



WORKING PAPER

**THIRD CONFERENCE ON AVIATION AND ALTERNATIVE FUELS
(CAAF/3)**

Dubai, United Arab Emirates, 20 to 24 November 2023

Agenda Item 5: Reviewing the 2050 ICAO Vision for SAF, including LCAF and other cleaner energy for aviation, in order to define a global framework

**CONSIDERATIONS FOR THE NEGOTIATION OF A POSSIBLE GLOBAL FRAMEWORK
FOR SAF, LCAF AND OTHER CLEANER ENERGIES FOR THE AVIATION SECTOR**

(Presented by Brazil)

SUMMARY

This paper presents elements that Brazil considers important for the negotiations of a possible Global Framework for SAF, LCAF and other cleaner energies for the aviation sector.

Action by the Conference is in paragraph 4.

1. INTRODUCTION

1.1 Throughout the process related to the negotiation of a possible Global Framework for SAF, LCAF and other cleaner energies for aviation, Brazil has been defending that the possible final outcome document be inclusive; promote the sustainable growth of the aviation sector; consider different capabilities and starting points; foster decentralization of SAF production; and avoid the creation of market distortions.

1.2 Brazil decided to present the current working paper, which expresses Brazil's main concerns regarding the possible Global Framework and suggests possible avenues to tackle the identified issues. Brazil expects that the Global Framework will serve as a critical factor for the development and use of SAF, LCAF and other cleaner energies worldwide, reinforcing ICAO's position as a frontrunner in sustainability and climate action.

2. THE PROCESS OF NEGOTIATIONS OF THE POSSIBLE GLOBAL FRAMEWORK

2.1 The 2023 ICAO Stocktaking on Aviation in Sector CO₂ Emissions Reductions and Pre-CAAF/3 Policy and Finance Consultation took place between 11 and 13 July 2023. The hybrid event, which was held at ICAO Headquarters, was meant to initiate the consultation among States, focusing on policy and finance matters related to the possible Global Framework for SAF, LCAF and other cleaner energies in the aviation sector, with the involvement of public and private financial institutions and other relevant stakeholders. The CAAF/3 Policy and Finance Consultation was not a decision-making event. It gathered information from the various stakeholders.

2.2 The Pre-CAAF/3 Outcomes Consultation was held at ICAO Headquarters, in Montreal, from 25 to 26 September 2023, as a hybrid event with in-person and virtual participation. The event intended to undertake consultations among States with a focus on possible CAAF/3 outcomes for an ICAO global framework for aviation cleaner energy, seeking convergence of views on as many issues as possible, and identifying remaining differences of views with a possible way forward to bridge them, in order to pave the way for result-oriented discussions at CAAF/3.

2.3 The ICAO Council established a Small Group to negotiate the possible outcomes of the CAAF/3 Conference. This Small Group is composed of representatives from countries from all six ICAO regions and has been meeting regularly since 16 February 2023. Brazil recognizes the progress already made on the discussions of the draft Global Framework, which is expected to be the main result of CAAF/3.

3. ASPECTS THAT REQUIRE SPECIAL ATTENTION DURING THE NEGOTIATION OF A POSSIBLE GLOBAL FRAMEWORK

3.1 As the approval of the Global Framework will deepen ICAO's involvement with the environmental agenda, it is important to highlight, in that document, that the actions undertaken by ICAO are part of a larger multilateral effort to combat climate change and are consistent, especially when it comes to means of implementation and financing, with the multilateral agreements and commitments established under the UNFCCC.

3.2 The increase in SAF production and its use is an objective that must be pursued within the context of the promotion of sustainable development, considering economic, social, and environmental factors. The promotion of SAF should contribute to the development of Member States and their aviation sectors, and special attention must be given to the price of SAF and the impact of the increased uptake of SAF on airfare.

3.3 If the SAF challenge is to be correctly addressed, the whole membership must have a fair opportunity to participate in this new market across the entire value chain. It is essential that the ICAO work towards an even geographical distribution of SAF manufacturing capacity, which will allow for all regions to contribute to the decarbonization of air transport.

3.4 Specific ideas and proposals follow:

3.4.1 **Vision's quantified dimension** - in the discussion on the potential inclusion of such an element, it is important to take into account, among others, the following aspects:

- a) The LTAG, adopted less than a year ago, was a landmark decision in civil aviation;
- b) The LTAG is “aspirational” in nature;
- c) The current levels of SAF production are extremely low;
- d) To face the LTAG and SAF challenges, ICAO and its Member States must work towards the global increase of SAF production, so that every region can contribute to the decarbonization of air transport; and
- e) It is important to preserve ICAO’s credibility and avoid the risk of setting clearly unachievable goals.

3.4.1.1 In case a quantified dimension of cleaner energy for international aviation is agreed upon, the Global Framework should also include quantitative parameters relevant to monitoring the implementation of that quantified dimension, including with regard to financing, and to avoiding market distortions.

3.4.2 **Means of implementation** – there is consensus that it will not be possible to face the challenge of achieving the LTAG and promoting SAF without adequately addressing the question of means of implementation, which involves above all financing, but also covers capacity-building and technology transfer.

3.4.3 **Financing** – on financing, ICAO should follow two tracks, both with a clear focus on developing countries and countries with particular needs: that of facilitating access to private investment capacities and to funding from financial institutions, such as development banks, and that of establishing a climate finance initiative or funding mechanism under ICAO, with a clear concessional dimension and consistent with the UNFCCC and its Paris Agreement. It will not be enough for developing countries and countries with particular needs to count on the private sector and development banks.

3.4.3.1 Paragraph 17 of the LTAG Resolution “recognizes that means of implementation commensurate to the level of ambition, including financing, will promote the achievement of the LTAG”. If a quantified dimension is dealt with in Box 1, it would be necessary to discuss a quantified objective regarding financing.

3.4.4 **Monitoring** – as credibility relies on feasibility, it is essential that the Global Framework count with a robust monitoring system of its implementation, especially with regard to the effectiveness of implementation support, including financing. In this process, ICAO should follow closely the evolution through time of the geographical distribution of SAF production, as well as the impact on costs, prices of air tickets, and the development of the aviation sector. This may prove an important indicator of the Global Framework’s success.

3.4.4.1 Moreover, the possible establishment of a quantified dimension for the Vision would provide the sector stakeholders with an opportunity of estimating the amount of SAF and LCAF needed along the decarbonization trajectory, which, in turn, would allow for the estimation of the resources needed to produce, harbor and distribute such fuels. In this context, to foresee the establishment by ICAO of a clear monitoring mechanism of resource provision and mobilization, taking into account, among other aspects, its regional distribution, should also be part of the Global Framework. The mechanism’s first task would be to establish quantitative parameters to evaluate the needs in terms of investment and financing, adequately aligned with the Vision’s possible quantified dimension, as applicable. The monitoring, which would not be policy prescriptive, would also consider the sources of resources, its global and regional distribution and would be tasked with flagging eventual distortive practices that could shift financial flows

and affect prices, such as subsidies, for adequate treatment under the corresponding fora (i.e., the WTO or as applicable).

4. **ACTION BY THE CAAF/3**

4.1 The CAAF/3 is invited to:

- a) consider the information in this paper as a means to support the elaboration of a possible global framework document that is inclusive; promotes the sustainable growth of the aviation sector; considers different capabilities and starting points of countries; fosters decentralization of SAF production; addresses the provision of means of implementation, particularly financing; monitors the provision and mobilization of resources and its impacts; and avoids the creation of market distortions; and
- b) use the information in this paper for consideration of all CAAF/3 outcomes.

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