Creating a level playing field for Sustainable Fuels (SAFs)

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Emissions reduction by mitigation measures in 2050: SAF is the most important lever.

- Residuals
- Tech
- Operations
- SAF Biofuels
- SAF PtL
- Hydrogen/Battery-electric

IATA
IATA’s Policy Brief on SAF Deployment

IATA welcomes policy efforts that:

- Provide stable and predictable sources of capital to fund R&D and infrastructure
- Support more diversification of methods and feedstocks available for SAF production
- Ensure SAF gets its fair production share
- Facilitate the harmonization of SAF policies to reduce barriers for new market players
Global SAF policy landscape

Canada
- Clean Fuel Regulation in force in which SAF creates credits

USA
- SAF Grand Challenge, California LCF, US RFS, 2022 Inflation Reduction Act promotes domestic SAF production in force

UK
- SAF mandate expected from 2025
- UK RTFO (production of SAF generates certificates for fuel supplied) and UK ETS (EU emissions trader) apply to SAF in force

Norway
- Volumetric SAF mandate began from 2020

Sweden
- Emission reduction obligation in force - 0.8% in 2021 to 27% in 2030
- EU RED II and EU ETS in force

EU
- SAF mandate (Reduction EU expected from 2025
- EU RED II SAF is qualified under the scheme to meet road and rail renewable targets, and is assigned a multiplier of 1.2 and EU ETS SAF used under the scheme is considered to have 0 emissions in force

Turkey
- SAF mandate expected from 2025

China
- CMAC has indicated consideration of a SAF target and is looking into the feasibility of achieving SAF consumption over 10% by 2035 and close to 50% by 2050

Japan
- Targets to replace 10% consumption by Japanese airlines by SAF by 2030
- Set up working group to encourage domestic SAF production

UAE
- National SAF Roadmap announced acknowledging "positive incentives" as the most appropriate tools to scale up early stage SAF facilities

India
- There are indications towards implementing a SAF mandate

Australia
- Intention to set up govt.-industry body to strategize towards a net-zero aviation including SAF-related measures

New Zealand
- "Sustainable Aviation Obligation" expected

Thailand
- There are indications towards implementing a SAF mandate

Singapore
- IAP report recommends establishing "Singapore ASEAN Corporate Buyers Club to create demand signals

Brazil
- SAF mandate expected for domestic flights from 2027
- Proposal to establish program to encourage research and development of SAF

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Some key facts on SAFs

- Total number of SAF offtake agreements (as of June 2023)
- Total number of SAF offtake agreements per pathway (as of June 2023)
- Cumulative renewable fuel capacity vs. target SAF fraction (Mt)
- Total SAF capacity, % share by pathway

Source: IATA Sustainability & Economics Q2 2023 Quarterly Chartbook

13 October 2023
Policy instruments for SAFs: Incentives & Mandates
Timing of the policy instruments is the key

Incentives should come first
- Create a functioning market first through incentives
- Stimulate new players and the diversification of SAF production
- Facilitate innovation + reduce unit cost + support ‘first-of-a-kind’ production facilities

Mandates to follow when production is there
- Should be complemented with incentives
- Not in favor of any specific feedstock or pathways
- Combined with policies with mid- to long-term goals of ramping up SAF production
Coordination at local, national, and international levels
Cross-sector and cross-country harmonization are the key

**Energy sector**

- Counter-productive subsidies: Most countries still subsidize fossil fuel production more than renewables

**Harmonization across countries**

- Highest possible uniformity in aviation regulations, standards, and procedures through ICAO

**Low-carbon fuels**

- Governments’ support to LCFs need to be balanced and does not dis-incentivize SAF production