60th CONFERENCE OF DIRECTORS GENERAL OF CIVIL AVIATION ASIA AND PACIFIC REGIONS

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AGENDA ITEM 7: AVIATION AND ENVIRONMENT

AIR TRANSPORT INDUSTRY'S VIEWS ON THE ICAO CAAF/3 IMPLEMENTATION ROADMAP ON GLOBAL FRAMEWORK FOR SAF, LCAF AND OTHER AVIATION CLEANER ENERGIES

(Presented by International Air Transport Association (IATA) and the Association of Asia Pacific Airlines (AAPA), Supported by Fiji, Papua New Guinea, Singapore and Vietnam)

SUMMARY

This paper presents the views from IATA on the progress report made by ICAO since the 41st Session of the Assembly relating to international aviation and climate change, focusing on the ICAO Roadmap for the implementation of the outcomes from the Conference on Aviation and Alternative Fuels (CAAF/3) and the Long-Term Aspirational Goal (LTAG). It invites States in the Asia Pacific region to:

a) consider learnings from SAF policies introduced in other parts of the world;
b) recognize the importance of a global and robust SAF accounting and reporting methodology; and
c) collaborate with, and adopt SAF solutions that are already widely adopted and implemented by the industry, and which meet the criteria set by ICAO and have been studied by CAEP.

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1. INTRODUCTION

1.1 There is already a global consensus demonstrated by various decarbonization roadmaps that cleaner fuels will have the largest contribution to aviation CO2 emission reductions by 2050.[1] To help expedite the energy transition of the aviation industry, the ICAO Conference of Aviation Alternative Fuels (CAAF/3) held in Dubai, United Arab Emirates in November 2023, has adopted an ICAO Global Framework for SAF, LCAF and Other Aviation Cleaner Energies to facilitate the global scale up in the development, production and deployment of aviation cleaner energies to support the achievement of the LTAG which was adopted at ICAO's 41st Assembly.[2]

1.2 Through the landmark agreement from CAAF/3, ICAO and its Member States strive to achieve a collective global aspirational vision to reduce international aviation CO2 emissions by 5 per cent by 2030, through the use of SAF, LCAF, and other aviation cleaner energies (compared to zero cleaner energy use).

1.3 While the CAAF/3 declaration is non-binding in nature, this agreement and development help create a clear market signal to increase the production of aviation cleaner fuels globally. A global framework for SAF, LCAF, and other aviation cleaner energies could also help set a harmonized global approach to policymaking and avoid unintended consequences that may lead to market distortion.

1.4 To meet these international commitments, a rapid expansion of the supply of competitively priced aviation cleaner energies is essential. The pace at which this can be achieved depends critically upon governments enacting early and effective policy support to boost the production of SAF, LCAF, and other aviation cleaner energies while enabling functioning markets.

1.5 In supporting and achieving the global aspirational vision agreed at CAAF/3, the framework must also ensure the ability of airlines to claim the environmental benefits from SAF, LCAF, and other aviation cleaner energies to support the sector's decarbonization commitments. As such, the adoption of a global and robust SAF accounting and reporting mechanism that complements the CORSIA SARPs is also a critical key consideration in the relevant policymaking.

2. DISCUSSION

THE IMPORTANCE AND URGENCY OF A BALANCED POLICY SUPPORT TO BOOST PRODUCTION OF SAF, LCAF AND OTHER AIVATION CLEANER ENERGIES

2.1 Government policy plays an instrumental role in the deployment of SAF, LCAF, and other aviation cleaner energies. Policies should be targeted to create and accelerate the development of the requisite new markets and ensure they can perform their necessary functions. The IATA Net Zero CO_2 Emissions Policy Roadmap, published in September 2024, provides a chronological "menu" of policy options to facilitate the air transport industry's journey towards net zero CO_2 emissions.[3]

2.2 In creating a functioning SAF market, it is important to learn from the success of other renewable energy creation in the past, in particular the wind and solar energy.[4] Based on the study

[1] Example of industry net-zero roadmaps from IATA, published September 2024, accessible here.
[2] ICAO Global Framework for SAF, LCAF and other Aviation Cleaner Energies, adopted on 24 November 2023, accessible here.
[3] IATA Net Zero CO_2 Policy Roadmap published September 2024, accessible here.
[4] IATA brief: A reflection on policies used to support the creation of new renewable energy markets - Lessons for aviation?, published July 2024, accessible here.

conducted by IATA, we recommend a strategic sequencing in policy intervention, in particular introducing technology-push policies first, before the demand-pull policy measures. Policy incentives should be used to upscale SAF production and to accelerate SAF deployment. Mandates should only be used if they are part of a broader strategy to increase the production of SAF and complemented with incentive programs that facilitate innovation, scale-up and unit cost reduction.

2.3 Noting there is no one-size-fits-all solution, however, harmonization in standard setting remains key. These include a robust set of sustainability criteria, globally harmonized sustainability certification practices, and on top of it, SAF accounting and reporting methodology with a robust chain of custody, which would ensure immutable tracking of the environmental attributes, to enable verification and facilitate claims. Further considerations in policymaking to support SAF, LCAF and other aviation cleaner energies can be found in the IATA policy paper on SAF Deployment.[5]

SAF POLICY DEVELOPMENT IN THE REGION AND LEARNINGS FROM EXISTING POLICIES AROUND THE WORLD

2.4 There is an urgent need for States in the region to introduce policy measures to secure the requirements for the sector's energy transition. It is positive that several States in the Asia Pacific region have announced policies on the production and adoption of SAF. Importantly, States in the Asia Pacific region should take note of the effects of SAF policies introduced in other parts of the world, particularly the unintended consequences resulting from the implementation of these policies. These result in an increase in the cost of aviation cleaner energies, yet they have done little to expand their production. IATA and its members remain committed to working with governments in addressing these unintended consequences. It is crucial that States in the Asia Pacific region understand these consequences and include them in their consideration when designing the appropriate national policies.

2.5 A few SAF mandates have already been implemented with effect from January 2025. The most notable ones are the ReFuelEU Aviation regulation introduced in the European Union, and the UK SAF mandate. For the year 2025, these regulations require aviation fuel suppliers to ensure that an average 2% of SAF is contained in the jet fuel uplifted at EU and UK airports.

2.6 Rather than offering airlines separate SAF contracts, most fuel suppliers have passed on the cost of complying with the legislation to airlines by charging a "compliance fee" that is added to each ton of fossil jet fuel purchased. This pricing behavior works against the development of a global, liquid, and transparent SAF market.

2.7 According to an IATA survey, the fees imposed on airlines average around USD 54 per ton of jet fuel. This is more than double the fees that would have been expected (around USD 22 per ton based on the current market price of SAF, as assessed by price reporting agencies).[6] This is particularly burdensome for aircraft operators in the Asia Pacific region, as flights between the region and Europe are long-haul operations, and therefore subject to heavier obligations under the anti-tankering provision.

2.8 Given the 42 million tons of fuel sold annually in Europe, airlines are expected to face an additional USD 1.3 billion in excess surcharges this year from the higher compliance fees. This amount could purchase an additional 1.2 million tons of SAF (average SAF market price of USD 1,100 per ton since RFEUA was implemented). That equates to a missed opportunity of 2.7 million tons of CO2 reduction annually. Similar issues with the UK SAF mandate mean foregoing a further 0.8 million tons of CO2 reduction.[7]

2.9 In addition, these SAF mandates are also increasing airlines' administrative burden as additional reporting requirements to different authorities are imposed on airlines. These create

[5] IATA paper on SAF deployment and considerations for policy approach, accessible here.
[6] Example of source: S&P Global Commodity Insights.
[7] IATA chart of the week, Excessive SAF Fees in the EU: A lost opportunity to abate 2.7 million tonnes of CO_2, accessible here.

compliance fatigue for airlines in trying to cope with the different and unique requirements in the different regions they operate in. The patchwork of regulations is unnecessary, especially as states, through ICAO, have agreed on a global framework to support the sector's energy transition.

THE IMPORTANCE OF ADOPTING A GLOBAL AND ROBUST ACCOUNTING FRAMEWORK

2.10 It is widely recognized that a global and robust accounting and reporting framework for SAF, LCAF and other aviation cleaner energies is necessary to support the global aviation industry's goal to reach net-zero carbon emissions by 2050. It is needed to ensure a cost-effective and environmentally efficient way to incentivize the scaling up of all technologies, feedstocks, methods, and approaches required for reducing lifecycle greenhouse gas (GHG) emissions across the SAF supply chain, and for rendering immaterial the physical matching of SAF supply and demand in any specific geographic location.[8]

2.11 The CORSIA Standards and Recommended Practices (SARPs) outline the conditions for aircraft operators to use CORSIA Eligible Fuels (CEF) in reducing their offsetting obligations related to their international aviation emissions. This is managed through the purchase and blending records of the CEF, independent of the chain-of-custody accounting model used, the physical location where the fuel is uplifted, and whether the fuel is used for domestic or international flights.[9]

2.12 There is no need to establish an independent accounting methodology or platform to monitor the use of the CEF. Current CORSIA SARPs already describe the necessary procedures to monitor the use of CEF under the scheme. However, the adoption and recognition of a SAF accounting approach and registry, backed by robust transaction principles and methodology, would facilitate the scale-up of CEF.

2.13 To provide consistent guidance to airlines in the accounting and reporting of environmental attributes from SAF in the relevant regulatory and voluntary GHG frameworks, IATA has published a SAF Accounting and Reporting Methodology in January 2025, developed to complement the accounting methodology under CORSIA. Developed in collaboration with more than 40 airline experts worldwide, the methodology aims to ensure transparency, fairness, integrity and accessibility to claiming the environmental benefits from SAF.[10]

2.14 The IATA methodology also underpins the SAF Registry set up by IATA as a global system to record SAF transactions in a standardized and transparent way. In keeping with an open and global approach that supports the scrutiny needed to build trust among all stakeholders, the SAF registry is now managed by the Civil Aviation Decarbonization Organization (CADO), a non-profit organization under Canadian law, headquartered in Montreal.[11]

2.15 Through ICAO CAEP and its technical experts, IATA also strives to facilitate and contribute to the study of fuel accounting systems for international aviation currently used in the open market. This study aims to identify any possible ICAO role, which should leverage, to the extent possible, existing methodologies and procedures under CORSIA, as clearly laid out in the CAAF/3 declaration.

2.16 IATA urges States in the Asia Pacific region to collaborate with and adopt solutions that are already widely adopted and implemented by the industry, which meet the criteria set by ICAO and have been studied by CAEP to avoid reinventing the wheel, as this could further delay the adoption of such accounting and reporting frameworks to support the deployment of SAF, LCAF and other aviation cleaner energies.

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[8] IATA paper on the benefits of a global and robust SAF accounting framework, accessible here.

[9] ICAO SARPs on CORSIA clause 2.2.4 Monitoring of CORSIA eligible fuels claims and ICAO Environmental Technical Manual (ETM) Doc 9501, clause 3.3.5.5 Use of CORSIA eligible fuels

[10] IATA SAF Accounting & Reporting Methodology, published January 2025, accessible here.

[11] Information on SAF registry, accessible here.

3. ACTION BY THE CONFERENCE

3.1 The Conference is invited to:

a) consider the urgent need for States in the Asia Pacific region to introduce policy measures to secure the requirements for the sector's energy transition;

b) note the unintended consequences of SAF policies introduced in other parts of the world and duly consider them when designing the appropriate SAF policy approach on a national level;

c) recognize the importance of a global and robust SAF accounting and reporting methodology in policy setting to facilitate the claiming of SAF environmental benefits, consistent with internationally recognized frameworks and sustainability criteria such as CORSIA and other relevant recommended practices; and

d) collaborate with and adopt the solutions already widely adopted and implemented by the industry that meet the criteria set by ICAO and studied by CAEP, to avoid reinventing the wheel, which could further delay the adoption of such accounting and reporting frameworks to support the deployment of SAF, LCAF, and other aviation cleaner energies.

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