



# Chart of the Week

27 September 2024

## The Financial Impact of the Net Zero Transition

### IATA Finance Roadmap for the Net Zero Transition



Source: IATA Sustainability and Economics

- IATA's new [Finance Roadmap](#) provides a detailed assessment of the financial needs of air transport's decarbonization journey. It estimates the additional cost that the industry might face from adopting various mitigation measures (i.e., the transition cost), the number of new renewable fuel facilities needed to support airlines' increasing demand for SAF, and the corresponding capital investment (capex) for building these new facilities, over the immediate- (2024-2025), mid- (2026-2030), and long- (2031-2050) terms.
- The transition cost for the airline industry to use SAF, carbon offsetting via CORSIA, hydrogen for powering aircraft, and carbon removals is estimated at USD 4.7 trillion over the 2024-2050 period. Given the dominant role of SAF in the transition, where its share of in-flight energy demand is expected to increase from less than 1% in 2024 to 87.2% in 2050, the transition cost of using this particular lever will account for 81% of the total transition cost, equivalent to USD 3.8 trillion. Most of the transition cost will be required in the long term, while we estimate the immediate and mid-term impact at USD 2 billion (bn) and USD 47 bn, respectively. The annual transition cost will rise from USD 1 bn in 2025 to USD 744 bn in 2050, averaging USD 174 bn per year.
- Air transportation's transition will benefit all industries as the output from refineries includes many refined energy products, of which SAF is but one. If the SAF share of that output is maximized, the number of new renewable fuel plants needed could be as low as 3,096. On the other hand, if SAF yields remain at the current low levels, 6,658 new plants would be needed. The total capex required to build new renewable fuel plants would be USD 3.9 trillion in the first case and an eye-watering USD 8.1 trillion in the second. These numbers should help focus minds regarding what has to be done and help make the urgent need for scale and lower costs crystal clear.

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