# Key takeaways on the EU STIP package announced on 5th November 2025

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The European Commission on 5th November adopted a transport package to mobilise €2.9 billion ($3.3 billion) by 2027 to boost investment in renewable and low-carbon fuels for aviation and shipping. The **Sustainable Transport Investment Plan (STIP)** also contains a commitment to launch an e-SAF pilot project by the end of the year and, "in the medium term" work towards a revenue certainty mechanism for e-SAF.

STIP also contains pledges to address EU SAF mandate implementation failures, a possible extension to EU ETS free allowances for SAF, and, for the first time, a recognition that Book and Claim may have a role to play in unlocking the e-SAF scale-up.

**Key features of the STIP plan**

The key features of the STIP plan for aviation can be divided into three categories: short-term measures for first-mover e-SAF projects, medium-term measures to catalyse investment into e-SAF, and pledges to address the shortcomings of existing SAF policies.

Short-term measures

In the short term, STIP will mobilise all resources under current EU funding programmes, like the Innovation Fund, Horizon Europe and InvestEU, amounting to at least **€2.9 billion ($3.3 billion)** of EU support for sustainable fuels (for both aviation and shipping).

- **Innovation Fund:** The Commission will support synthetic aviation fuel projects with €153 million and maritime fuel projects with €293 million under the 2024 general call. That **€153 million ($175 million)** for e-SAF is part of an award of funds announced this week, which also includes allocations for aviation projects outside of synthetic fuels. In addition, the Commission is inviting EU countries to consider providing support for other high-potential projects.
- **Hydrogen Bank under Innovation Fund:** The Commission will open a specific call with a dedicated budget of €300 million ($344.5 million) to support the production of sustainable aviation and waterborne fuels in December 2025.
- **InvestEU:** The Commission expects to mobilise investment of around €2 billion ($2.2 billion) for sustainable alternative fuels until 2027 under the InvestEU.
- **European Investment bank (EIB):** The Commission pledges to "intensify" its work to mobilise more funding through the EIB Group's TechEU programme. There is no set funding pledge for aviation or shipping fuels here, but it notes that €250 billion ($287 million) will be mobilised by 2027 by the programme.

- **Horizon Europe:** Around €133 million ($153 million) will be mobilised under a new SET Plan flagship and the next Horizon Europe call for 2026 to support R&I projects, part of the €600 million ($689 million) earmarked under the CID earlier this year. These projects will look at de-risking renewable fuel technologies and value chains at EU, national, regional and local level.
- **European Innovation Council (EIC):** Under the EIC's 2026 programme, renewable and low-carbon fuels early-stage research is also eligible for a call of up to of €300 million ($344.5 million), which the Commission is considering replicating again in 2027.

<u>Medium-term measures</u>

Arguably the most anticipated component of the STIP package, a revenue support mechanism for SAF is now a **"medium term" objective**.

To accelerate the creation of a "double-sided auction" and "field test solutions," in early 2026 the Commission will launch an **eSAF Early Movers Coalition** pilot project to mobilise at least €500 million ($574 million) for synthetic fuel projects. This will be done through the organisation of the first pooled double auction pilot for e-SAF. "This could be implemented using existing mechanisms such as the H2 Global Foundation.

Building on this, the Commission "will launch preparations, in early 2026," for setting-up an "**EU-wide mechanism for an EU-wide double-sided auction for SAF and sustainable maritime fuel (SMF)** production, without prejudice to the proposals on the next MFF [Multiannual Financial Framework] and new own resources." The MFF is the EU's spending plan and is updated on a seven-year cycle, with the current one running through to 2027. This preparatory work will:

- Identify the best options for the design and governance of the EU market intermediary;
- Identify methodologies for mobilising sufficient funding at EU and Member State level, including possibly through the Innovation Fund and other instruments. They could include the European Competitiveness Fund available after 2027;
- Analyse suitable auction models. "To this end, **a study is ongoing** to assess appropriate governance frameworks and identify the legal requirements that would be necessary," the Commission noted.

The Commission also calls on EU countries to:

- Make use of the Clean Industrial Deal State Aid Framework (CISAF) to make further **state aid allocations** to support e-fuels;
- "Urgently conclude" negotiations – deadlocked for the past four years – on the Energy Taxation Directive (which under Fit for 55 proposals could include an **end to jet fuel's exclusion from taxation**) and "review subsidies and taxation regimes" favourable to fossil fuels;
- Reinvest EU ETS revenues "on actions decarbonise the aviation and maritime sectors" – echoing a recurring demand by European airlines.

Free EU ETS SAF allowances extension, SAF mandate fixes

Other measures shared in the STIP include:

- **Possible extension of the free EU ETS allowances**: The Commission "will assess the possibility" of extending the ETS SAF support "in terms of volume and duration" for aviation and will explore a similar system for shipping fuels.
- **Assess 'measures to simplify' existing SAF rules:** Another inclusion in the STIP announcement that will be welcomed by airlines is a pledge by the Commission to "assess ways to clarify the obligations on incumbent upon aviation fuel suppliers," a first step to addressing EU SAF mandate implementation problems.
    - These include "promptly providing aircraft operators with SAF documents, ensuring the traceability of SAF volumes and sustainability certificates until final consumption by aircraft operators and connecting the Union Data Base (UDB) with the EASA Sustainability Portal to allow the use of the UDB data."
    - The Commission will also consider "options for the simplification and further digitalisation of the reporting requirements, including those stemming from the anti-tankering obligations."

**Conclusion**

The STIP package announced on 5th November closely aligns with the priorities outlined in the Draghi report and the Clean Industrial Deal – namely, strengthening competitiveness and ensuring European sovereignty throughout the green transition European firms currently hold 60% of global innovative patents in synthetic fuels and operate the majority of the world's commercial-scale advanced biofuel facilities. As the Commission states, "We should not lose technological leadership but shape this emerging global lead market instead." The short-term measures – focused heavily on financial support for first-of-a-kind projects and advanced research – are designed to safeguard this technological edge. However, with further work required before the Commission can present a revenue certainty mechanism for e-SAF, projects aiming for a near-term Final Investment Decision (FID) could experience delays. The Commission itself does not identify end-2025 (Project SkyPower) or 2026 as milestone years for e-SAF FID; instead, it points to 2027 as the critical date. As Commissioner Tzitzikostas stated: "Investment decisions and construction must start by 2027, or we will miss the 2030 targets. It is as simple as that."

Further reading:

- Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, and the Committee of the Regions on the Sustainable Transport Investment Plan (21 pages).
- Fact-sheet from the Commission on the Sustainable Transport Investment Plan (2 pages).
- Questions and answers on the Sustainable Transport Investment Plan (4 pages).
- Remarks by Executive Vice-President Fitto and Commissioner Tzitzikostas on the new plans for high-speed rail and sustainable fuels for aviation and waterborne sectors