

Submission from Unite the Union on Sustainable Aviation Fuel, 14 October 2025

Scottish Parliament Net Zero Committee: Sustainable Aviation Fuel

Introduction

This submission is made by Unite, the UK's largest trade union with over one million members across all sectors of the economy, including manufacturing, financial services, transport, food, agriculture, construction, energy, utilities, information technology, service industries, health, local government and the not-for-profit sector. Unite also organises in the community, enabling those who are not in employment to be part of our union.

Unite represents 64,000 members who work directly for the airports, airport suppliers, civil aviation industry and their suppliers. Unite additionally represents thousands of members in the aerospace industry, military aviation, oil and gas and fuel processing industries.

We cannot divorce the fact that this discussion and submission is taking place in the wake of the end of fuel production at Grangemouth Scotland's only refinery. To Unite and those committed workers at the plant this constitutes a horrific act of industrial vandalism and seismic failure in one of the first tests of any Just Transition policy. A joined up industrial strategy would have constituted a plan, inclusive of Sustainable Aviation Fuel development that would have secured jobs and economic activity in the local area.

Unite supports and proudly organises workers in critical industries which are energy and carbon intensive and involve the extraction, processing and transport of fossil fuels. Our members keep the lights on and our world moving. No one inside these industries needs to have the urgent need for decarbonisation explained to them by those outside it. In the transition to a low carbon future and the challenges of net zero our members are not allowing themselves to suffer the fate of the coal miners. Through political malice and industrial vandalism, workers and communities paid a terrible price for deindustrialisation.

Unite position Sustainable Aviation Fuel (SAF)

Unite has been a longstanding advocate of Sustainable Aviation Fuels (SAF) highlighting the advantages of these often drop in alternative fuels.

Unite and its heritage unions have been supporting the development of SAF since 2008, and we are frustrated that we are not as far forward on this path than we should be as an important step towards reducing emissions and reaching a Net Zero economy. To be clear, Unite will not accept employers or politicians misusing the urgent need to address climate change as an excuse for policies that attack jobs, pay and conditions or which are designed to benefit shareholders, not workers.

The only just transition we will support is a workers' just transition, including the active participation and oversight of workers in the impacted industries. Unite will

therefore continue to reject any so called “just transition” policies which lack concrete plans for job replacement, economic stability, and community preservation.

The increased development of SAF technologies and production are the only options available for carbon reductions for long haul flights without investments into indirect carbon reductions using offsetting investment into direct air capture technologies.

Unite particularly welcomes the advent of fuels which should significantly reduce the volume of particulates produced by aircraft engines for both improvements into ground air quality but also due to the improvements in the reduction of condensation trail transformation into additional cloud cover which results in the phenomena known as radiative forcing.

Given the price differential between SAF options and traditional Jet A1 kerosene, and the various blends, Unite would hope more can be done to encourage the use of SAF from UK producers to provide price guarantees and security of supply.

SAF is currently hugely expensive in comparison to Jet A1 fuel. This highlights the need for support to encourage change, as the price differential will currently increase the fuel bill by more than 4.3 times. In any airline the cost of fuel is normally higher than their remuneration bill so such an increase will result in substantial increases in the price of a ticket or a kilo of air freight if matters stay the same. There is therefore a need for market stability. The UK's guaranteed strike price (GSP) is a mechanism to provide revenue certainty for SAF producers, to end any impasse, but as yet no specific price has been set.

Unite believes that should any subsidy be involved to assist in the establishment of a SAF supply chain, then the companies benefitting must be compelled to invest in local jobs, skilled apprenticeships, respect trade union rights around recognition and access and commit to collective bargaining.

The UK Sustainable Aviation Fuel (SAF) mandate aims to increase SAF use, with a target of 10% of UK jet fuel being SAF by 2030 and 22% by 2040, requiring 1.2 million tonnes of SAF annually by 2030, there is no mandate over where it is manufactured.

International development

The UK has slipped significantly behind on global SAF production and currently is heavily reliant on imports to reach targets.

Unite believes that without financial support the UK aviation industry will suffer a similar fate as the current electricity market where we need to pay one of the highest costs globally for supplies. It is due in part to this disparity in energy costs as to why UK SAF production industry needs help to preserve the security of supplies.

Governments worldwide, including the EU, and China, have also introduced mandatory SAF usage targets. Others, like the USA, have introduced incentives and stimulus. As well as a SAF mandate, the UK government is introducing a revenue support mechanism for SAF production. The UK Government has recently invested another £63 million to 17 companies to produce SAF as part of a £198 million fund

provided through the Advanced Fuels Fund to support new technologies, but so far this has not translated into largescale production.

Industry demand

SAF customers, including the leadership of all Scotland's airports, are demanding SAF production and supported Grangemouth as a viable hub for this activity. Investment capital is flooding into SAF technology development, and hundreds of full-scale refinery operations are set to come online worldwide in the next few years.

Airports and airlines recognise that SAF is crucial to their own decarbonisation efforts and have announced several investments and/or joint ventures with SAF producers: In 2022 Heathrow Airport announced a £71m project to incentivise the use of up to 155Kt of SAF at the airport in 2024.

In July 2024, Airbus announced a Sustainable Aviation Fuel Financing Allowance fund alongside Air France-KLM Group, Associated Energy Group, BNP Paribas, Burnham Sterling, Mitsubishi HC Capital Inc., and Qantas Airways.

UK airline **Jet2**, which is co-investing in SAF production at in the Northwest, has called on the **National Wealth Fund** to directly invest in SAF production.

Glasgow, Edinburgh, and Aberdeen airport bosses were participants in a campaign to turn Grangemouth into a SAF production site. Representatives have argued that turning Grangemouth into a SAF manufacturing plant is imperative for Scotland's industrial future. Grangemouth supplied Glasgow, Edinburgh, Aberdeen, and Newcastle airports.

If the UK government doesn't act fast, we risk being left behind and dependent on imports for this critical fuel supply. This would raise serious energy security issues.

The UK must rapidly increase use of SAF. We are far behind on building domestic capacity to produce this supply. Interviews that Unite conducted with SAF experts say that, given current trajectory, we are not likely to meet the 2030 targets through domestic production.

Without a rapid increase in new domestic supply, this means the bulk of SAF used in the UK will need to be imported.

UK refineries (including Grangemouth) should play a key role in creating a domestic SAF supply: if the political will is there to make it happen. This would support energy security, support an economic strategy that powers UK workplaces and communities and limits reliance on imports.

SAF production will require refinery capacity, and existing plants can be modified to refine SAF. This is more cost effective than building a new SAF refinery from scratch. Given this, experts we have spoken to say it makes little sense to close UK refineries rather than start a transition process.

A 2023 **Scottish Enterprise** report assessed the prospects for developing a domestic SAF industry. It noted Petroineos as arguably the key potential supply chain participant given its existing capabilities and capacities.

Grangemouth supplied jet fuel to most of Scotland's airports and therefore already had a pre-existing customer base and the infrastructure to deliver SAF.

It is 30-70% cheaper to convert an existing refinery to SAF than build a new plant from scratch. The UK government estimates that a commercial scale SAF plant "typically costs £600 million to £1 billion" to reach economical scale. Scottish Enterprise also estimates costs between £500 million and £1 billion for a 500 Kt plant. They also estimated that it takes five years from initial planning to commercial production.

From interviews with sector experts, Unite have been told converting an existing refinery is somewhere between 30% and 70% cheaper than building a brand-new plant at a greenfield site. Additionally, the International Energy Agency states that repurposing an old refinery can reduce costs by up to 34% compared to building a new facility from scratch. Other academic studies have found that repurposing costs can total as little as 20-25% of the costs of establishing a new facility.

There are no accurate figures available comparing SAF transitions worldwide: as refinery companies keep this information commercially confidential. But there was a strong consensus amongst all academic and industry experts that Unite has consulted that conversion is generally cheaper than building from scratch.

Need for government stimulus and leadership

Unite's experience in speaking to investment specialists about industrial transitions is that companies are unlikely to invest without the government being involved in several ways.

Investors would be more likely to allocate capital to projects such as supporting development of refineries into SAF sites if they could identify a solid government commitment. It is clear that the active support of the administration in the US and the Labor government in Australia has underpinned the business case for the development of SAF, which in turn has encouraged investor support.

The UK government can take the same approach, encouraging the deployment of UK pension fund capital in the creation of a domestic SAF industry that would both create jobs and drive decarbonisation.

The net zero blueprint mentioned above makes two recommendations that are relevant here:

- **Focus the National Wealth Fund on supporting the commercial development of higher risk net zero industries and projects, where it can play a valuable role bridging gaps in capital markets**
- **Accelerate delivery of the revenue certainty mechanism for UK producers of sustainable aviation fuel**

The National Wealth Fund could be a co or lead investor in the redevelopment of SAF refineries. This would encourage other institutional investors to consider investing. At the same time if the government provided a revenue certainty mechanism this would increase investor confidence in the demand for output from the refinery.

State support for institutional investment in the redevelopment of refineries also aligns with the government's objectives as set out in the ongoing pensions review. One of the four key policy areas of the first phase of the review is: 'Encouraging further pension investment into UK assets to boost growth across the country'

It is vital that such investment comes with a clear investor commitment to decent work and trade union rights. It is Unite's experience that investor policies are often extensive on environmental issues but severely lacking on workers' interests. A workers' just transition must ensure the creation of good quality, unionised jobs that ensure, as a minimum like for like pay, and terms and conditions as those that they have replaced as well as collective bargaining arrangements.