MINISTRY OF TRANSPORT
CONNECTING SINGAPORE

ANNEX B

REMARKS BY MINISTER S ISWARAN AT THE SAF INVESTMENT SUMMIT AT THE SIDELINES OF THE APEC TRANSPORT MINISTERS' MEETING ON 15 MAY 2023

1. Fellow Transport Ministers, distinguished delegates. I am glad to be here in Detroit, to share my perspectives at this summit on Sustainable Aviation Fuels (SAF).

2. I would like to start by identifying what I think are three important areas that we should be focused on in this discussion on SAF. There is generally a consensus that this is one of the areas which is going to yield maximum outcomes for us in the near term, in terms of reducing the carbon footprint of aviation. The real question is the how - and this is where I think there are three elements we should be focused on. The first is supply chain initiatives; the second is on strengthening demand-side side signals; and the third is on strengthening international collaboration and also with the private sector. Let me touch briefly on each of these in turn.

3. First, on the supply side, I think it is quite clear that initiating things on a pilot scale is not a problem. Scaling - because of the cost - is the issue, and we need to deal with this. From a perspective coming from Singapore, we think it is most important to establish a scientifically driven process to validate the sustainability of feedstock. Presently, the type of available feedstock differs across regions, and despite being recognised by ICAO's CORSIA regime, some abundant feedstock in the Asia-Pacific region may not be as widely accepted in certain parts of the world, due to perceived higher environmental risks. This variation is understandable but what we think is important is to establish a process that can validate this consistently.

    - To this end, Singapore is working closely with Boeing and the Roundtable on Sustainable Biomaterials (RSB), and other regional stakeholders to study how ASEAN can leverage on potential feedstock in the region for SAF production.

4. Also, to reduce logistical challenges and stabilise the cost of SAF, **we must guard against feedstock nationalism**. Currently, the Hydroprocessed Esters and Fatty Acids (HEFA) pathway is the most widely commercialised and viable SAF production option. But if the flow of biomass is restricted by countries, the supply of SAF will be further constrained.

5. It is therefore important that **we catalyse investment into more nascent SAF production pathways and technologies**.

    - Supporting R&D and industry development efforts into such pathways as Alcohol to Jet and even Power to Liquid will enable us to eventually diversify the production of SAF. Establishing regional or global green financing networks can also enable us to tap into the growing green financing and carbon trading markets to drive R&D into SAF.

6. The second point on strengthening demand signals – this is key if we were to improve the business case for biofuels industry to continue investing in production capacity to drive innovation and eventually lower the cost of selling. So, two suggestions on the approaches:

    - First, **by boosting the voluntary demand for SAF**. Singapore is studying the possibility of establishing a corporate buyers' club to encourage early adopters of sustainable air travel to take collective action, thereby aggregating the demand, creating the scale, and sending the signals that the industry needs.

    - The other is through the **introduction of Government policies, such as incentives or mandates** which aim to provide long-term demand certainty or lower the cost of production of SAF. This is an area that we are studying in Singapore. The Civil Aviation Authority of Singapore is currently studying this in the context of our plans to establish a blueprint for sustainable air hub.

7. Lastly, underpinning both the supply and demand efforts is a need for strong international and industry collaboration.

8. One area is harmonising **policies, and mutually recognising a common set of standards and frameworks on SAF accounting and use**. If we do not have that, then we really will have a patchwork of solutions around the world, and for airlines and industry players, I think this is going to be a challenge.

9. **Singapore stands ready to work with like-minded partners and is also embarking on discussions to establish what we call "aviation green lanes" with the United States, Japan, and New Zealand**. We believe this will be one of the ways forward to establishing momentum and sustaining the pickup of SAF globally.

10. The final point I would make, is the need for **close cooperation with the industry**. I think at the end of the day, this is a nascent area, and we are really trying to create a market, which means we need to work on the supply side, the demand side and the infrastructure side. The private sector and the industry players play a critical role in all parts of this value chain and it has to be, at its very essence, a collaborative effort.

11. In Singapore, we are working closely with our industry players. On the supply side, Neste will be opening of the expansion of its Singapore refinery later this week, which will

enable them to raise the SAF production capacity to 1 million tonnes. This is a significant move – by no means sufficient, but definitely necessary.

12. Thank you.