



**Agenda Item 4A: Initiatives for the Development and sustainability of air transport in the Region**

**MEMBER STATES' ROLE IN SUPPORTING THE ENERGY TRANSITION TO SUSTAINABLE AVIATION FUELS (SAF)**

(Presented by the International Air Transport Association (IATA))

**SUMMARY**

This working paper aims to present the industry's view on actions needed by Member States to develop SAF policies to promote the supply and use of Sustainable Aviation Fuels (SAF) to meet the industry's Long Term Aspirational Goal.

In October 2021, the collective air transport industry raised its climate ambition with a new long-term commitment: net-zero carbon by 2050. A year later, the 41<sup>st</sup> ICAO Assembly adopted the Long-Term Aspirational Goal, setting the stage for bold aviation climate action. This is a critical step to supporting industry action to address its climate impacts and enable it to achieve net-zero carbon emissions by 2050. This paper outlines various steps authorities can take to build on previous work on sustainable aviation fuel (SAF) deployment and enhance industry efforts to undertake this transition by mid-century.

**Action:** The meeting is invited to:

- a) take note of the information in this paper;
- b) recognize the progress the sector has made on climate action and acknowledge the ambitious industry's long-term goal to reach net-zero carbon emissions from global civil aviation;
- c) Note the industry's view that the adoption by Governments of SAF policies is critical to supporting industry actions to address its climate impacts and enable it to achieve net-zero carbon emissions by 2050;
- d) encourage States to take action, such as those described in Paragraphs 3.3, 3.4, and 3.5, to foster the development of sound policies targeting the production of SAF.
- e) encourage States to collaborate between industry players and research institutions to drive innovation and accelerate the development of a SAF industry in the region;
- f) create awareness among government stakeholders and the public about the benefits of SAF and its potential to reduce greenhouse gas emissions and contribute to a more sustainable aviation industry.

**ICAO Strategic Objectives:**

This working paper relates to Strategic Objective - *Environmental Protection*.

## 1. INTRODUCTION

1.1 The airline industry is embarking on one of its fastest-ever-evolving transformations. Net Zero 2050 demands a comprehensive energy transition, requiring more than 360 million tons (450 billion liters) of Sustainable Aviation Fuel (SAF) annually by 2050 from every available feedstock and pathway available then.

1.2 Airlines are fully committed to this transition, reinforced at the 77th International Air Transport Association (IATA) Annual General Meeting, whereby a resolution was approved for the global air transport industry to achieve net-zero carbon emissions by 2050. The anticipated size of the industry in 2050 will require the mitigation of 1.8 gigatons of carbon emissions, of which it is estimated that 65% will need to be abated through the use of SAF.

1.3 Reaching this ambitious critical target will require proper support from governments and value-chain partners. If pursued correctly, government policy will play a pivotal role in supporting the scale-up of SAF projects, as well as the necessary transition to its mass adoption and utilization. However, if policy decisions do not take into account the uniquely challenging circumstances applicable to aviation, and namely, impose undue constraints (including excessive costs) on the industry, they could hinder the sector's ability to achieve its energy transition targets.

## 1.4 CURRENT STATE AND CHALLENGES

1.5 In 2022, global SAF production was estimated to have been between 240 and 380 thousand metric tonnes, covering only around 0.1% of total jet fuel demand, at 254 million tons, of which none has been produced in the South America Region. Despite a significant price differential between conventional jet fuel and SAF, every single drop of sustainable aviation fuel ever produced has been purchased by aircraft operators and/or their customers, especially those with more ambitious climate targets. The willingness of these few aircraft operators and/or their customers to pay a premium price, combined with the lack of available supply in actual SAF volume, drives up the cost of SAF, resulting in an inability to access and utilize SAF by other aircraft operators.

## 1.6 CHALLENGES TO FURTHER DEVELOPMENT AND DEPLOYMENT OF SAF IN THE REGION INCLUDE:

1.6.1 Lack of policy support in promoting an equal scaling up for SAF

1.6.2 Lack of definition for a harmonized approach in SAF accounting methodology

1.6.3 Lack of awareness of SAF and understanding of SAF as an insetting measure as opposed to carbon offsets

1.6.4 Limited availability of cost-effective and sustainable SAF feedstock and feedstock treatment infrastructure

1.6.5 Limited investment and high costs of financing SAF production infrastructure

1.6.6 Competition for resources and incentives with other sectors, such as road transport and renewable power

## 1.7 A NEED FOR CONSISTENT AND STABLE POLICIES

1.8 A key enabling factor for success in industry decarbonization will be smart policy environments that enable innovation and energy transition in the most cost-effective and rapid manner, aligned in different economies worldwide. Guidance on the most fit-for-purpose policies which can respond to the challenge is already being made available and should be part of any capacity-building efforts. Consistency of global policy approaches can help while ensuring different States have the ability to develop policies responding to their national situations.

1.9 Most Latin American States count with sustainable fuel-producing facilities able to output SAF, which can typically produce other fuels, such as renewable diesel, as well. Short-lived policies may have a temporary effect in shifting production from those products to SAF or by moving demand for already existing SAF from one location to another. However, they have absolutely no impact on the development of additional production capacity, which takes at least about five years to build – for existing feedstocks and pathways.

1.10 Long-term policies, on the other hand, provide the necessary certainty for investors to develop new infrastructure. If implemented correctly, they can also enable research and development of new production pathways with the needed supply chains associated.

### 1.11 IN GENERAL TERMS, EFFECTIVE POLICIES AND PROGRAMS MUST BE:

1.11.1 Stable, predictable, and consistent in implementation to stimulate investments

1.11.2 Technology-neutral and feedstock-agnostic to enable and encourage diverse production pathways subject to meeting globally recognized sustainability standards such as the ICAO CORSIA sustainability criteria for CORSIA-eligible fuels

1.11.3 Stackable with other incentives to allow coexistence of multiple initiatives

1.11.4 Designed to be consistent with policies applicable to other sectors, to provide a level playing field

1.12 Several policy guidance toolkits have already been developed, including the ICAO *Guidance on Potential Policies to Advance the Deployment of Sustainable Aviation Fuel<sup>1</sup>* and the *Sustainable Aviation Fuel Policy Toolkit<sup>2</sup>*. These provide a useful menu of policy options, but each policy should be developed in a national context and with local industry stakeholder guidance to ensure the optimum policy framework for each State. However, where possible, these policies should have consistency with globally adopted sustainability criteria and standards to encourage SAF deployment and avoid impacts on competition between operators.

## 2. ACTION BY THE MEETING

- 2.1 The meeting is invited to:
- a) take note of the information in this paper;

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<sup>1</sup> <http://www.icao.int/environmental-protection/Documents/SAF/Guidance%20on%20SAF%20policies%20-%20Version%201.pdf>

<sup>2</sup> <http://www.weforum.org/reports/clean-skies-for-tomorrow-sustainable-aviation-fuel-policy-toolkit/>

- b) recognize the progress the sector has made on climate action and acknowledge the ambitious industry's long-term goal to reach net-zero carbon emissions from global civil aviation;
- c) Note the industry's view that the adoption by Governments of SAF policies is critical to supporting industry actions to address its climate impacts and enable it to achieve net-zero carbon emissions by 2050;
- d) *encourage* States to take action, such as those described in Paragraphs 3.3, 3.4, and 3.5, to foster the development of sound policies targeting the production of SAF.
- e) *encourage* States to collaborate between industry players and research institutions to drive innovation and accelerate the development of a SAF industry in the region;
- f) create awareness among government stakeholders and the public about the benefits of SAF and its potential to reduce greenhouse gas emissions and contribute to a more sustainable aviation industry.

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