

## SAF production faces policy hurdles

- A Monitor Desk Report

Date: 02 June, 2025



**Dhaka: The International Air Transport Association (IATA) expects Sustainable Aviation Fuel (SAF) production to reach 2 million tonnes in 2025—just 0.7pc of global airline fuel demand.**

While output is set to double year-on-year, IATA warns the pace remains far too slow and the cost far too high.

“Even this small share of SAF will add \$4.4 billion to global fuel bills,” said IATA Director General Willie Walsh. “Progress in ramping up production and reducing costs must accelerate.”

Europe’s SAF mandates, in effect since January 2025, are under fire for driving up costs. Airlines are facing SAF prices nearly five times higher than traditional jet fuel due to compliance fees.

Of the one million tonnes expected to be used in Europe, IATA estimates \$1.7 billion in additional compliance costs—money that, it says, could

have offset 3.5 million tonnes of CO<sub>2</sub>.

“Mandates implemented without mature markets or safeguards are backfiring,” Walsh said. “Europe’s approach is not working and needs urgent rethinking.”

In response, IATA is supporting global SAF adoption through two key tools:

A SAF registry, developed with the Civil Aviation Decarbonization Organization (CADO), to track emissions reductions and ensure compliance with international schemes like CORSIA.

SAF Matchmaker, a platform connecting airlines with verified SAF suppliers.

The industry group also urged governments to:

Redirect fossil fuel subsidies toward renewable energy, including SAF;

Integrate SAF into national energy strategies;

Strengthen support for CORSIA as the sole global market-based emissions mechanism for aviation.

India, the world’s third-largest civil aviation market, is emerging as a potential SAF leader. Its 2% SAF blending target for international flights by 2028 is backed by pricing guarantees and capital support. IATA is working with domestic partners including ISMA and Praj Industries to align with global best practices.

“With progressive policies, India can lead the way in sustainable aviation,” said Walsh.

-B