# British Airways and IAG Warn of Rising Airfare Costs Due to Sustainable Aviation Fuel Shift



British Airways and its parent company, International Airlines Group (IAG), have issued a warning about rising airfare costs due to the shift toward sustainable aviation fuel (SAF). IAG's CEO, Luis Gallego, stated that transitioning to SAF, which is more expensive than traditional jet fuel, will significantly impact the airline industry and may deter some people from flying. He highlighted that the costs associated with decarbonization and increased regulatory requirements could reduce the competitiveness of European airlines.

SAF, derived from non-fossil fuel sources like waste cooking oil and crops, can reduce carbon dioxide emissions by up to 70% compared to conventional jet fuel. However, its production is limited, comprising less than 1% of total aviation fuel consumption last year, and it's costly. Currently, IAG accounts for 12% of the world's SAF usage across its airlines, including British Airways and Aer Lingus.

Airlines are advocating for more government aid in the UK and EU to enhance SAF supply and lower consumer costs. Gallego emphasized the necessity for global consistency in decarbonization efforts to avoid jeopardizing European aviation.

Last month, Lufthansa implemented a surcharge on tickets to fund cleaner fuels and decarbonization, becoming one of the first European airlines to do so. These new fees range from €1 to €72 per ticket.

Additionally, Gallego mentioned the European Commission's conditional approval of Lufthansa's acquisition of a 41% stake in ITA, the successor to Alitalia, as a positive sign for consolidation in the airline industry. He also expressed interest in expanding IAG's reach beyond Europe, potentially targeting South American airlines and Portugal's TAP, contingent upon regulatory approval of the Air Europa acquisition.