



ReFuelEU Aviation

WTO Working Group on Subsidies

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Policy context: role of SAF

- Aviation is a **hard to decarbonise** sector, its decarbonisation will rely on the basket of measures.
- Sectoral decarbonisation show **large potential of sustainable aviation fuels (SAF)** in the short and long term.
- Several conversion process exist to produce SAF, however, **current SAF production remain low**.
- **ReFuelEU Aviation** to scale up SAF supply and uptake.



Policy context: EU and ICAO

- European Green Deal:
 - The **EU** to be **climate neutral in 2050**, all sectors to contribute.
 - Reducing **transport** emissions by **90% by 2050**.
- International Civil Aviation Organization (ICAO):
 - A long-term global aspirational **goal for international aviation of net-zero** carbon emissions **by 2050**.
 - SAF Global Framework with an aspirational goal of **5% emissions reduction by 2030**.



Policy context: SAF benefits



Climate benefits from lower SAF emissions



Improved **air quality** around airports



More than **250,000 jobs** and **100+ SAF plants** by 2050



EU harmonised rules reinforcing the **aviation internal market**



Improving EU **energy security**



Aviation of tomorrow



ReFuelEU Aviation initiative: overview

Collaboration

Fostering **cross-sectoral collaboration and matchmaking**

Renewable and Low Carbon Fuels (RLCF) Alliance

Production

Financing to de-risk SAF production at all technology maturity stages

Horizon Europe, Innovation Fund, InvestEU, Global Gateway, EU taxonomy

Uptake

Financing to narrow down the price gap between SAF and fossils

SAF Allowances, Emissions Trading System, energy taxation

Strengthening **global collaboration at ICAO**

LTAG, CAAF/3, CORSIA, ACT-SAF

Accelerating **qualification of new SAF pathways** and permitting of **new plants**

EU SAF Clearing House, Net Zero Industry Act

Increasing **transparency** on SAF uptake and supply chain **flexibility**

Environmental label, EU taxonomy, SAF accounting methodology

Long-term market predictability for SAF scale-up

ReFuelEU Aviation Regulation

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ReFuelEU Aviation Regulation: objectives



Foster the **ramp-up** of
SAF supply in the Union



Ensure a **level playing field**
in aviation through a
harmonised EU approach

** Regulation (EU) 2023/2405 of the European Parliament and of the Council of 18 October 2023 on ensuring a level playing field for sustainable air transport (ReFuelEU Aviation)*

ReFuelEU Aviation Regulation: obligations



Aviation fuel suppliers

supply increasing amounts of SAF at each Union airport

Union airports

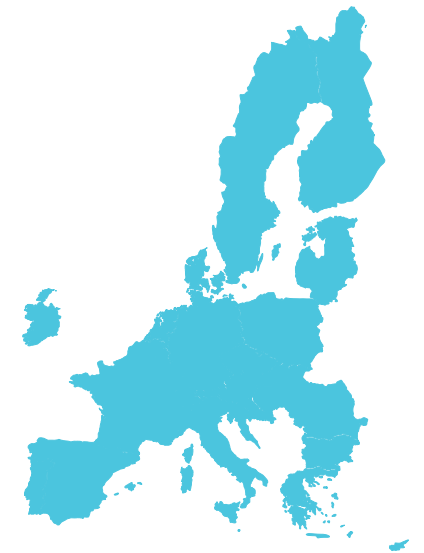
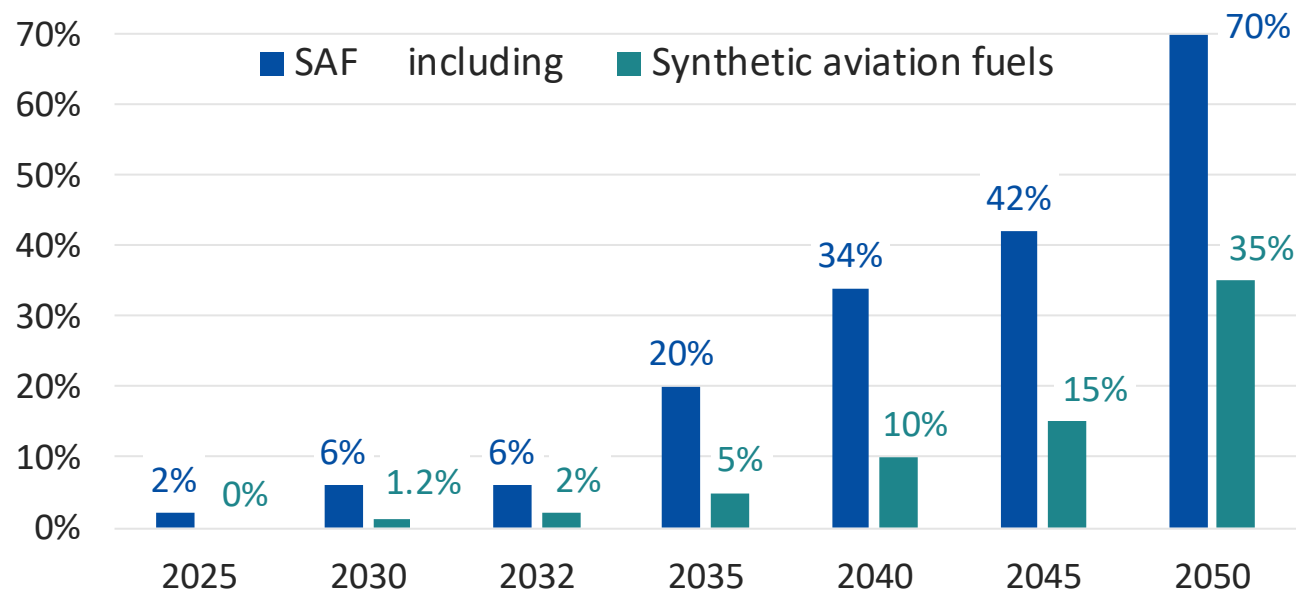
facilitate access to SAF

Aircraft operators

uplift aviation fuels at each Union airports without 'tankering' practices

ReFuelEU Aviation Regulation: uniform targets

- **EU-wide uniform shares** of SAF and synthetic aviation fuels in aviation fuel **supplied** to Union airports
- SAF cover **biofuels, synthetic fuels** and **recycled carbon fuels** for direct use in aviation; based on sustainability criteria defined in **Renewable Energy Directive (EU) 2018/2001**
- Supply obligations can be fulfilled with **hydrogen** and **low-carbon non-fossil aviation fuels**



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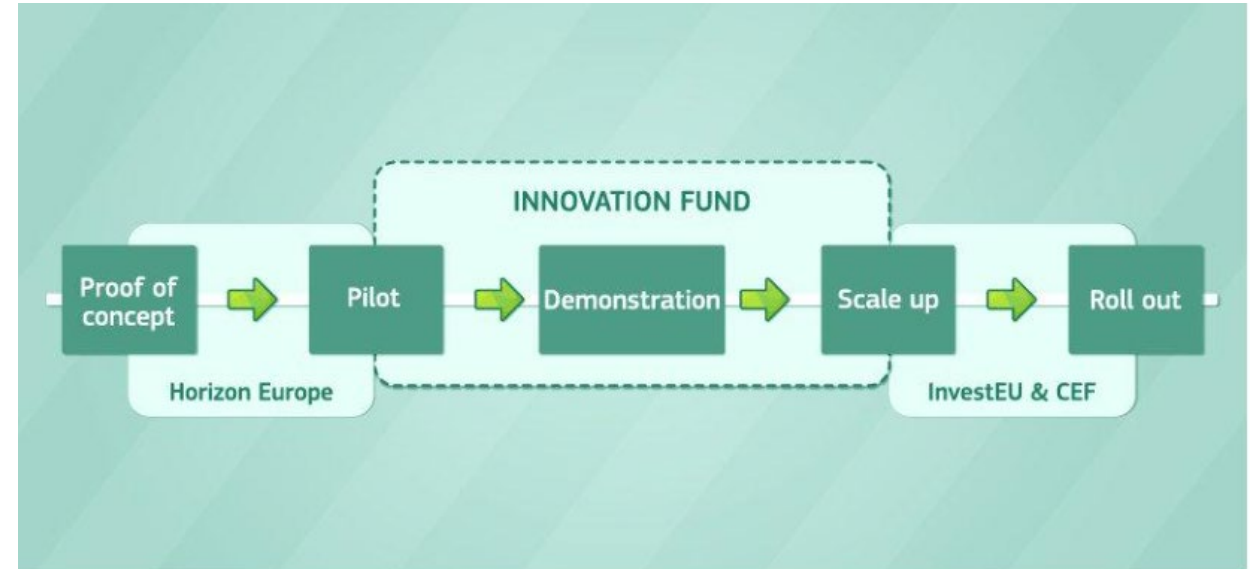
Financing production: along project maturity stages

1. Horizon Europe

- **Grants** for research and development.
- Around 120 SAF related projects for nearly €500 million over last decade.

2. Innovation Fund

- **Grants** entirely funded by the EU Emissions Trading System.
- A grant of €167 million for first commercial deployment of solid biomass-and-power-to-SAF in Sweden.
- A grant of €40 million for development of Power-to-Liquid using industrial off-gases in Norway.



3. InvestEU Fund

- EU budget guarantee for private investments: **loans, equity and guarantees**, including blended finance.
- A loan of €120 million for advanced biofuels plant in Spain.

Financing production: external dimension

Global Gateway

- EU strategy to boost smart, clean and secure links in digital, energy and **transport** sectors and to strengthen health, education and research systems **across the world**.
- Team Europe to mobilise up to €300 billion of investments in 2021-27.
- Mix of **grants, concessional loans, guarantees** to de-risk **private sector investments**
- Combined with **operational tools** such as technical assistance, policy and economic dialogue, trade and investment agreements and standardization.
- **Private sector** participation is key.
- **SAF** among flagship projects in 2024.



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Financing uptake: reducing the price gap



Support to decrease cost of SAF and other cleaner fuels:

- 20 million ETS allowances to cover **the price gap** between fossil fuel and cleaner fuels (2024-2030).
- Estimated for €1.6 billion (based on carbon price of €60/tCO₂) for aircraft operators
- **For flights subject to ETS**, equal treatment on routes, including non-EEA operators
- First come first served principle
- Financial support = SAF price - Fossil kerosene price - (carbon price + possible EU-level tax on kerosene)



Increased cost of fossil kerosene:

- **Carbon price** on fossil kerosene, not on SAF, under EU **Emissions Trading System**
- **Taxation** on jet fuel for intra-EU flights under the proposal for **Energy Taxation Directive** revision, with a preferential tax treatment of SAF

Thank you!

