

Alternative aviation fuel policy in the EU

- The EU has acknowledged the role of alternative aviation fuels (otherwise known as “sustainable aviation fuels” (SAFs))¹ as a significant solution pathway to reaching net-zero aviation and is developing a policy framework to support the growth of the alternative aviation fuel market.
- The ReFuelEU Aviation Initiative entered into force in January 2025 and establishes a regulatory mandate for the supply of alternative fuels while prioritising the growth and importance of synthetics (e-fuels) from 2030 onwards.
- The Sustainable Transport Investment Plan, published in November 2025, places major emphasis on e-fuels as the long-term solution and sets out measures to address investment challenges facing these fuel plants.

Across the EU’s Member States, direct emissions from aviation make up nearly four per cent of total greenhouse gas emissions from the bloc². Despite measures to curb growth, the number of commercial flights in the EU could increase by as much as 42 per cent by 2040 compared to 2017³, as estimated by the European Commission. Amongst the numerous actions that could be taken to address the climate impact of aviation — from operational efficiencies to demand reduction measures — the EU has made alternative aviation fuels (otherwise known as “sustainable aviation fuels” (SAFs)) a priority and is leading the charge towards establishing a market for these new fuels. The bloc has a unique opportunity to mandate collective action while building upon individual Member State ambition and is in the process of creating this policy framework. However, ambition on climate is facing challenges in light of the changes in political direction after the EU elections held in 2024, with post-election priorities having now shifted to a Clean Industrial Deal⁴.

ReFuelEU

The “[ReFuelEU Aviation Initiative](#)”, which entered into force in early 2025, mandates that all jet fuel suppliers blend a certain proportion of alternative fuels with lower lifecycle emissions into the jet fuel they deliver to EU airports by target dates. The EU distinguishes “SAFs” as drop-in aviation fuels that can be: advanced biofuels or biofuels produced from the feedstock in line with sustainability criteria, recycled carbon fuels or synthetic fuels. Within the mandate and for ease of differentiation, they are further refined into:

¹ The term “sustainable aviation fuel” is a vague, umbrella term used indiscriminately to describe a range of fuels with widely different environmental credentials, depending on the feedstocks they’re made from and the energy sources powering their production. This lack of clarity misrepresents these fuels’ environmental impact and can mislead consumers and investors. Therefore, this briefing refers instead to “alternative aviation fuels” as the catch-all term to describe non-fossil jet fuels.

² [Reducing emissions from aviation | European Commission](#)

³ [European Aviation Environmental Report 2019 | EASA](#)

⁴ [Von der Leyen Pledges New Clean Industrial Deal in New Mandate as EU Commission President | ESG Today](#)



- Sustainable aviation fuels. Under ReFuelEU these are 2nd generation fuels (which can include fuels like HEFA (hydroprocessed esters and fatty acid fuels), and waste-based fuels), and 3rd generation fuels (made of algae) advanced biofuels and “sustainable” biofuels, or, as a sub-category of SAF:
 - 4th generation synthetic aviation fuels, meaning fuels of a non-biological origin, which can also be referred to as “e-fuels”, “e-kerosene”, “synthetic fuels”, “Renewable Fuels of Non-Biological Origin (RFNBO)” or “power-to-liquids” (PtL).

Crop-based fuels (1st Generation) do not count towards the ReFuelEU targets and are generally forbidden in the EU. Virtually all current “SAF” (~99 - 100 per cent) is 2nd generation biofuels from wastes (used cooking oil 81 per cent animal fats 17 per cent) as specified in REDIII Annex IX criteria⁵.

The mandate requires two per cent of the fuel made available at EU airports to be “SAF” from this year, rising to six per cent in 2030, 20 per cent in 2035 and gradually up to 70 per cent in 2050. Within the mandate, the proportion of synthetic fuels as a sub-mandate to those targets grows in significance and it will need to make up a larger part of the fuel mix over time.

From 2030, 1.2 per cent of fuel available must be synthetic, rising to 35 per cent by 2050 — half of the total alternative fuels requirement (as shown in Figure 1). To ensure enforcement, Member States were required to disclose their non-compliance penalties for fuel suppliers by the end of 2024, alongside a requirement to make-up the shortfall in the subsequent reporting period⁶. The European Union Aviation Safety Agency (EASA) launched its reference prices for different SAF pathways in February 2025⁷, but the obligation remains on Member States to set their own penalty regimes, enforce fines and collect revenues (as per the requirements of ReFuelEU⁸). The European Commission published the list of National Competent Authorities List of the Member States responsible for enforcing the application of ReFuelEU (last updated as of January 2026)⁹.

Germany has confirmed penalties of €4,700/mt for missing SAF and €17,000/mt for missing eSAF volumes through its “Second Law for the Further Development of the Greenhouse Gas Reduction Quota” that entered into force in December 2025¹⁰. This law allows for future penalty adjustments following changes in EU reference prices or cost gaps¹¹. Germany’s high alternative

⁵ [EASA publishes report on Sustainable Aviation Fuel scale-up, progress and pressure points | EASA](#)

⁶ [Regulation \(EU\) 2023/2405 of the European Parliament and the Council on ReFuelEU Aviation | Official Journal of the European Union](#)

⁷ [2024 Aviation Fuels Reference Prices for ReFuelEU Aviation | EASA](#)

⁸ [Frequently Asked Questions on the interpretation of certain provisions of Regulation \(EU\) 2023/2405 on ensuring a level playing field for sustainable air transport | European Commission](#)

⁹ [List of Competent Authorities of the Member States responsible for enforcing the application of Regulation \(EU\) 2023/2405 of the European Parliament and the Council on ensuring a level playing field for sustainable air transport \(ReFuelEU Aviation\) | European Commission](#)

¹⁰ [Entwurf eines Zweiten Gesetzes zur Weiterentwicklung der Treibhausgasminderungs-Quote | Germany Federal Ministry for the Environment, Climate Protection, Nature Conservation and Nuclear Safety](#)

¹¹ The German Federal Emission Control Act (Immissionsschutzgesetz) set a sub-mandate requiring aviation fuel suppliers to blend 0.5% Power-to-Liquid (PtL) eSAF in kerosene distributed in Germany in 2026, rising to 1% in 2028 and 2% in 2030, exceeding ReFuelEU’s EU-wide eSAF sub-targets of 1.2% by 2030. However, a revised draft of the Second Act to Further Develop the Greenhouse Gas Reduction



fuels ambitions are shown through its REDIII transposition in January 2026, increasing RFNBO (renewable fuels of non-biological origin, i.e., e-kerosene) quotas for 2030 from 1.2 to 2.5 per cent, for 2032 from 1.5 to 3 per cent, and for 2034 from 2.5 to 3.5 percent¹².

Contrary to the case of Germany, the rest of EU Member States have opted to follow the minimum level of penalties Under ReFuelEU Aviation (Article 12), non-compliance penalties for fuel suppliers must be at least twice the price difference between biofuels/e-kerosene and jet fuel, multiplied by the shortfall volume. This is €2,700 per tonne for biofuels and €14,000/t for e-kerosene considering 2024 EASA reference prices of ≈€700/t for jet fuel, ≈€2000/t for biofuels, ≈€7,700/t for e-kerosene. During 2026, EU Member States will enforce penalties for the biofuels mandate target that entered into force in 2025 for the volumes supplied that year.

It is estimated that 104 to 106 additional SAF plants need to be built in the EU by 2050 to cater for the necessary alternative aviation fuel production capacity¹³. Of that, around 40 large-scale e-fuel projects are planned in Europe, “with a potential production capacity close to 3 million tonnes — around five per cent of the fuel that Europe’s aviation sector needs to operate”, according to new analysis from Transport & Environment¹⁴. To date, none of the 40 proposed e-fuel projects has reached FID¹⁵. Efforts are slowly mounting to rise to this challenge, and the Commission published a set of FAQs¹⁶ relating to the scope and obligations of the mandate to respond to some emerging uncertainties. However, emerging issues of excessive SAF Fees in the EU¹⁷ (and, in particular, related to “oligopolistic supply chains” and supplier margins¹⁸) have also been drawing international attention and stalling the impact of ReFuelEU.

Significant action is required to make the ReFuelEU SAF mandate a reality. ICCT estimated that the production cost of e-kerosene (a synthetic fuel) in the EU was 10 times higher than that of fossil kerosene in 2020, and Argus estimated in November 2025 that e-kerosene is currently 13 times higher than jet fuel¹⁹. However, the gap is set to decrease substantially towards an estimated 2.5 times in 2050 as the market matures, technology improves, and the cost of renewable electricity continues to decline²⁰.

Quota (published Oct 2025, Cabinet approved Jan 2026) proposed eliminating the standalone PTL quota for aviation to avoid unattainable targets amid limited green kerosene production, and introduces a broader RFNBO sub-quota (0.1% in 2026 across road transport). The act is expected to apply retroactively from Jan 1, 2026, pending final parliamentary passage.

¹² [Entwurf eines Zweiten Gesetzes zur Weiterentwicklung der Treibhausgasminderungs-Quote | German Federal Council](#)

¹³ [Ensuring a level playing field for sustainable air transport | EU Monitor](#)

¹⁴ [Spotlight on e-SAF | Transport & Environment](#)

¹⁵ [EU launches Early Movers' Coalition to accelerate sustainable aviation fuel uptake | European Commission](#)

¹⁶ [Frequently Asked Questions on the interpretation of certain provisions of Regulation \(EU\) 2023/2405 on ensuring a level playing field for sustainable air transport | European Commission](#)

¹⁷ [Excessive SAF Fees in the EU – a lost opportunity to abate 2.7 million tonnes of CO2 | IATA](#)

¹⁸ [Global SAF supply to slow in 2026 on high costs, policy issues: IATA | S&P Global](#)

¹⁹ [Sustainable aviation fuel: eSAF found to be 13 times the cost of regular aircraft fuel | Aerospace Global News](#)

²⁰ [Current and future cost of e-kerosene in the United States and Europe | ICCT](#)



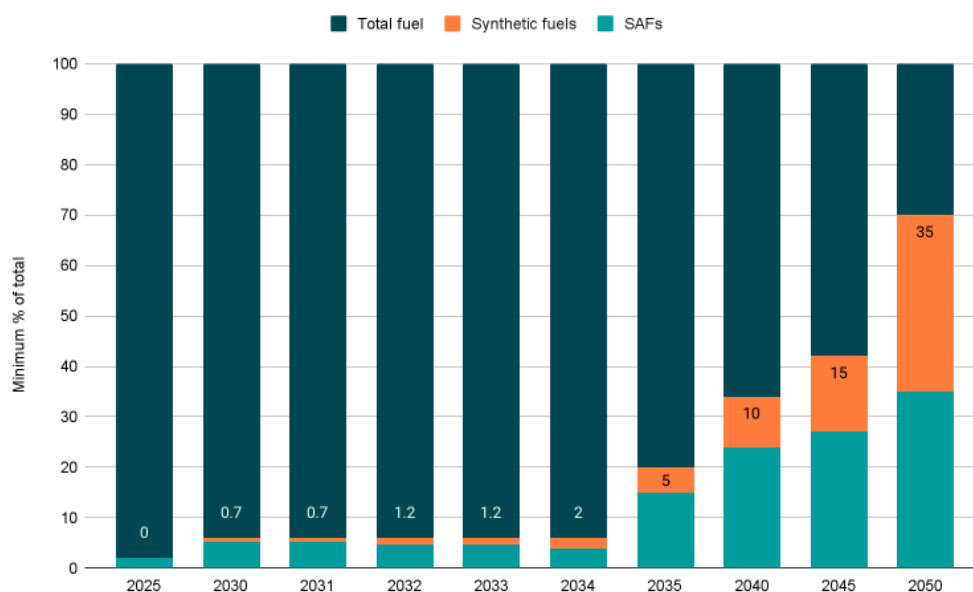


Figure 1: SAF mandate percentages under the ReFuelEU Aviation Initiative. Source: Adapted from EU legislation, 2023

The EU’s mandate reflects the current scalability and sustainability of synthetic fuels as compared to that of bio-based fuels. Synthetic fuels use renewable energy as a feedstock as opposed to waste or conventional biomass, which are limited; the production of crops and by-products for energy uses in the transport sector alone already requires five per cent of arable land in the EU-27²¹. Scaling synthetic fuels is therefore an immediate priority to ensure a viable pathway to reaching net-zero aviation while avoiding further land use issues. A SAF Clearing House has also been established to “remove as many barriers as possible to support the EU & International deployment of SAFs as well as the approval of new SAF pathways”²².

Sustainable Transport Investment Plan (STIP)

On 5 November 2025, the EU Commission published its long-awaited [Sustainable Transport Investment Plan](#) (STIP), which sets out measures to unlock the full potential of e-fuels by addressing the market failure of plants struggling to reach final investment decisions and providing revenue certainty.

The STIP places major emphasis on e-kerosene with investment targets, sub-quotas, and support through Innovation Fund, InvestEU, EIB, and ETS allowances. Altogether, the Commission expects to mobilise investment of around €2 billion for the sustainable alternative fuel sector in the 2026-27 period.

²¹ [E-Kerosene for Commercial Aviation: From Green Hydrogen and CO2 from Direct Air Capture – Volumes, Cost, Area Demand and Renewable Energy Competition in the United States and Europe from 2030 to 2050 | German Energy Agency](#)

²² [EASA supporting scale up of sustainable aviation fuels through EU Clearing House | EASA](#)



The STIP proposes an EU-wide market intermediary mechanism using double-sided auctions to bridge the gap between fuel producers and buyers.

“For strong market growth in the longer term, it will be critical to set up a new market intermediary mechanism... provide price stability and reduce risks through double-sided auctions.”

This includes an “eSAF Early Movers Coalition” pilot pooled double-sided auction worth €500 million to be launched for 2026, where Germany is leading the way by means of preparations through Hintco, (the operational arm of Germany's H2Global Foundation), alongside plans for future expansion EU-wide. The Coalition was formally presented in December 2025 and endorsed by Austria, Finland, France, Germany, Luxembourg, Netherlands, Portugal and Spain. The STIP also only “encourages” Member States to use existing carbon market measures (i.e. ETS revenues) to decarbonise shipping and aviation.

The STIP aims to mobilise €2.9 billion to get aviation e-fuel projects off the ground until the end of 2027. The table below sets out those funding sources the STIP aims to mobilise in the 2025-27 time horizon:

Mechanism	Amount	Details
Project Finance	€153 million for eSAF & €293 million for SMF projects	The Commission is awarding four eSAF projects and five sustainable maritime fuel (SMF) projects with funding. These nine projects represent the first generation of large-scale e-fuel plants in the EU.
European Hydrogen Bank	€300 million	The Commission will open another auction for the production of hydrogen with off-takers in the maritime and aviation sectors.
Pooled double-auction for eSAF	€500 million	The STIP commits to a pilot pooled double-sided auction for eSAF in 2026 and future expansion EU-wide.
Research & Innovation (R&I) project funding	€133.5 million	The Commission plans to provide an indicative budget supporting R&I projects of renewable fuel technologies and industrial value through Horizon Europe call and SET Plan flagships (2026-2027).
EU ETS	€1.6 billion	20 million allowances are reserved for the uptake of SAF by airlines from 2024 to 2030.
InvestEU	TBC	Recent agreement between the Council and the Parliament on enhancing the InvestEU programme increases the EU guarantee by €2.5 billion, unlocking nearly €55 billion in additional public and



		private investments. This can support projects in clean tech and clean mobility, including projects across the whole value chain from fuel production to distribution and use.
TechEU	TBC	TechEU is expected to mobilise €250 billion by 2027 in key important areas for Europe’s competitiveness such as clean tech, with the STIP referencing clear intention to increase the number of projects in this area.

EU Taxonomy

The EU Taxonomy Regulation²³ provides a classification system for sustainable activities designed to direct investments to those which are most needed for the net-zero transition. There are several activities in the EU Taxonomy that are relevant to aviation such as aircraft manufacturing and leasing (zero emission aircraft and fleet renewal), passenger and freight air transport and the manufacture of feedstocks for fuels such as hydrogen (including e-fuels), biogas and biofuels, and renewable energy²⁴. These activities must do no significant harm to objectives including climate change mitigation and adaptation, water resources, circular economy, pollution prevention and biodiversity, while complying with minimum social safeguards.

Under current EU Taxonomy rules, planes are afforded a “green” label as long as they produce lower CO₂ emissions than limits set by the International Civil Aviation Organization (ICAO), a classification justified on the basis that no commercial zero-emission aircraft exist yet²⁵. This move has drawn legal challenges from NGOs which claim the rulebook enables greenwashing, in that high amounts of pollution would be permitted under the bar set by ICAO²⁶. It also stipulates that, from 2030, passenger and freight flights must run on a 15 per cent SAF blend, a proportion which will rise by two per cent annually thereafter²⁷. Aircraft produced for private or commercial business are excluded from the regulation.

EU Emissions Trading Scheme

The EU Emissions Trading Scheme (EU ETS) is a “cap and trade” system designed to bring down the emissions associated with certain economic activities over time by issuing decreasing numbers of tradeable emission allowances to polluters in specific sectors. Aviation has been covered by the ETS since 2012; the number of free allowances for aircraft operators was reduced by 25 per cent in 2024, and was further reduced by 50 per cent in 2025, to be completely

²³ [Regulation \(EU\) 2020/852 of the European Parliament and the Council on sustainable investment | EUR-Lex](#)

²⁴ [Aviation and Green Taxonomy | ICAO](#)

²⁵ [EU Taxonomy Regulation and aviation: A transition to sustainability | Norton Rose Fulbright](#)

²⁶ [EU hit with lawsuit over green labelling of aviation and shipping investments | Climate Home News](#)

²⁷ [Sustainable aviation fuels \(SAF\) in Europe | Deloitte](#)



eliminated in 2026²⁸. That means that in 2026, aircraft operators must pay for their own emissions, incentivising them to pursue activities that reduce their emissions, such as using SAF.

In a bid to accelerate SAF usage and mitigate the cost of removing free allowances, a dedicated SAF allowance mechanism has been established, allocating 20 million allowances for Fuels Eligible for ETS (FEETS) — with an estimated value of €1.5 billion²⁹ — until 2030 for aircraft operators, based on the amount of SAF they use³⁰. This means that airlines and other purchasers of alternative fuels will be able to reclaim the price premium between conventional jet fuel and SAF based on its environmental integrity, with the separate prices for each fuel category.

In 2025, the Commission published prices for the ETS support in relation to the price differences from fossil fuels in 2024, and set aside 20 million emissions allowances, valued at roughly €1.5 billion to boost alternative fuel uptake, which were distributed amongst ~53 aircraft operators in the EU³¹. These prices equated to:

- Conventional Aviation Fuel: €734 per tonne (approximately \$763.8/tonne)
- Sustainable Aviation Fuel: €2,085 per tonne (approximately \$2,169/tonne)
- Synthetic Aviation Fuel (e-fuel): €7,695 per tonne (approximately \$8,007/tonne)

The ETS Directive mandates a Commission evaluation by January 1, 2028, on FEETS performance. This review may trigger a legislative proposal for a capped, time-limited extension allocating additional allowances until December 31, 2034, prioritising e-fuel.

The EU ETS operates separately from the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA)³², a global market-based measure established by ICAO to address carbon emissions from international aviation. However, their coexistence presents challenges in applying climate policy, as the two systems overlap in scope for international flights within the European Economic Area (EEA). The EU ETS imposes a more ambitious climate protection target, with stricter rules and procedures and greater predictability regarding its future evolution, whereas CORSA remains subject to the uncertainties of international agreements. In 2026, the Commission will assess whether CORSA is effectively meeting the goals of the Paris Agreement and could potentially propose extending the scope of the ETS to include more international flights if CORSA is deemed insufficient.

Net-Zero Industry & Industrial Accelerator Acts

In early 2024, the EU deemed SAF a strategic technology and acknowledged that it “needs to ensure that the regulatory environment and support framework for producers of sustainable aviation and maritime alternative fuels technologies enables them to increase their production capacities”³³. This is alongside other strategic net-zero solutions such as hydrogen and battery

²⁸ [Reducing emissions from aviation | European Commission](#)

²⁹ [Reducing emissions from aviation | European Commission](#)

³⁰ [Sustainable Aviation Fuels | EASA](#)

³¹ [EU allocates €100 million in emissions allowance to boost green jet fuel use | Open Access Government](#)

³² [Carbon Offsetting and Reduction Scheme for International Aviation \(CORSA\) | ICAO](#)

³³ [General approach to the NZIA | Council of the European Union](#)



technologies, renewables like solar photovoltaics and wind turbines, and heat pumps, the manufacture of which now has a target of meeting “at least 40 per cent of the EU's annual deployment needs by 2030”³⁴.

One thing the EU's Net-Zero Industry Act (NZIA) does is facilitate this production through expedited permitting and administrative support amongst other measures that aim to break down barriers to scaling SAF along the fuel value chain³⁵. Four new pieces of secondary legislation and a communication were published by the Commission in May 2025 relevant to manufacturing, renewable energy auctions, net-zero technology criteria and EU supply, with “specific guidance on certain selection criteria such as those centered around ‘first-of-a-kind’”³⁶.

The Industrial Accelerator Act (IAA) unveiled 4 March 2026 will contribute to the scaling of green hydrogen, which is central to e-fuels development in Europe, through a “Made in Europe” proposal that extends to electrolysers. Also, the easier permitting for e-fuel projects, and the creation of green lead markets should contribute to decarbonisation first-mover advantage.

Possible EU interventions

There are still several policy areas and interventions that the EU may explore to address the growing inequity and climate impacts of the aviation sector:

- Updates to ReFuelEU: Under Article 15 of ReFuelEU, the Commission is legally obliged to assess possible additional measures to support the alternative aviation fuel market during its first review in 2027. This includes “setting up or recognising a system of tradability of SAF to enable fuel supply in the Union”, suggesting that incorporating elements of a [Book and Claim scheme](#) “could enable aircraft operators or fuel suppliers, or both, to purchase SAF through contractual arrangements with aviation fuel suppliers and to claim the use of SAF at Union airports”³⁷. A report was published in March 2025³⁸ calling for additional research on the political feasibility of various flexibility mechanisms. The European Commission published in September 2025 a call for tender to assess the feasibility of a Book and Claim system for sustainable fuels across all transport (expected for publication in Q2 2026)³⁹.
- Further changes to the EU Emissions Trading Scheme (ETS):

³⁴ [Net-Zero Industry Act | European Commission](#)

³⁵ [SAF gets ‘strategic’ tag in EU’s plan to cut carbon emissions | SAF Investor](#)

³⁶ [Net-Zero Industry Act to further accelerate decarbonisation technologies manufacturing in the EU | European Commission](#)

³⁷ [ReFuelEU Aviation | European Parliament](#)

³⁸ [Assessment of the production and supply of SAF in Union airports and study on the feasibility of the creation of a system of tradability of SAF in the EU | European Commission](#)

³⁹ [September 3, 2025 | European Regions Airline Association](#)



- Expansion: If the ETS were extended to all departing flights as of 2027 — rather than only flights within the EU/EEA and departing flights to Switzerland and the UK — the total revenue could reach €72 billion by 2030⁴⁰.
- Non-CO₂ emissions: Monitoring rules are being put in place to “create a new system for airlines to monitor, report and verify non-CO₂ emissions and climate effects of aviation” through the 2023 revision of the EU ETS⁴¹. Beyond conventional jet fuel, SAFs also produce non-CO₂ emissions at varying levels and potential impacts⁴², which are likely to impact purchase decisions.
- Taxation: Currently, the Energy Taxation Directive provides mandatory tax exemptions for certain energy products like maritime and aviation fuels⁴³. There are proposals for a stronger price signal through revision of the Energy Taxation Directive providing a preferential treatment to SAF compared to fossil kerosene and to address the price delta between them. Discussions on the proposal are set to resume this year.
- Addressing feedstock barriers:
 - Renewable energy: Higher renewable electricity prices in the EU compared to places like the US means the average e-kerosene price is about 45 per cent more expensive than conventional jet fuel⁴⁴. Policies such as [REPowerEU](#) aim to address this, but urgent action will be needed to reduce this cost gap, for the benefit of the SAF market and the EU’s energy transition more broadly.
 - Green hydrogen: The EU Hydrogen Strategy⁴⁵, established in 2020, aims to promote the production and adoption of renewable hydrogen across key sectors. Binding targets for renewable hydrogen usage were introduced under the revised Renewable Energy Directive (RED)⁴⁶, requiring 42 per cent of the hydrogen used in industry from 2030 onward to come from renewable fuels of non-biological origin ([RFNBOs](#)). Additional policy development is required to rapidly scale the deployment of green hydrogen technologies and its role in the production of high-integrity SAF in the EU and third countries. Particularly, the European Commission will assess existing additionality, temporal, and geographical correlation RFNBO criteria for electricity procurement established under Delegated Act 2023/1184⁴⁷. These stringent requirements were put in place to avoid grid cannibalisation from renewable hydrogen production, among others. The Delegated Act will be reviewed by July 2028.

⁴⁰ [The challenges of scaling up e-kerosene production in Europe | Transport & Environment](#)

⁴¹ [European Green Deal: new rules agreed on applying the EU emissions trading system in the aviation sector | European Commission](#)

⁴² [Updated analysis of the non-CO₂ effects of aviation | European Commission](#)

⁴³ [Revision of the Energy Taxation Directive: Fit for 55 package | Parlamento Europeo](#)

⁴⁴ [Current and future cost of e-kerosene in the United States and Europe | ICCT](#)

⁴⁵ [European Commission Communication \(COM/2020/301\) on a hydrogen Strategy for Europe | EUR-LEX](#)

⁴⁶ [Directive \(EU\) 2023/2413 of the European Parliament and Council regarding the promotion of energy from renewable sources | EUR-LEX](#)

⁴⁷ [Exploring the ramp-up of hydrogen production in the EU | ICF](#)



- Carbon capture: Delegated Acts on RFNBOs set a cut-off date of 2036 for using fossil carbon and as such, open a policy opportunity for the EU to create meaningful incentives for more sustainable sources of carbon — such as from direct air capture (DAC) or other forms of carbon capture where it is preferable from a lifecycle sustainability perspective — for the production of high-integrity SAF⁴⁸.
- Carbon Border Adjustment Mechanism: The EU's taxation mechanism — which will apply a carbon tariff to imported goods to account for the carbon cost of producing them — entered into full force in 2026⁴⁹. Commission proposed December 2025 amendments to expand scope (downstream products like chemicals) from January 1, 2028, and electricity simplifications from 2026. To be implemented, this proposal will require a confirmation vote by the European Parliament and European Council.
- While tariffs will apply to some synthetic fuel feedstocks (electricity, hydrogen), they are not expected to apply to SAF itself.

The EU is putting the final building blocks in place for its policy framework to support the growth of the SAF market as part of a blossoming global industry. EU policy has set a trend in the SAF space, with the UK having delivered a similar [mandate](#) and several other countries, including China, India and Indonesia, considering similar policies. The US [Inflation Reduction Act](#) also incentivised action on SAF, but through a tax-credit system as opposed to mandates. It is likely in the coming decade that many more countries will follow suit in order to achieve their own national net-zero targets and overall [ICAO goals](#), seeing alternative fuels as a key step on the pathway to net-zero aviation.

Key recommendations

Though the EU has led the charge, there is still action needed:

1. The EU must continue to reinforce the long-term market predictability of the ReFuelEU framework, by recommitting to the e-fuel sub-target and clarifying that, within the ReFuelEU review in 2027, any proposal will focus on setting enabling conditions for e-fuel uptake.
2. Policy makers need to identify mechanisms to foster a dynamic and competitive alternative aviation fuel market in the EU, and especially in the European manufacture of alternative fuels, by encouraging all market players including incumbent fuel suppliers to actively and fairly participate. Those mechanisms should, particularly, be aimed at de-risking and providing income certainty to facilitate Final Investment Decisions (FID) of new e-fuel plants.
3. The EU ETS should be expanded to include international flights as CORSIA is currently not ambitious enough to see the sector substantially advance its net-zero target.

⁴⁸ [The challenges of scaling up e-kerosene production in Europe | Transport & Environment](#)

⁴⁹ [Carbon Border Adjustment Mechanism | European Commission](#)



4. Non-CO₂ emissions must be more decisively addressed. This would also support the development of the alternative fuels market. The Commission must consider the expansion of existing MRV requirements to intra and extra EU flights, the application of an ETS non-CO₂ multiplier, or dedicated targets as good ways forward.
5. The amount of ETS revenues the aviation sector is able to access (FEETS) should be capped and only the highest integrity be fuels able to receive funding, i.e. synthetic fuels made with green hydrogen, additional renewable energy and a sustainable source of CO₂ assessed on a project-by-project basis. HEFA fuels — alongside some other biofuels of weak environmental credibility — must be excluded.
6. The European Commission must address the oligopolistic pricing practices and the access problems to fuelling, transport, and refining infrastructure for alternative fuels.

Activities from the public sector alone will not be enough to see this market take off, and we are working closely with the investor community to accelerate action. To find out more, visit our [website](#) or [get in touch](#).

