Environment:
Getting to zero carbon

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#IATAMediaDays
With that background, today I want to update you in three areas:

CORSIA coverage—the economic measure that is helping us to stabilize net emissions

Worrying trends on taxation proposals.

Progress and barriers on Sustainable Aviation Fuel—the proven technology that will be the key driver for our long-term decarbonisation target.
CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation) is our key short-term strategy for stabilising net emissions.

Pleased to say number of countries signing on to CORSIA continues to grow. Voluntary membership of the scheme has in the past week passed 100 states. Total is now 104.

What that means is that under CORSIA, 77% of aviation’s CO2 emissions growth above 2019 levels will be offset over the life of the scheme.

But that number could easily rise as more states join.
To support airlines meeting their CORSIA obligations we launched Aviation Carbon Exchange (ACE) last November.

Trading platform that allows airlines easy access to CORSIA compliant carbon credits.

These are certified to the highest level of environmental integrity.

Have to meet rigorous standards set by technical experts from ICAO, governments including the EU, and NGOs.

A CORSIA certified credit ensures that emissions reductions are additional (would not have otherwise been achieved) and permanent.

Important to note … offsets not just about Co2 emissions. Many projects also bring socio-economic benefits, improving livelihood and health for local communities – in line with the UN’s Sustainable Development Goals

Launch has been a success. We have traded 1.5 million tonnes of credits to date, with a 2.2 million tonne target by the end of the year.
No to the EU aviation fuel tax!

Inefficient and ineffective means to decarbonize

• Blunt instrument
• No evidence environment that taxes invested back into SAF/cleaner aircraft technology
• Can delay fleet renewal

Affects people who can least afford to pay

• Many passengers already face multiple taxes, eg: the Netherlands

CORSIA .. a global solution to a global problem of tackling emissions - a market-based measure rather than a government mechanism, like a tax.

Which brings me to a real concern for the industry – the recent EU proposal for a tax on jet fuel.

Fundamentally against this tax.

Taxation is a blunt instrument which is a totally inefficient and ineffective means of decarbonizing aviation.

Like other taxes raised in the name of environment, there is no evidence that the money will be invested back into sustainable fuels or cleaner aircraft technology.

Passengers already face multiple taxes. For example, the Netherlands has a national aviation tax, it is in the EU ETS, CORSIA and now a possible jet fuel tax.

Taxes do not accelerate fleet renewal, the use of cleaner technology or deployment of SAF, In fact it can be quite the opposite.

A fuel fax is also regressive. It affects people who can least afford to pay. Many of those have also taken the brunt of job losses caused by COVID.
Want to update you on a key driver of long-term decarbonisation – Sustainable Aviation Fuel.

Still the only technology available for long-haul flights – responsible for 75% of aviation emissions.

Airlines buying more SAF despite it costing 3 times more than regular aviation kerosene

- 2020, SAF use 55% up on pre-crisis levels.
- 2021, SAF use forecast up another 70% up to 120 million litres

But … still a fraction of the total. In 2019, commercial aviation used 360 billion litres.
Challenge: increase supply, decrease cost

Airlines do not produce SAF

We need support from:

Big Oil:
- Commitment to invest

Government:
- Energy Transition Incentives
- Mandates under competitive conditions

Supply is limited and the price is too high.

Need more big oil companies to raise production. Airlines don’t make SAF. We rely on producers.

Some early adopters, but majority of Oil Majors yet to make a commitment on SAF.

Also Need government policy support on SAF: same as governments supported other start-up energy like solar and wind.

Starting to see supportive government policy in the US, UK and Europe which could boost SAF production, but there is much more governments can do.

EU looking at a mandate on the use of SAF. Under the right conditions we would support a mandate.

Board of Governors have also outlined an ‘aspirational target’ for SAF: aimed to help members develop comprehensive SAF strategies.

IMPORTANT TO NOTE THAT ALTHOUGH DECARBONISATION IS IN FOCUS, WE HAVEN’T LOST SIGHT OF OTHER ENVIRONMENTAL ISSUES.

SINGLE USE PLASTIC

CABIN WASTE

WILDLIFE TRAFFICKING

Will update you as we make new breakthroughs in these areas.
Start by underlining the commitment we have to sustainability. It is an imperative. And despite impact of COVID – $126 bn in losses in 2020; $47 billion losses estimated in 2021 – we have not lost our focus.

We have a strong track record –

1. **2009** first global industry to commit to target - cut emissions in half by 2050 – before the 2015 Paris Agreement, but it still aligned with Paris goals.

2. Resolution November’s AGM to explore pathways to net zero.