

Oral Statement
Honorable Deputy Secretary General of Transport of Malaysia, H.E Normah Osman
High-Level Meeting on the Feasibility of a Long Term Aspirational Goal (LTAG) for International Civil Aviation CO₂ Emission Reductions
19 July 2022

**President of the Council and the Secretary General of ICAO,
Honourable Heads of Delegation,
Ladies and Gentlemen.**

It gives me great pleasure to deliver my statement today. I would like to take this opportunity to convey our appreciation for the efforts of ICAO Council and the CAEP for the work and analysis that have been undertaken to develop the report and the associated integrated scenarios that will be considered at this High-Level Meeting and the 41st ICAO Assembly.

Considering the serious impact and the unprecedented challenges due to the COVID-19 pandemic, Malaysia recognizes the urgency to build back (bounce) through green recovery. As a signatory to the Paris Agreement, Malaysia has committed to reduce its economy-wide carbon intensity (against gross domestic product [GDP]) of 45% in 2030 compared to 2005 level. Malaysia also aspires to achieve net-zero GHG emission target earliest by 2050, pending the completion of its Long-Term Low Emissions Development Strategy by 2022.

LTAG Report by CAEP highlighting the potential for substantial CO₂ reductions from innovative aircraft technologies, operations and fuels, with the assessment of required costs and investments. Malaysia observes that the Drop-in fuels have the largest impact on residual CO₂ emissions driving the overall reductions by 2050. This to some extent, is independent of the technology and operations scenarios.

Malaysia recognizes the importance of utilizing Sustainable Aviation Fuel (SAF) and Lower Carbon Aviation Fuel (LCAF); and we believe it has to be adopted as an integrated solution in reducing carbon emissions from its operations as well as meeting the aviation industry global aspirational goals.

I am pleased to share that, under 12th Malaysia Plan, Malaysia will venture more aggressively into sustainable energy. In this regard, discussions on a programme to produce Malaysia's first bio-jet fuel prototype using local research and technology have started and the first bio-jet fuel test on piloted aircraft is targeted to be conducted in 2022. In addition, a study is also ongoing on LCAF and SAF as integrated solution in driving carbon neutral growth aspiration beyond 2025. I take this opportunity to reaffirm the Malaysian Government's commitment to support the Organization's work on the feasibility of an LTAG.

It is important to note that the market price of SAF is currently 3 times more expensive than conventional fossil jet fuel. As such, the current price, does not make it economically feasible to be implemented by aircraft operators. Hence, Malaysia would like to reiterate ICAO's assembly resolution A40-18 which acknowledges the need for such fuels to be developed and deployed in an economically feasible, socially and environmentally acceptable manner. We also believe that it is essential to have credit mechanism in book and claim as well as green premium framework as part of CORSIA implementation to support the utilization of SAF + LCAF which certainly will help amplify the supply - demand, and subsequently support the economic feasibility of fuel solutions.

The use of SAF + LCAF will mainly be driven by CORSIA due to aircraft operators' ability to claim for emissions reduction from its offsetting obligations. However, Malaysia notes that the use of SAF + LCAF also goes beyond CORSIA compliance and is important in supporting the aviation industry's global aspirational goal in environmental protection, which is to reduce emissions by 50% in 2050 from 2005 level.

Malaysia notes with great concern that implementing LTAG requires substantial investment from governments and industry as the costs and investments associated with the scenarios are largely driven by fuels (SAF) acknowledging that incremental costs of fuels (i.e. minimum selling price of SAF compared to conventional jet fuels) further motivates fuel (energy) efficiency improvements from aircraft technology and operations.

While Malaysia supports LTAG as a collective global aspirational goal, it should not inhibit the growth of aviation industry and its related business especially in the developing countries. Malaysia believes that promoting cooperation and solidarity among States will ensure that climate action can be taken globally based on equality of opportunity as such the implementation of LTAG must take into account the principle of common but differentiated responsibilities and respective capabilities, considering different national circumstances, as enshrined in United Nations Framework Convention on Climate Change (UNFCCC) and its Paris Agreement, as well as the Chicago Convention's principles of non-discrimination and equal and fair opportunities to develop international aviation.

Malaysia is of the view that the implementation of a LTAG should recognize the differences in each State's conditions and capabilities. Factors such as degree of development, aviation market maturity, and sustainable growth of its international aviation, will indicate their ability to respond to climate change challenges. In this situation, capacity building assistance will definitely help to narrow down the challenges.

Last but not least, Malaysia pledges its commitment to work together with ICAO member States, international organizations, and all aviation industry stakeholders to achieve the maximum possible level of progress on the implementation of aviation in-sector CO2 reduction measures (technology, operations and fuels), recognizing that the largest potential impact on aviation CO2 emissions reduction will come in short and medium terms from fuel-related measures. I wish everyone a fruitful HLM.

Thank you for your kind attention.