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WINGS
OF CHANGE
AMERICAS

Green Horizons: Boosting Aviation's race to net zero in Latin America

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Host Airline

avianca

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Environmental Progress

- CO2 emissions **per seat Kilometer** have come down by over **80%** since the first jet aircraft in the 1950s.
- A typical new generation single aisle aircraft coming off the production line today emits around **50 grams of CO2 per seat kilometer** (equivalent to 2 liters of fuel burn per passenger for 100km, lower than that of compact cars, although aircraft travel much faster).
- Over **14.6 billion tons of CO2** were avoided from 1990 to 2023 through new technology, operational efficiencies, and infrastructure improvements, with airlines investing over **$1 trillion** in 19,360 new aircraft since 2009.

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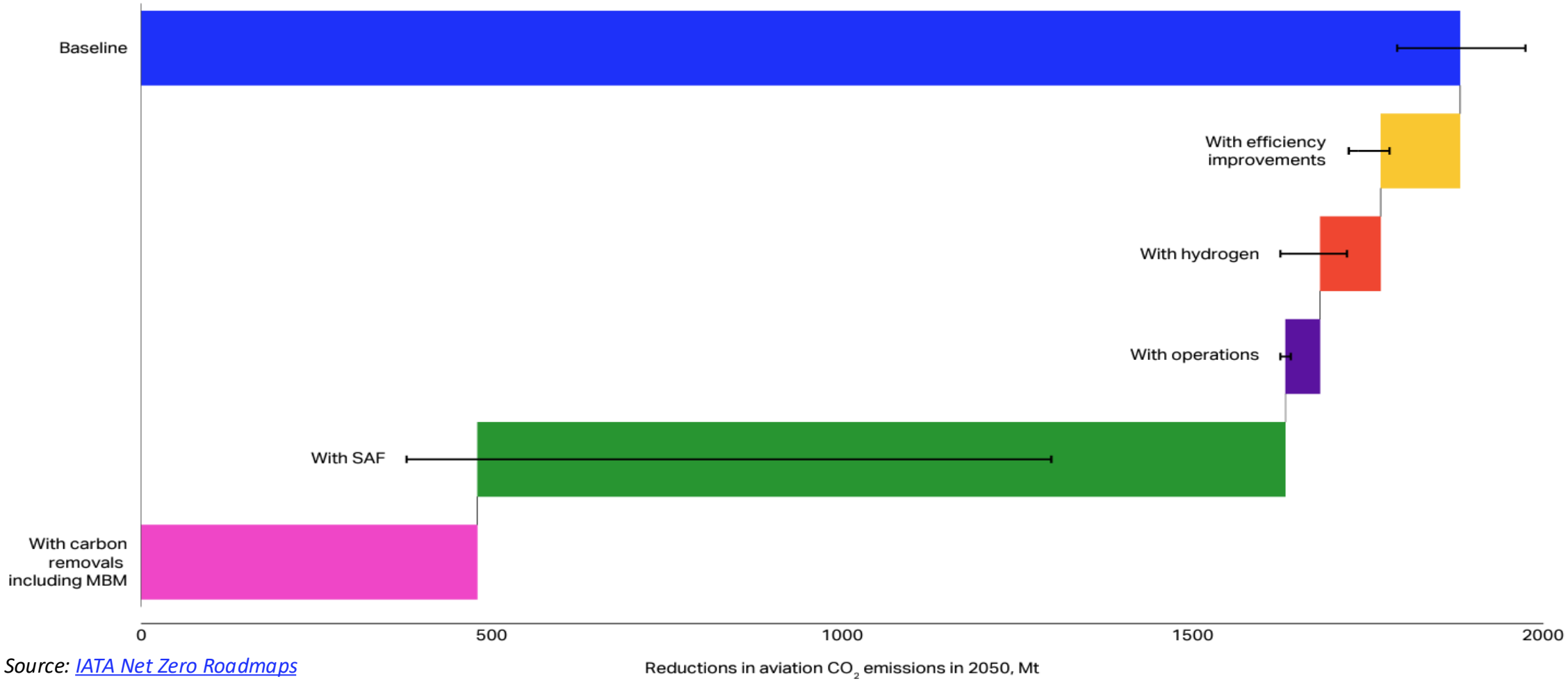
SAF is a key enabler to help the aviation industry achieve net-zero CO_2 emissions

Reductions in aviation CO_2 emissions in 2050, by source, Mt



Source: IATA Net Zero Roadmaps

Net zero air transport by 2050

- **Fossil fuels** account for over **80% of global energy consumption.**
- The energy transition must **target the energy source**, not the industry that uses it.
- Policies must **maximize renewable energy production for all.**
- And **maximize air transport's capacity** to grow the global economy.

How many aircraft are we missing?

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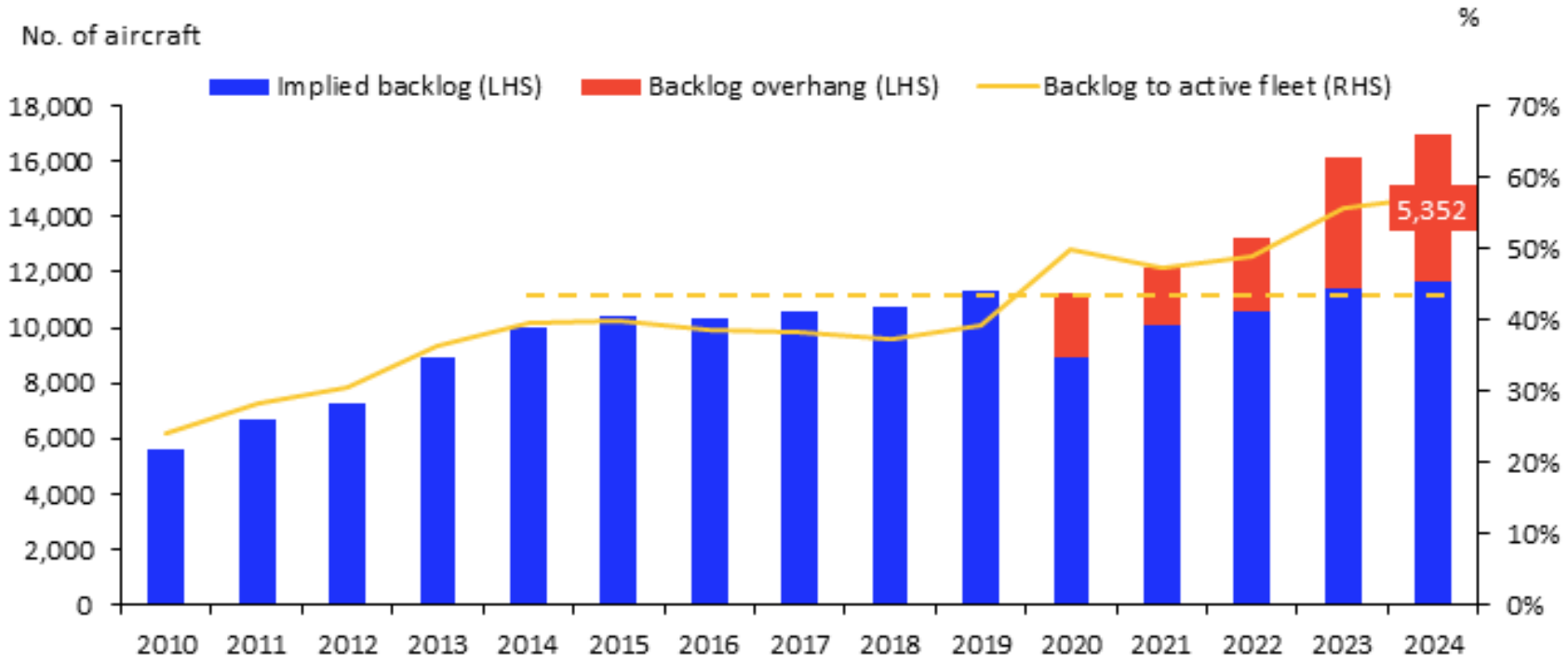
Implied backlog, based on the constant ratio to the active fleet and implied overhang of backlog compared with the historical average



By 2040,
Latin America will need

2.460+
NEW AIRCRAFT

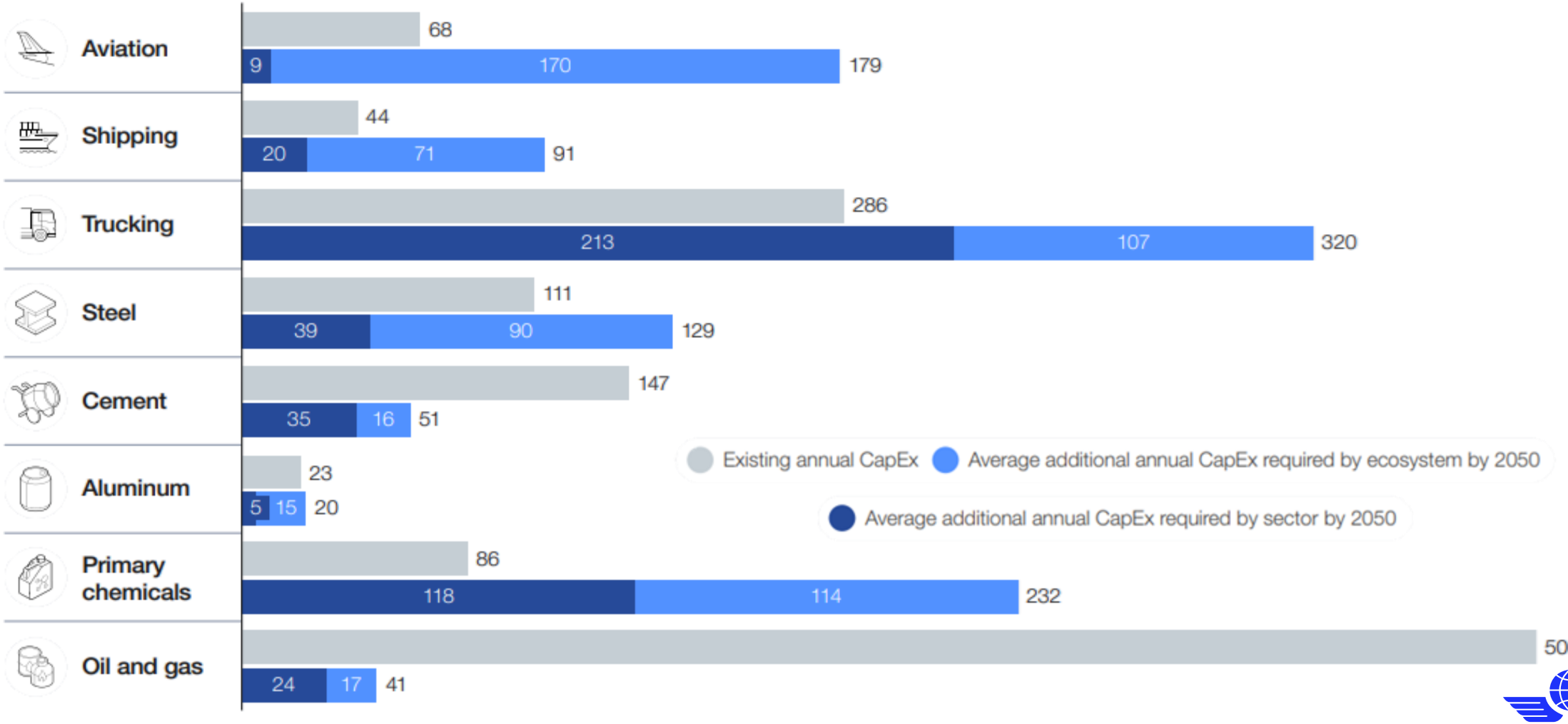
14-year

of wait time for delivery

Aviation has a significant funding requirement…

…and a significant funding gap

Existing annual capex vs additional annual capex required by 2050 ($ billion)



Source: WEF, based on Accenture analysis

The magnitude of the financing task

Key elements in the Finance Roadmap (2024 to 2050)

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CAPEX TO INVESTORS

New renewable fuel plants needed

Best-case scenario:
minimum number of plants needed **3,096**

Worst-case scenario:
maximum number of plants needed **6,658**

Capital investment (capex) needed

Best-case scenario:
minimum capex needed
$3.9 trillion

Worst-case scenario:
maximum capex needed
$8.1 trillion

COST TO AIRLINES

Transition Cost

$4.7 trillion additional cost to airlines for using:

- *SAF*
- *Offsetting via CORSIA*
- *Hydrogen for aircraft*
- *Carbon removals*

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Source: IATA Sustainability and Economics

There are various sources of external finance-all will be required to deliver the industry's sustainability transition

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Main sources of industry finance and expected relative contribution

(Illustrative scale of relative involvement)

Source: ATAG

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Is there a role for policy and governments?

Invariably, yes!

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- Aviation's sustainability transition must be seen as part of the global energy transition
  - Developing energy policy frameworks that are tailored to local conditions and supported by international collaboration is crucial, emphasizing efficiency while ensuring access to aviation's network of services.
- Government policy should refrain from imposing obligations or mandates that could harm the financial performance of the sector.
- IATA's **Net Zero CO2 Emissions Policy Roadmap** highlighted
  - The necessity for all supply chain stakeholders to be subjected to stable, predictable, long-term, and as globally harmonized as possible policies.
  - An urgent and substantial practical and financial need to support emerging economies in developing new energy markets.

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