The Future of Worldwide Sustainable Aviation Fuel (SAF) Demand: Different Transatlantic Government Policies Make Pathways to Net-Zero Aviation Difficult

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… This paper examines how U.S. policy retrenchment under President Trump, aggressive European mandates, airline voluntary programs, and potential U.S. policy reversal will shape worldwide SAF demand through mid-century.

The Trump administration's actions in 2025 dramatically altered the U.S. SAF landscape. The "One Big Beautiful Bill Act," July 4, 2025, extended the Section 45Z clean fuel production credit through 2029 but capped it at $1 per gallon for SAF. This is down from the Inflation Reduction Act's potential $1.75–$2 range and restricted eligibility to feedstocks grown or produced in the U.S., Mexico, or Canada. The bill eliminates unused funds from the FAA's FAST grant program and weakened indirect land-use change accounting, favoring certain crop-based pathways. The prior 40B blender's credit had already expired at the end of 2024. While U.S. SAF production reached a record 196 million gallons through November 2025 (versus 39 million for all of

2024), final 45Z regulations remain delayed until at least Q2 2026. This delay creates uncertainty that has driven spot prices of SAF to historic lows around $3.50/gallon on the West Coast market which is still a premium over conventional jet fuel but is insufficient to create widespread use of SAF without mandates.

Domestic U.S. demand has consequently softened. With no federal blending requirement and reduced incentives, airlines prioritize cost over voluntary uptake beyond corporate net-zero pledges. Production capacity is growing with new facilities at Phillips 66, Diamond Green Diesel, and others pushing “Other Biofuels” output (SAF) to 44,000 barrels per day in February 2025. However, much of the incremental volume risks being exported or idled in 2026. The U.S. Grand Challenge target of 3 billion gallons by 2030 now looks increasingly unattainable without significant government policy changes.

Europe, by contrast, is forcing their pace through the ReFuelEU Aviation Regulation, effective January 2025. Fuel suppliers at EU airports must deliver jet fuel containing at least 2% SAF in 2025, rising to 6% in 2030, 20% in 2035, and 70% by 2050. The rules cover over 95% of departing flights from EU airports, including Switzerland from 2026, and enforce strict sustainability criteria under the Renewable Energy Directive.

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Looking ahead, the likelihood that the United States will reconsider and strengthen SAF policy is moderately high, perhaps 60–70% by the early 2030s, based on several factors:

First, agricultural lobbies in Midwest and Southern states view SAF as a lifeline for rural economies and will push for restored incentives regardless of party control.

Second, U.S. airlines face mounting international pressure: higher costs on Europe and Asia routes under foreign mandates erode competitiveness, while domestic passengers increasingly

demand climate action.

Third, military and energy-security imperatives favor domestic SAF production to reduce reliance on imported petroleum.

Fourth, if global oil prices spike or CORSIA tightens in Phase 2 (2027 onward), economic logic may override ideology.

State-level actions, California's Low Carbon Fuel Standard, for instance, already fill federal gaps and could scale nationally. A Democratic return to the White House in 2028 or 2032, or even bipartisan legislation in a divided Congress, could reinstate robust tax credits or introduce a modest blending mandate. The 45Z extension to 2029 provides a bridge; final rules expected in 2026 may yet be adjusted favorably for producers.

Worldwide SAF demand will initially be driven by Europe's mandates of a 70%+ blending by 2050.

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The question is not whether demand materializes but whether sup `es, ... **READ MORE**