

European Parliament vote approving SAF allowances in EU ETS is important step for aviation decarbonisation

The 20 million ‘SAF allowances’ passed in today’s ETS vote at the European Parliament are an important part in accelerating aviation’s decarbonisation. They will help stimulate and incentivise the rapid deployment of sustainable aviation fuels in Europe. Without them, the phase out of free ETS allowances by 2026, well before truly effective decarbonisation solutions will be available at scale, could negatively impact air transport. This is because the cost of compliance for the ETS will likely increase fivefold by 2025 to over EUR 5-6 billion annually which would impact ticket prices, route availability and ultimately connectivity.

Therefore, now is the time for the EU to do everything it can to ramp up sustainable fuel production. Countries around the world, such as the USA through the Inflation Reduction Act (IRA), are willing to throw public funds behind sustainable fuels. This is placing the future competitiveness of European aviation and the European SAF industry at stake.

Now more than ever, all revenues generated from ETS aviation allowances should:

- Contribute to lowering the price gap between conventional fuels and SAF
- Fund R&D and innovation projects for low- and zero-carbon fuels and propulsion technologies;
- Fund the scaling up and deployment of SAF;

The SAF allowances are just the first step in bringing about their widescale production and use in Europe. The EU now needs to throw its weight behind SAF production to ensure the well doesn’t run dry for sustainable fuels before it even gets started. European airlines continue to urge regulators to introduce mandatory calls dedicated to the aviation sector in the ETS Innovation Fund and to finance these calls through the revenues generated from ETS aviation allowances.

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Airlines for Europe (A4E) is Europe’s largest airline association. Based in Brussels, A4E works with policymakers to ensure aviation policy continues to connect Europeans with the world in a safe, competitive and sustainable manner. As a key initiator of aviation’s Destination 2050 roadmap, A4E and its members committed to achieve Net Zero carbon emissions for their own operations by 2050. With a modern fleet of over 3,300 aircraft, A4E airlines carried over 610 million passengers in 2022 and served nearly 2,000 destinations. Each year, A4E members transport more than 4 million tonnes of vital goods and equipment to more than 360 destinations either by freighters or passenger aircraft.