European Investment Bank
Consultation on the EIB’s Energy Sector Lending Policy

Airbus would like to thank the European Investment Bank for calling for public views on its Energy Lending Policy. We would like to share the following comments and to call on the EIB to support the development and deployment of advanced biofuels for the aviation sector.

Executive Summary
Considering the specific hurdles to the development of advanced aviation biofuels, the EIB should consider providing support to the emerging alternative fuel market, to the deployment of biofuel production means and to research in more sustainable alternative fuels.

1. Context

Whilst the aviation industry is targeting CO2 emission reductions through deployment of aircraft technology, air traffic management and operations, alternative fuels are also a key enabler in achieving these long-term targets. Yet alternative fuel development and production constitute a considerable upfront investment for a high-risk and likely long-term benefit. This is why the aviation industry requires public support to reduce such risk and incentivize investment.

There is no Plan B for aviation when it comes to fuel-based energy. This is not the case for other transport modes which can for instance rely on electricity. Public authorities should therefore prioritise the development of alternative fuel for transport modes where it is most critically needed, i.e. aviation.

2. Airbus initiatives for the development of aviation biofuels

Airbus has launched an Alternative Fuels Roadmap which aims to catalyse sustainable solutions for alternative fuel production in commercial quantities, without competing for land, water or food resources.

Airbus aims at creating regional alternative fuel value-chains close to the customers, connecting farmers, refiners and end-users (airlines). Six value chains have been established so far with our airline partners - in Brazil, Qatar, Romania, Spain, Australia, China. In these projects we test a variety of raw materials since we believe that several pathways will coexist to provide the clean and sustainable fuel solutions for the future.
Airbus partnered with DG Energy (New energy technologies, innovation and clean coal Unit), leading European airlines and key biofuels producers to launch the European Advanced Biofuel Flightpath initiative in May 2011. The Biofuel Flightpath consists in a roadmap to achieve an annual European production of two million tonnes of sustainable produced biofuel for aviation by 2020.

3. Recommendations for the EIB’s Energy Sector Lending Policy

3.1. Short-term support to the emerging alternative fuel market

Today the economic benefit for alternative fuel producers compared to traditional fuel is so disproportionate that it discourages such producers from investing fully in this market.

⇒ The EIB should encourage the growth of the aviation alternative fuel market and compensate in the short-term for a promising - yet still weak - business case and create the right conditions to allow airlines to rely on a real and stable market.

⇒ In particular, the EIB could propose financial packages which could create the right conditions to attract private investors thanks to EIB’s support.

3.2. Support to the deployment of biofuel production means

The objective of the European Advanced Biofuel Flightpath initiative is to achieve an annual European production of two million tonnes of sustainably produced biofuel for aviation by 2020. In order to achieve this objective, around 9 refineries should be in place by 2020 in Europe.

⇒ The EIB should plan and support the investments needed to deploy the biofuels production means, through renovation and capacity upgrade of existing facilities and investment in new, forward-looking facilities.

3.3. Support to research in more sustainable alternative fuels

The European Commission has recently published a legislative proposal which would shift the public support from first-generation biofuels to advanced, more sustainable biofuels. Further research is however required to develop these advanced alternative fuels and ensure suitability for aviation whilst meeting sustainability criteria (e.g. new pathways).

⇒ The EIB should support the research projects which aim at qualifying advanced, more sustainable biofuels, in line with the European Commission’s policies.

⇒ The EIB should also support projects aiming at ensuring a smooth transition between upstream research and industrialization/commercialization.
Contacts:
Kevin Goddard, Aviation Roadmap Manager, Airbus Environmental Affairs
Kevin.goddard@airbus.com

Frédéric Eychenne, New Energies Manager, Airbus Environmental Affairs
Frederic.eychenne@airbus.com

Claire Pigache, EU Environmental Affairs Officer, EADS/Airbus Brussels Office
Claire.pigache@eads.net