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SAF Roundtable

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Key Messages from the SAF Industry

Jet fuel security is critical as it plays a much more important role for the economy than the size of its market. Developing SAF from a variety of domestic feedstocks will support jet fuel security, reduce price volatility and economic activity and resilience towards geopolitical shocks. Leveraging of existing refining capacity in parallel with a gradual transition to newly developed SAF pathways towards 2050 is critical. with a credible plan to develop different types of SAF's in the longer-term.

Public policies need to support at the same time demand and supply to be successful. With demand policies, a certain level of certainty on market existence is created to derisk projects. Supply policies provide visibility on future cash-flow, increasing project economics and attracting investors. Supply policies are also supporting the innovation required for the SAF pathways of the future and make it easier and more attractive to build and operate SAF plants.

Public financing is needed to bridge the gap between the current cost of SAF production and the price that the market can absorb, while crowding in private-sector financial instruments. The principal challenge for SAF deployment is the cost differential with conventional jet fuel, which underscores the need for a lower cost of capital, targeted fiscal incentives, and long-term offtake agreements with price certainty. Given current fiscal constraints, policy frameworks should be designed to mobilise private capital and leverage the capabilities of the energy industry, which is already playing a leading role in SAF development, in order to accelerate deployment at the scale required.

Background information

The above Key Messages from the SAF industry participating at the 2026 EUBCE SAF Roundtable were derived based on 17 replies of SAF industry representatives -see Annex- to three questions as listed below in the consolidated report.

Consolidated Report

Q1: Considering that jet fuel shortage already is existing in Asia and, possibly soon in Europe, do you think it is a valid argument to propose a "jet fuel security" in the current policy discussions? If yes, how best would you justify this and how strong/important the role of SAF could be?

Aviation – like several other key sectors of our economy – is structurally dependent on liquid fuels. This is not a transitional feature but a long-term reality: even in 2050 and beyond, most of the aviation's energy demand will rely on liquid fuels. Jet fuel, as a refined petroleum product, its production is concentrated in a small number of oil-producing and refining regions. This makes aviation uniquely vulnerable to supply disruptions and highly vulnerable to geopolitical risks.

Asia and emerging risks in Europe illustrate that the sector's exposure is structural, not cyclical.

The strategic weight of aviation amplifies this vulnerability: aviation accounts for a disproportionate share of global connectivity relative to the size of its fuel market. A disruption to jet fuel supply would cascade across passenger transport, freight, defense logistics and emergency response in ways that no other fuel shortage would replicate. Recent geopolitical developments have underscored exactly this asymmetry. Even if the Hormuz flows were to resume tomorrow, the underlying structural weakness will remain.

Jet fuel security represents an important and timely policy framework, given aviation’s limited alternatives should jet fuel supply be disrupted. Sustainable Aviation Fuel (SAF) is distinct from the broader concept of energy security in important way as it is the only scalable solution compatible with current aircraft and infrastructure. Increased SAF production supplements overall jet fuel availability, enhancing supply resilience. Domestic SAF production strengthens national fuel security by reducing dependency on global oil markets, improving trade balances, bolstering local supply chains, and generating jobs across production, logistics, and storage sectors, in addition to maintaining air transportation affordability

Refineries have been closing (and will continue to close) across the OECD countries for years since peak demand for fossil-based motor fuels (gasoline and diesel) has already occurred in Europe and parts of US due to the electrification of the vehicle fleet and increased biofuels blending. The refining infrastructure is a strategic asset, and in the short term it is necessary to maintain and transform existing refinery capabilities to produce renewable aviation fuels such as SAF and eSAF; this is therefore a strategic choice. It facilitates securing domestic fuel production, structurally reduce import dependency, ensure decarbonization, and reinforce the long-term resilience of jet fuel supply and of the economy.

Jet fuel resilience, based on SAF seen as supply diversification, is a legitimate policy objective. SAF can support that resilience by broadening feedstocks sourcing, production locations, and supply routes, but its role should be described as strategic and growing, not just a near-term substitutive, justifying a short and long-term approach. A jet fuel shortage is not limited toa cost issue for airlines; it threatens national and international connectivity, economic activities, and even the supply security of remote regions and islands.

Over time, a mature SAF market can act as a price buffer, hedging national economy against jet fuel price volatility.

HEFA and ethanol-based (ATJ) SAF pathways offer immediate opportunities in regions with excess waste streams of lipids and ethanol production capacity, enabling accelerated scale-up with limited new infrastructure. Additional advantages include reduced pollution with the reduction of sulfur and particulate emissions, potential improvements in engine performance, and relevance to military readiness. Positioning SAF within the context of fuel security and affordability may be effective at fostering sustained public and political support, independent of climate policy objectives in a context of economic stress

Q2: In your view and expertise, which are the 2 most efficient policies to facilitate SAF market deployment? What would you recommend to your government? Please explain why.

By mandating SAF/eSAF blending quotas and attaching financial penalties to non-compliance creates a strong incentive, for long-term offtake obligation for SAF/eSAF. This binding demand signal that gives fuel producers and off takers the certainty they need to commit to long-term supply contracts while at the same time it gives investors a certain level of confidence to build production capacity. Without this demand creation, financing instrument will be less sufficient to bring SAF/eSAF projects to Final Investment Decision

(FID). A defined quota trajectory is expected to provide the kind of predictable, escalating demand that the market requires to build production capacity at scale. The penalties for non-compliance ensure that the mandate is not treated as aspirational.

Furthermore, dual purpose policies, or "Stick and Carrot" policies, can be more effective if combined. The Stick policy is mandate-based, (like ReFuelEU and REDIII) while the Carrot policy is incentive-based, like Inflation Reduction Act (IRA).

However, the Industry Stakeholders at the EUBCE Sextet Roundtable (8 June 2025, Valencia) Key Messages already stressed that mandates alone do not bring projects to Final Investment Decision (FID). Mandates alone risk resulting in compliance payments rather than real SAF volumes if supply constraints are not addressed. Overly prescriptive sustainability rules on feedstocks can increase costs and delay deployment of innovative technologies by forcing reliance on existing mature technologies like HEFA.

In addition, a robust sustainability, certification, and accounting framework is needed, because early SAF/eSAF markets need trusted rules on lifecycle emissions, traceability, and compliance, not just targets.

Parallel to dedicated SAF/eSAF policies and market actions it is important to recognize that scaling up SAF/eSAF production for aviation will facilitate increased production of sustainable fuels for road and maritime transport given that such facilities are designed to co-produce fuels for multiple applications.

However, for new and innovative SAF/eSAF technologies and value chains it is critical to first de-risk the technology and supply chain being scaling production in an economic way. This necessitates strong public financial supports for technology development and demonstration plants. Mandates then can support growing consumption, to the point where SAF/eSAF has sufficient scale to compete for marginal demand volumes without further support. These mandates need to look not only at the carbon impacts of SAF/eSAF in use, but the entire supply chain (land use, feedstock imports and traceability, job creation, ultimate cost).

Policy and market support actions can only be effective if coupled to efficient financing tools (see Q3) to improving project economics and enabling access to capital. Efficient financing is viewed as necessary complement to create durable supply, support long-term offtake, and establish bankable project revenues. Pairing these instruments addresses both sides of the market: supply-side investment and demand-side certainty.

Governments are also seen as uniquely positioned to act as anchor off takers through public and military fleet fuel requirements, creating demand and derisking projects for the airline industry. Additional arguments emphasize the need for technology- and feedstock-

neutral policies focusing on policy targets and not fuel specific approach book-and-claim systems to avoid unnecessary fuel transport if possible, and regulatory flexibility to allow local solutions and ongoing experimentation rather than picking technology winners.

Q3: In your view and expertise, which are the 2 most efficient financing instruments to accelerate SAF market deployment? Are such instruments available at your country? Which one do you prefer? Please explain why.

No single instrument is sufficient on its own – and that framing the choice as a preference between individual mechanisms misses the point. The ramp-up of SAF/eSAF depends on a carefully calibrated combination of instruments working in concert: binding quotas create the demand signal, regulatory simplification reduces production costs, and private and public financing mechanisms bridge the gap to FID. Remove any one of these elements and the others lose much of their effectiveness.

It is critical to reduce the price of SAF/eSAF by reducing project delivery risk. This necessitates blended finance guarantees for example modest grants for first-of-a-kind risk and infrastructure., Larger loan-guarantee in addition to equity could support commercial-scale plants and logistics assets, in addition to leveraging public balance sheet to reduce investor risk, and accelerating the transition from first-of-a-kind plants to commercial deployment based on low-interest loans from public financial institutions.

Government-backed loan guarantees, and stable investment tax credits are examples of very efficient financing instruments to accelerate SAF/eSAF deployment. Loan guarantees and concessional debt can materially reduce financing costs by increasing project return, and enable first-of-a-kind and early commercial projects that the private sector will not underwrite on its own, particularly given recent cancellations by large energy companies and bankruptcies among SAF startups. Production and investment tax credits provide predictable revenue support, help close the price gap with fossil jet fuel, and are familiar to investors, with past biofuel credits cited as evidence of rapid capacity buildout. Long-term revenue certainty mechanisms, such as contracts offtake agreement with difference or guaranteed strike prices, are emphasized as essential for capital-intensive projects with payback periods of ten years or more.

Another very powerful financing instrument for SAF/eSAF is a government-backed revenue-certainty mechanism, typically a Contract-for-Difference (CfD) or similar price guarantee, that locks in a predictable SAF/eSAF price over 10–15 years. Producers would sign contracts with a government or a designated counterparty; if market SAF prices fall below an agreed strike price, the counter party pays the difference, and if prices rise above it,

producers pay back the difference, with the scheme for example funded through an aviation fuel supplier levy. This structure transforms uncertain and volatile SAF/eSAF revenues into quasi-bond-like cashflows, which in turn can allow banks and institutional investors to offer longer-tenor loans at lower interest rates and supports higher leverage in project finance models, crucial for capital-intensive projects such as SAF/eSAF. However other sources of funding need to be considered with a very different risk profile and looking for much higher returns. I this context this structure is a progress but may not be enough to finance large and expensive projects

An alternative key financing instrument is a suite of risk-mitigation tools, including concessional debt (financing offered below market rates, featuring lower interest rates, longer grace periods, or extended repayment terms compared to conventional loans), partial credit guarantees, and green bonds, that reduce the cost of capital and attract large-scale institutional finance into SAF/eSAF. ICAO's work on SAF/eSAF financing explicitly highlights the role of public guarantees, development-bank loans, and green bonds structured to match project cashflows, as these instruments protect commercial banks against technology and offtake risk and allow them to finance SAF/eSAF at lower interest rates and longer maturities

An effective tool to facilitate deployment is providing financial support for the organisation of double-sided auctions that offer producers long-term revenue certainty and provide buyers with competitive, short-term contracts can be.

A lot of the proposed financing mechanisms rely on public support and public funding. In the context of high public deficit that may even increase with existing economic challenges, it is critical to propose efficient mechanisms that attract and leverage the right actors. The oil industry has demonstrated its capacity to self-finance SAF production and future policies need to clearly demonstrate the value of public investments from a fiscal, economic and affordability perspective.

Annex

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