

## Decarbonizing Air Travel

**Background:** Prior to the pandemic, GBTA research on the U.S. economic impact of business travel showed 515 million domestic business trips were taken annually. Nearly 30% of business trips involve air travel – second only to personal vehicles – meaning business travelers take to the skies on over 144 million trips a year<sup>1</sup>. Today, air travel remains a top mode of travel for businesses.

As fighting climate change has become a global priority, businesses are increasingly pressured to shrink their carbon footprint. Commercial aviation accounts for roughly 3% of global greenhouse gas (GHG) emissions – nearly all of which come from the combustion of fossil jet fuel. Because the technology does not exist to electrify large aircraft or utilize other fuels like hydrogen in the near- to medium-term, the aviation sector is widely regarded as one of the most difficult to decarbonize. To further this, in research conducted in April of 2021 by GBTA, over 72% of travel buyers reported to have been asked by their leadership to decarbonize corporate air travel<sup>2</sup>.

Today, 81% of buyers report to GBTA<sup>3</sup> they have integrated or are planning to integrate sustainability into their travel programs (an increase from 71% last year). However, corporations looking to reduce their carbon footprint have few options. A recent study by Deloitte found that climate concerns will likely put a cap on corporate travel gains for several years to come.<sup>4</sup> Four in ten European companies and a third of US companies say they need to reduce travel per employee by more than 20% to meet their 2030 sustainability targets. This reduction presents a challenge to the broader \$1.1 trillion business travel industry that is reliant on business travel trips.

To aid in the greening of air travel, the industry is working on a basket of measures, including the use of sustainable aviation fuels (SAF). SAF is a drop-in, low-carbon synthetic jet fuel derived from sustainable feedstocks, including cellulosic biomass, wastes and residues, waste steel mill gases, and captured CO<sub>2</sub>.

It is compatible with existing aircraft and infrastructure and can currently be blended at 50% with conventional jet fuels. It is also widely considered to hold the greatest potential for reducing GHG emissions from aviation. SAF reduces lifecycle GHG emissions by up to 80% compared to conventional jet fuel. Coupled with carbon capture and other practices, emissions can be negative.

**Issue:** For a variety of reasons, including the size of the jet fuel market vs. the on-road fuels market, and relative industry maturity, SAF is not yet commercially available at scale and remains considerably more expensive than conventional jet fuel. At the same time, its production being disincentivized under existing policies relative to on-road fuels.

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<sup>1</sup> GBTA U.S. Business Travel Economic Impact Report 2023

<sup>2</sup> GBTA Research April 2021

<sup>3</sup> <https://gbtafoundation.org/2023-climate-action-report/>

<sup>4</sup> <https://www2.deloitte.com/us/en/insights/focus/transportation/corporate-travel-study-2023.html>

To launch a robust industry that the U.S. can lead, government incentives are required. In 2022, Congress passed the Inflation Reduction Act that included a dedicated tax credit for SAF through 2024 which then transitions to a 'Clean Fuel Production Credit' for the years 2025-2027. However, the scale of investment needed is colossal. Industry experts predict that \$175 billion in annual investment is needed to scale SAF if we are to reach Net Zero by 2050.<sup>5</sup>

**Action:** To realize the benefits of SAF, we need both a performance-based, SAF-specific tax credit, and a robust grant program to build out the necessary infrastructure for production and deployment.

Senator Raphael Warnock is working with his colleagues to reduce carbon emissions in the airline industry by promoting Sustainable Aviation Fuels. SAF made from renewable biomass and waste resources have the potential to deliver the performance of petroleum-based jet fuel but with a fraction of its carbon footprint, giving airlines solid footing for decoupling greenhouse gas (GHG) emissions from flight.

Sen. Warnock is working with his colleagues on both sides of the aisle to expand the use of SAF as part of the FAA reauthorization. The goal is utilize grants and other incentives to produce enough SAF to meet 100% of aviation fuel demand by 2050.

Contact Sen. Warnock's office to discuss this draft language and to be an original cosponsor please contact Jeremy Hoffner in Sen. Warnock's office at [jeremy\\_hoffner@warnock.senate.gov](mailto:jeremy_hoffner@warnock.senate.gov)

Additionally, as Congress prepares for the upcoming tax extenders package GBTA calls on Congress to include provisions to ensure that the total duration for the SAF tax credits (the SAF-BTC and CFPC combined) will be available to SAF producers for 10 years from the date a facility is placed in service. At a minimum, we ask that the tax credits be extended to cover a 10-year duration. Contact GBTA if interested in supporting this initiative.

Contact Shane Downey, [sdowney@gbta.org](mailto:sdowney@gbta.org), Vice President, Government Relations for additional information.

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<sup>5</sup> <https://missionpossiblepartnership.org/wp-content/uploads/2023/01/Making-Net-Zero-Aviation-possible.pdf>