC concept note accessed by Sylvera proposes additional EEU eligibility criteria that, according to Sylvera estimates, would disqualify around 93.5% of currently available CP1 supply — a serious pricing and sourcing risk for EU airlines ahead of the January 2028 deadline.

Sylvera's base case: neither extreme becomes policy.

Phase 1 demand

3. US airlines' non-participation could slash CP1 demand by 18%

CORSIA has no single enforcement authority, and enforcement is not mandatory. Compliance infrastructure is built state by state, and not all states have built it equally.

A core bloc— the EU, Japan, Brazil (from 2027), Canada, and potentially the UK — has embedded CORSIA compliance into domestic frameworks, where non-compliance presents a regulatory risk. Japan is the clearest proof of concept: Japan Airlines (JAL) and All Nippon Airways (ANA) are among the first carriers globally to retire credits toward CP1 obligations, totalling 200.1K EEUs.

This is directly in response to Japan's enforcement framework, under which the license to fly is on the line for non-compliance.

Outside this bloc, enforcement infrastructure is limited or absent — but that does not make these jurisdictions irrelevant for CORSIA demand.

Singapore Airlines and its subsidiary Scoot illustrate this: together, they retired 150K EEUs toward CP1 compliance — the third retirement globally — despite Singapore having no enforcement framework in place.

The retirements reflect a commitment to the scheme, not a regulatory obligation, and signal that demand from the uncertain bloc is not purely contingent on enforcement arriving. The US, however, may tell a different story. With the current administration not mandating compliance, participation is effectively voluntary for most US carriers.

While many major US carriers have affirmed their commitment so far, the base case is fragile, and meaningful demand erosion remains a real possibility.

Phase 1 demand

Sylvera's CORSIA demand model provides jurisdiction-adjusted CP1 demand estimates, updated as participation and enforcement signals evolve.

The figures in the following table reflect Sylvera's estimates as of 16 June 2026.

Scenarios*	Quick recovery	Prolonged fuel shortage	US-Iran escalation
Extended EU ETS outside the EEA	135.0M	129.6M	123.0M
US airlines dropout	133.3M	128.0M	121.6M
Partial implementation (excl. intra-EEA and small states)	163.1M	156.7M	148.7M
Full CP1 implementation	197.9M	190.1M	180.5M

* Extended EU ETS scenario assumes US airlines remain as part of demand, but all flights departing from EEA member states come under the EU ETS rather than offsetting under CORSIA. US airline dropout assumes no demand coming from US-regulated airlines. Partial implementation represents the base case of the analysis, whereby all flights between CP1-covered states contribute to demand except for those already regulated under the EU ETS (i.e. intra-EEA) or belong to smaller states representing under 0.5% of global RTK (Revenue Tonne Kilometer).

| Price outlook

Price outlook

CORSIA credit pricing is currently anchored by uncertainty, not fundamentals

The CORSIA credit market remains thinly traded. Buyer inactivity as of mid-2026 means few reference transactions exist, limiting price discovery.

ICE futures prices have declined — but Sylvera's forward analysis — stress-tested across more than 50 scenarios varying supply pipeline outcomes, enforcement coverage, and demand realisation — points to a potential ceiling of \$53/EEU by the January 2028 compliance deadline for CP1 under a tight-supply, late-buying-rush scenario, and a ceiling of \$49 for CP2's deadline in January 2030.

Uncertainty on both sides is keeping the CP1 market quiet for now. Supply-side uncertainty (risks tied to the LoA/CA pipelines) and demand-side uncertainty (uneven enforcement, the US-Iran conflict) are compounding: buyers are waiting for clarity before committing, and sellers lack the price signals to accelerate authorization.

The result is a market where apparent calm masks significant latent risk.

Waiting and watching come with a price tag

Current price weakness may be temporary and potentially misleading. Buyer inactivity is suppressing price signals today, but the underlying dynamics have not changed: supply is structurally constrained, the deadline is fixed, and enforcement is tightening.

The conditions for a sharp price correction are in place, and the asymmetry is stark — limited upside from holding off, significant downside if the market tightens. Signals from Article 6 bilateral trades and high-quality VCM credit premiums suggest authorized CORSIA credits will command a substantial premium as the deadline approaches. What is missing is the trigger.

Price outlook

EU prices for CP1 and CP2 (early) compliance

\$15/EEU (CP1 lower bound)

A rapid supply expansion scenario — where countries scale authorization capacity faster than expected — combined with a reduced demand scenario as EU emissions shift into the ETS.

\$33/EEU (CP1 median)

A constrained supply scenario — where LoA and CA bottlenecks persist into 2027 — combined with a reduced demand scenario as EU emissions shift into the ETS.

\$53/EEU (CP1 upper bound)

A constrained supply scenario — where LoA and CA bottlenecks persist into 2027 — combined with a moderate demand scenario and a late buying rush near the January 2028 deadline.

EEU prices for CP1 and CP2 (early) compliance



| Impact on airlines

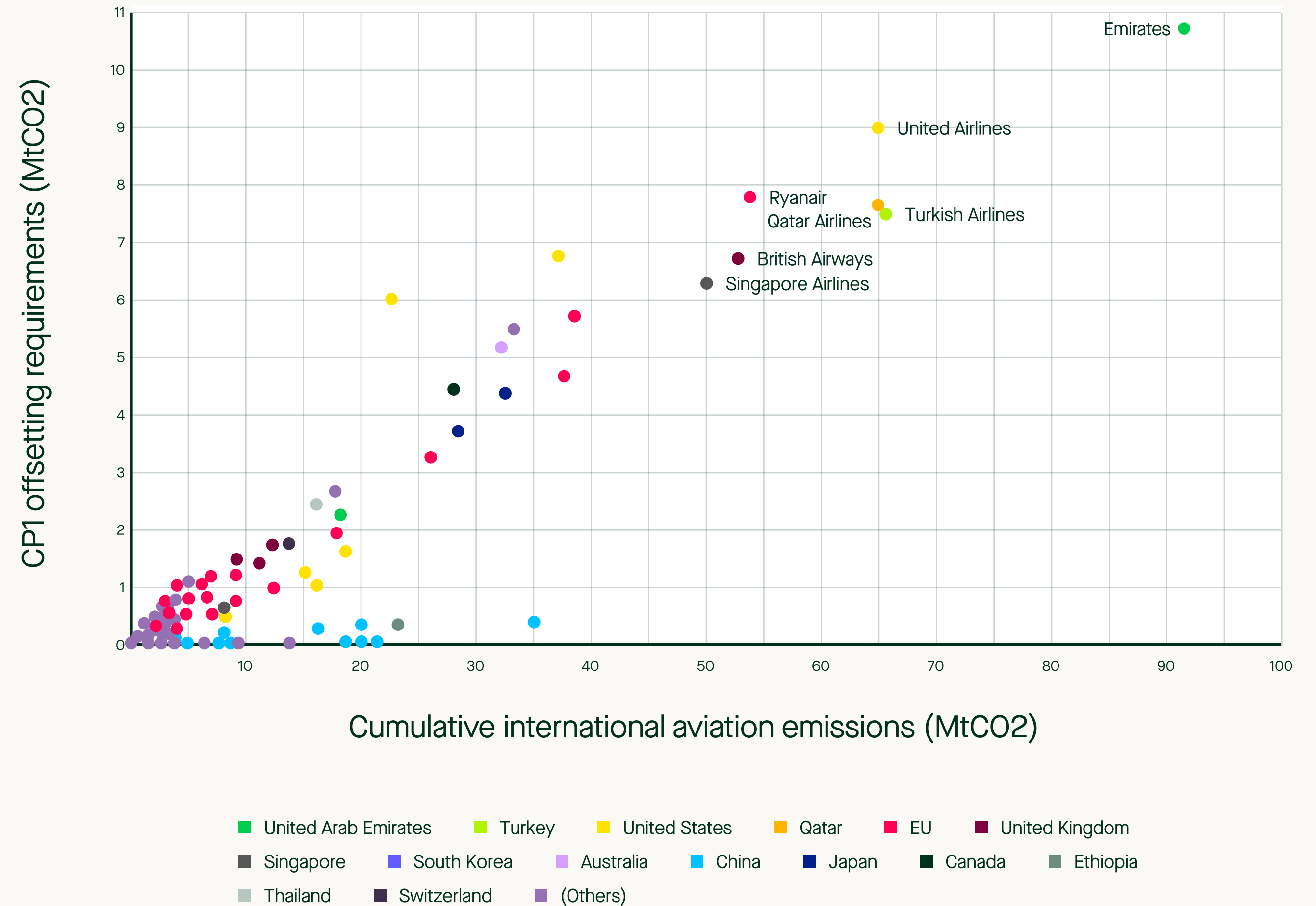
Impact on airlines

Unlike most compliance costs, airlines cannot manage their CORSIA obligation down — it is set by past flight activity, not future decisions. What they can control is when and how they procure.

The stakes are material. At the lower bound of Sylvera's base scenario — \$15 per EEU — total sector exposure across CP1 stands at \$2.4B.

That burden is heavily concentrated: the top 10 airlines by obligation account for \$1.08B, with exposure driven by route mix, fleet age, and sustainable aviation fuel (SAF) blending rates.

At the upper bound of \$53 per EEU, the same 10 carriers would face \$3.8B in CP1 procurement costs.



Impact on airlines

Higher prices are only half the problem. As buying pressure concentrates near the deadline, liquidity will thin simultaneously — meaning airlines that wait do not just risk paying more; they risk not finding supply at all.

The answer is a hedged procurement strategy — locking in authorized supply now across a range of price scenarios.

For airlines in strong-enforcement jurisdictions, this is urgent. For those in weaker enforcement environments, it remains the lower-risk path: enforcement can arrive quickly, and the window to procure ahead of the deadline is narrowing.



| Conclusion

Conclusion

The market is navigable — but not without comprehensive and up-to-date data

Supply is constrained, enforcement is tightening, and the January 2028 deadline is approaching faster than buying activity suggests.

Nevertheless, CORSIA is expected to succeed. No government or airline has an incentive for the mechanism to fail; host countries stand to gain more than they lose from unlocking CORSIA supply, and LoA and CA capacity continue to develop.

In practice, however, demand is tempered by swing factors: the US-Iran conflict has reduced international aviation activity in affected corridors, and enforcement signals vary significantly across jurisdictions.

Uncertainty surrounding US participation adds further complexity, while the EU picture will become clearer in the coming weeks — the European Commission's CORSIA review lands in July 2026, and its outcome will reshape demand and market confidence.

The direction of travel is clear — but the path will be uncomfortable, and success will require closer collaboration between buyers, sellers, and host countries than the market has managed so far.

The biggest barrier to confident decision-making is visibility. Issuance data, LoA status, CA progress, enforcement signals, and price indicators are scattered, inconsistent, and hard to track in real time. Without project-level analysis, risk is guesswork. Systematic monitoring is the only way to stay ahead of a market moving this fast.

Silvera can help

Silvera's [Article 6 and CORSIA Hub](#) brings together the data points the market is missing: LoA and CA tracking, country-level Article 6 risk monitoring, market supply modeling, and price signals — in one place, at project level.

[Get your demo here.](#)

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