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The Current State of Global Business Travel

A New Landscape for Business Travel

Dynamic changes and workplace transformation are influencing the world of business travel

- The evolving way people work (where and when)
- Advances in technology and automation
- Increased focus on sustainability
- Fragmentation vs. retailing
- Traveler experience

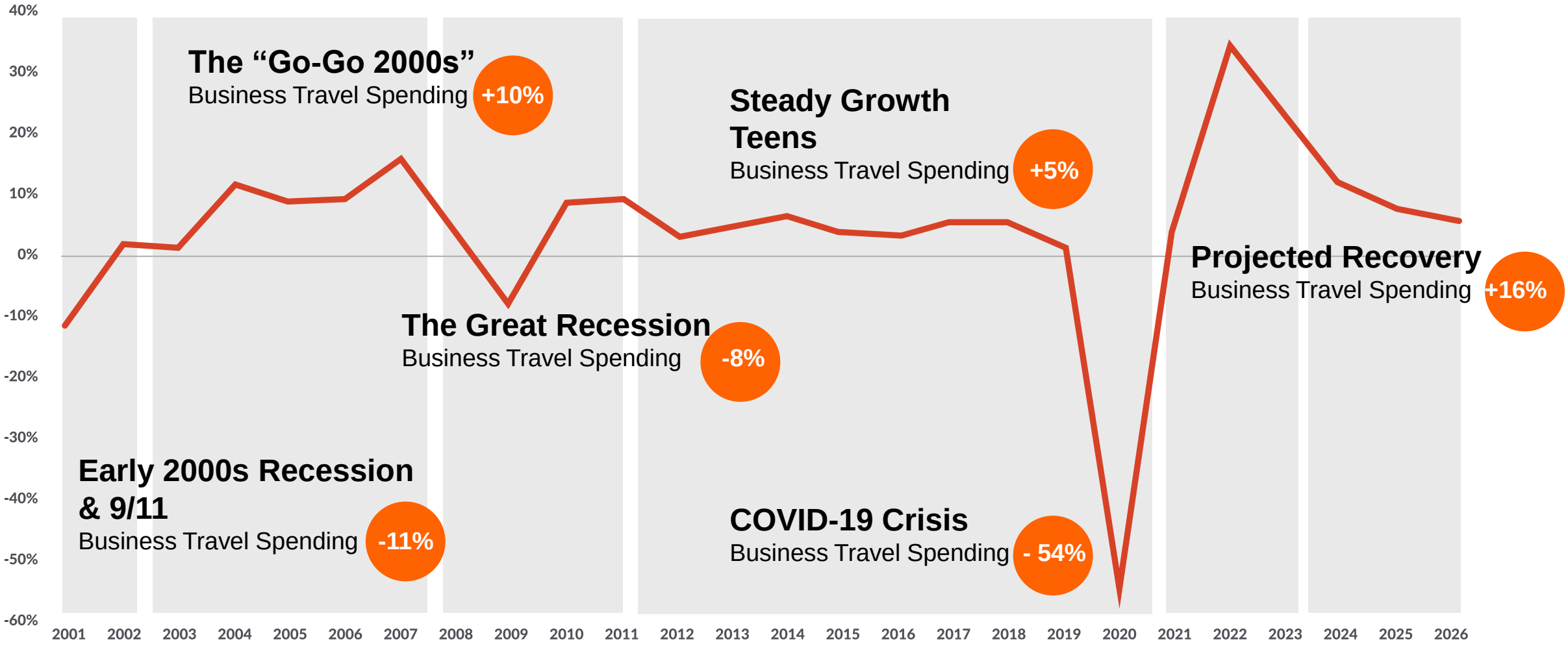
All the while, meeting face to face remains unmatched

Sustainably managed business travel is a force for good.

It drives progress for:

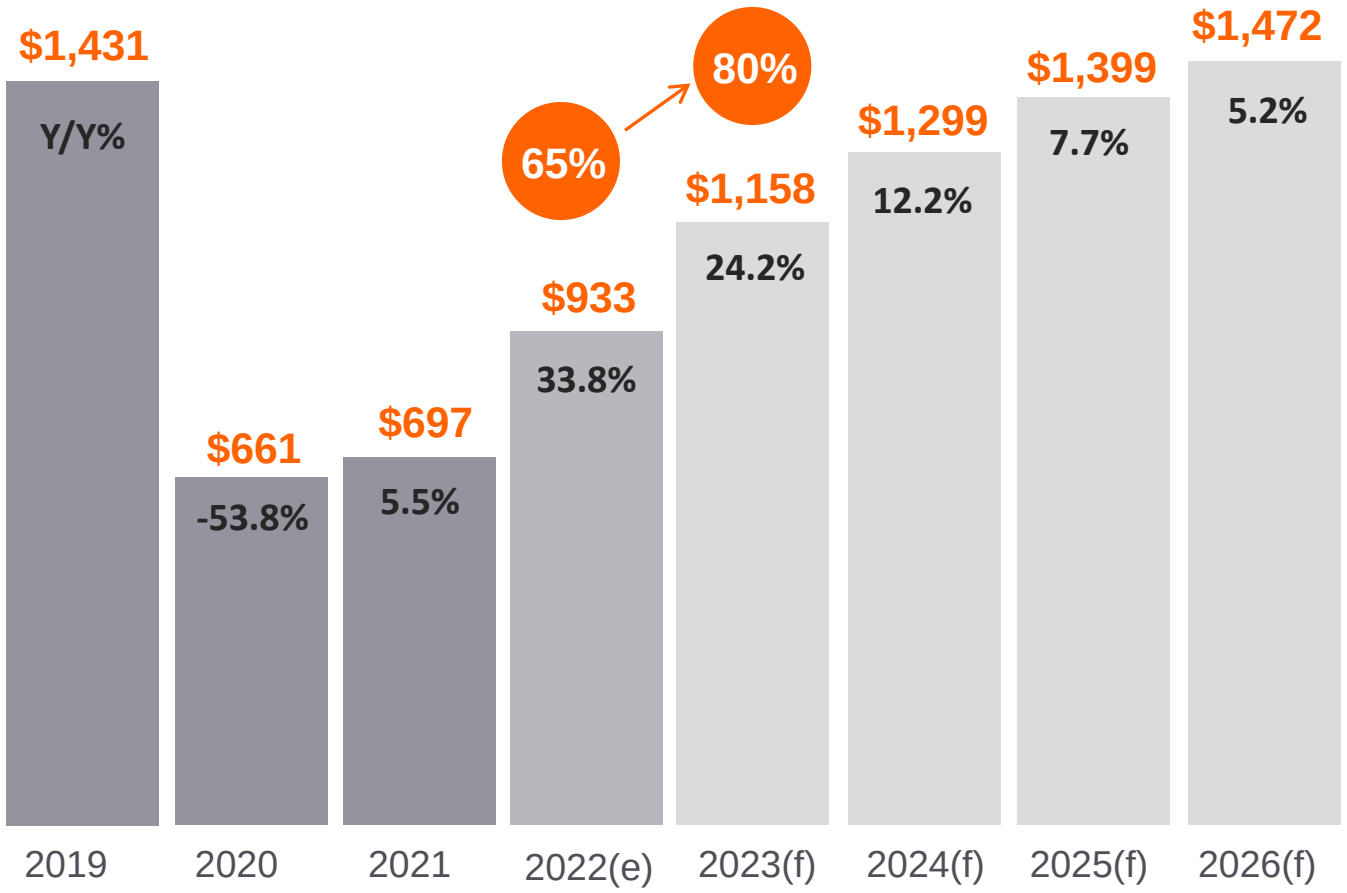
- *Businesses*
- *Governments*
- *Economies*
- *People*

A Historical Look at Crisis Recovery Within Business Travel



Growth rates represent average annual growth over each period. Source: GBTA

GBTA Business Travel Index™ Outlook



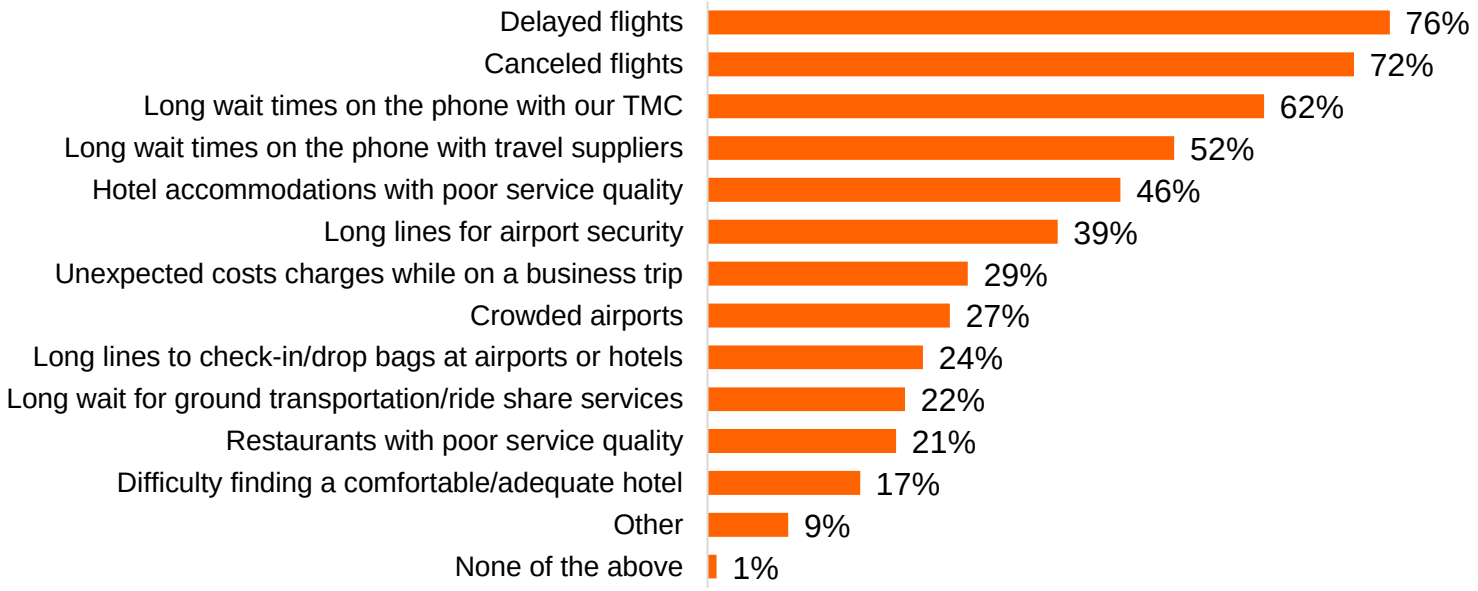
e= estimate f=forecast

Source: 2022 GBTA Business Travel Index™ Outlook

Travel Managers Hear Complaints About Disruptions

Thinking about your role as a travel manager, have you frequently heard complaints from employees about the following?

buyers only



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The State of Climate Action in Business Travel

GBTA's role and sustainability priorities

DRIVE THE INDUSTRY FORWARD

Empower our industry to be at the forefront of climate action and actively drive decarbonization solutions.

Build capacity via education tools and concrete guidance;

Promote dialogue and best practice sharing.

HARMONIZE STANDARDS

Steer the full global business travel industry towards common sustainability frameworks and standards.

Develop common standards for corporate travel procurement;

Feed into existing efforts and coalitions working on harmonized emissions measurement framework.

SECURE POLICY SUPPORT

Ensure policies that support the deployment of low carbon travel options and their access by travelers.

Advocate for public incentives that help finance the green transition;

Push for rules that promote accountability and comparability in emissions measurement and reporting.

Sustainability stays center stage, becomes even more prevalent

92%

of business travel professionals say that sustainability is a priority for their organization

Sustainability's prominence will continue to rise

In corporate travel programs

Q: Have you integrated sustainability considerations into your travel program?

81%

50% of buyers integrated sustainability into their travel programs;

An additional 31% are planning to.

In supplier business models

Q: Have you integrated sustainability into your commercial objectives?

86%

66% of suppliers integrated sustainability into their commercial objectives;

An additional 20% are planning to.

Emissions tracking and reduction targets are becoming the norm…

Measuring, Tracking and Reporting Efforts Specific to Business Travel Emissions

64%
say their company **tracks emissions** from business travel

54%
say their company has **emissions reduction targets** (including business travel)

26%
say their company **reports their emissions** (including business travel) publicly



… but is hampered by the lack of harmonized standards.

Methods used by the buyers surveyed to calculate their business travel emissions

51% use generic emission factors

GREENHOUSE GAS PROTOCOL

26%

Department for Environment Food & Rural Affairs

25%

30% use more sophisticated travel methodologies

IATA

13%

thrust

8%

ICAO · OACI · ИКАО

7%

atmosfair

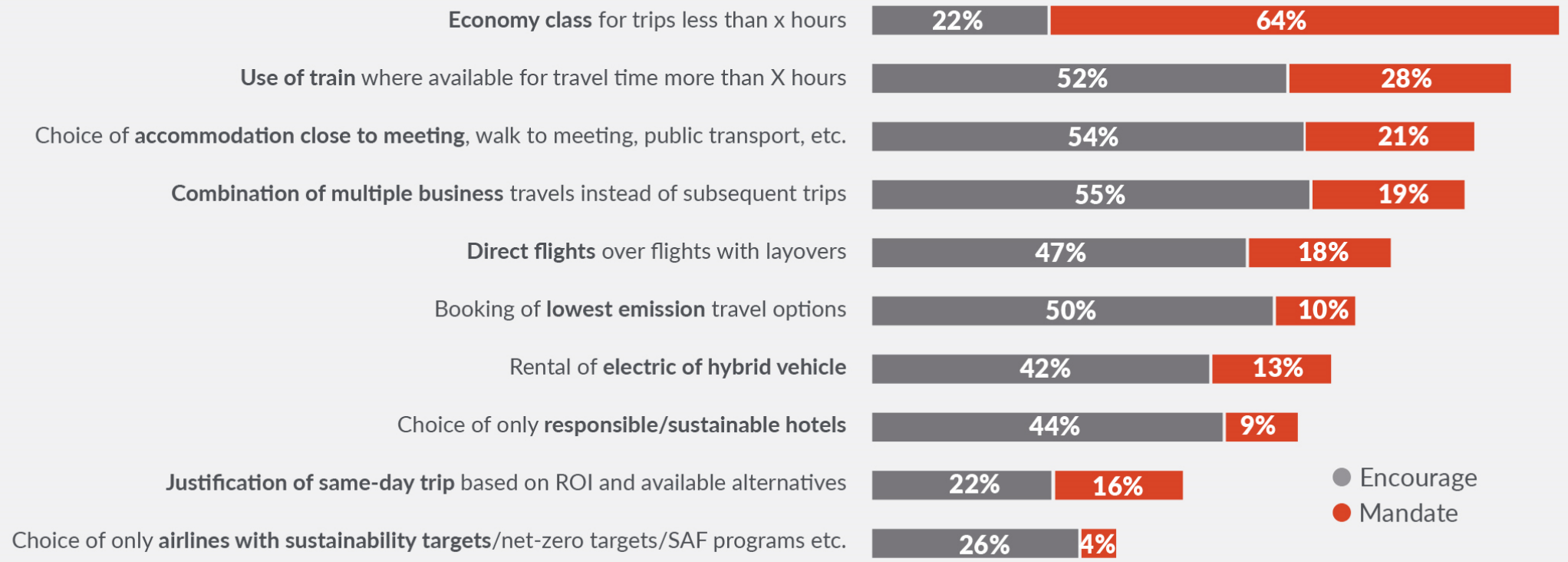
1%

GATE4 POWERED BY ADVITO

1%

Sustainable Travel Management Relies on Empowering Travelers to Select Greener Options…

Q: Have you mandated or encouraged the following practices in your travel policy?



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SAF In the 118th Congress

The world is grappling with the harsh realities of climate change, prompting new focus on addressing hard to decarbonize sectors

For Commercial Aviation…

	US	World
Jet Fuel Consumption (Pre-Covid)	**~21B+** Gallons / year	**~96B+** Gallons / year
Sustainable Aviation Fuel Production (2022)	**~16M** Gallons / year	**~119M*** Gallons / year

* **~0.1% of total**

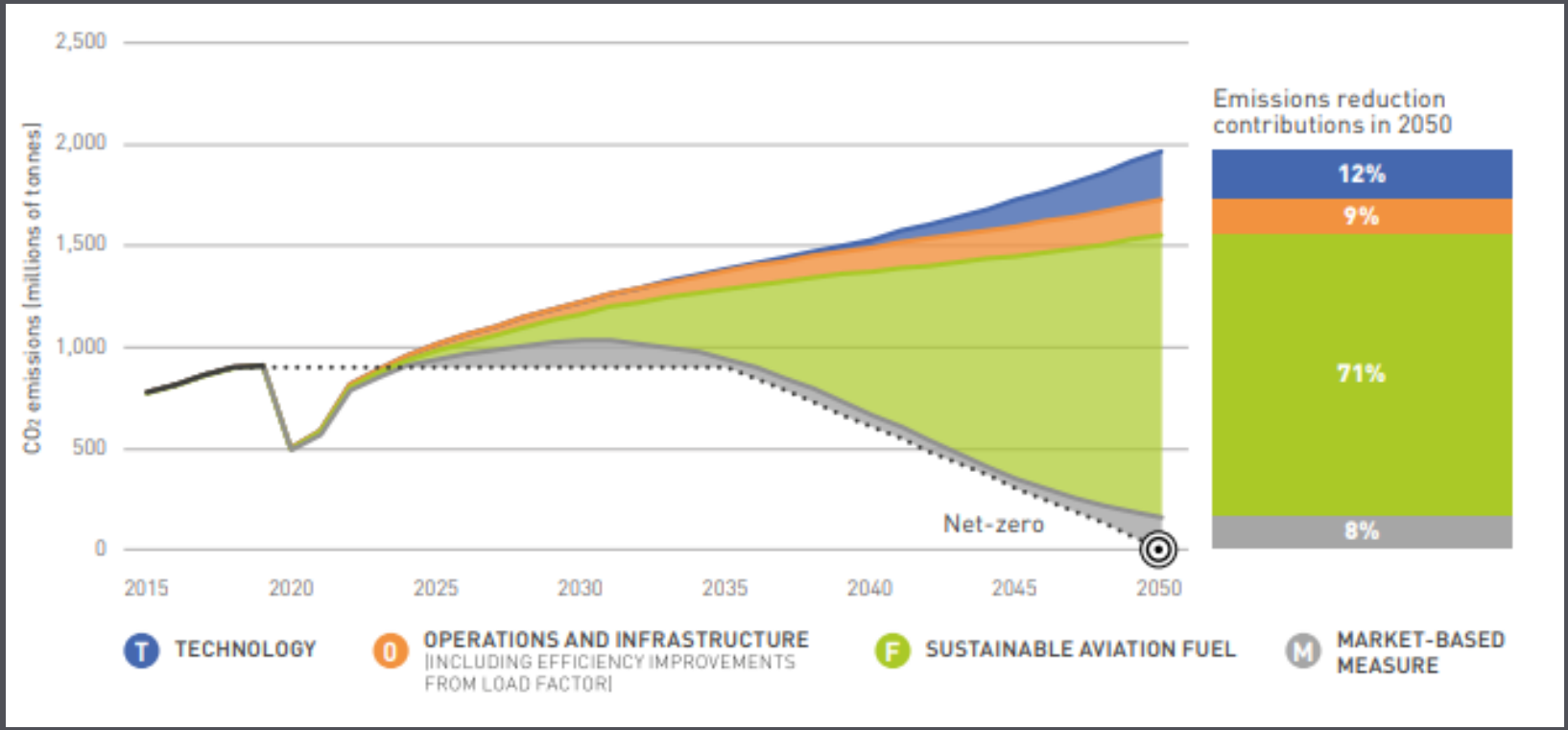
- **New Goals**
- **New Mandates**
- **New Incentives**
- **New Scale in Technology & Production**

Catalyzing a New Global Market

Sources: World = IATA, US = Various including Regulatory Incentives and RFS

GBTA

Our SAF is an important lever in enabling airlines' right to operate and grow while reducing their emissions



- Air transport 2.5% CO_2 emissions
- 50% GHG reduction targets continues to be the main driver for sustainability goals
- SAF is the main lever (71%)
- Large market opportunity for both bioenergy and synthetic fuels

SAF is a key climate change *solution*

Source: Waypoint 2050 report, Aggressive SAF Scenario, Sept 2021

GBTA

US approach is an example for the role policy has in building this new industry



Duration is Critical to Spur Investment

Sustainable Aviation Fuel Grand Challenge

3B Gallons by 2030/35 B by 2050

- Tax Credit
  (SAF BTC → $1.25 - $1.75)
- Grants
- Loans
- Data and Modeling
- New Pathways

GBTA

SAF Policy: What's in the IRA and What's next?

Inflation Reduction Act SAF Provisions

- **SAF-specific Blender's Tax Credit for 2023-2024**
  - $1.25-$1.75/gallon for SAF with a 50% or greater lifecycle GHG reduction
- **Clean Fuel Production Credit for 2025-2027**
  - Enhanced value for SAF of up to $1.75/gallon for fuel with 100% reduction (potentially more for carbon negative fuels)
- **New DOT FAST-SAF Grant Program**
  - $250 million for SAF projects/infrastructure through 2026
- **Hydrogen, 45Q, other potentially complementary credits**

Next Steps: Implementation/Legislation

- **SAF Tax Credit Provisions**
  - Implementation at Treasury
  - Extend/modify credits so they can act as long-term investment signal as intended
- **FAA Reauthorization**
  - Increased Funding for SAF Grant Program
- **NDAA SAF Provisions**
  - Pilot Program
- **Farm Bill**
  - Loan Guarantee/Grant Programs
- **Appropriations**
  - FAA ASCENT Program
  - DOE Bioenergy Technology Office

40B SAF BTC/45Z

Proper Implementation and long-term extensions critical

- **Treasury Guidance due later this year for SAF BTC (2023-24) and potentially 45Z/CFPC (2025-27)**
  - **For GHG calculations, IRA called for ICAO CORSIA methodology or another "similar" model meeting Clean Air Act Criteria**
    - **SAF BTC Coalition/Industry aligned on need to use DOE GREET model as a qualifying "similar" methodology. GREET already used for all other fuels and hydrogen under IRA**
    - **May 17 Letter led by Rep. Schneider and Senator Brown from 38 Sustainable Skies Cosponsors**
    - **Forthcoming Senate letter led by Senator Duckworth (June 15 deadline to sign)**
- **Long-Term extension of SAF tax credits critical to investment** signal. 45Z **expires in 2027, just as planned SAF facilities come into service**

SAF Tax Credit Asks:

1. Urge Administration to also use DOE GREET Model for SAF
2. Extend SAF Tax incentives for 10 years from date placed in service

FAST-SAF Grant Program/ FAA Reauthorization

Capex assistance Critical to Building SAF Industry

- Senator Warnock's AERO Act (S. 3125) included in IRA. FAA standing up "FAST-SAF" grant program with $250 million in IRA funding.
- Current funding modest compared with $3.5 billion in IRA funding for Direct Air Capture and $9 billion in infrastructure bill for hydrogen.
- **FAA Reauthorization bill is key opportunity to extend and expand SAF grant funding**. Senators Warnock, Cantwell and others drafting follow-on AAERO Act (not yet introduced)
    - SAF Grant Program (or any SAF provision) **not included in base Senate or House FAA Reauthorization text**
    - Bipartisan amendment in Senate Commerce critical for grant program inclusion in FAA Reauthorization
    - Senate Commerce R targets: Thune, Fischer, Moran, Young, Wicker (others?). SAF industry is opportunity for existing ethanol/biofuels industry/ag.

Hill Issue: Decarbonizing Air Travel

Sustainability Concerns

Corporations are setting sustainability targets

GBTA 2021 Research: Over 72% of travel buyers were asked to decarbonize air travel

GBTA 2023 Research: 81% integrated or planning to integrate sustainability measures into their programs

Deloitte 2023 Research: 1/3 of U.S. companies need to reduce travel by more that 20% to meet 2030 sustainability targets

Air Travel Impacts Business Travel

Vital to travel ecosystem

GBTA Research found pre pandemic over 515 million domestic business trips were taken annually

30% involved air travel

Equals = 144 million trips taken a year



Alternative Technology

Sustainable Aviation Fuels

SAF is a drop in jet fuel that can be blended up to 50% with traditional jet fuel

SAF reduces the lifecycle of GHG emissions by up to 80%

2022 Congress passed a dedicated tax credit to spur domestic production of SAF through 2027

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2023 FAA Reauthorization



What is FAA Reauthorization?

EVERYTHING ABOUT AVIATION

- The FAA was last authorized in 2018 – pre-pandemic – and set aviation policy for the next 5-years
- The bill sets the FAA's funding levels and authorities and includes updates to laws surrounding aviation – safety, future innovations, operations, airport investments, etc. Basically, if it is about aviation, it will be discussed.
- The current authority expires September 30, 2023 – at the same time as the end of the federal fiscal year.
- Having 5-year authorization periods grants the industry, travelers and the FAA itself stability and a clear trajectory necessary to invest in and operate this critical infrastructure. However, 2018 was the first full 5-year bill since 1982.

Key Priorities for Airlines

1) **Safety** – We believe that the FAA must be the sole safety regulator in the national air space. As our airspace gets more and more complex, we need to have a strong regulator and not allow for state and local governments to encroach on that central pillar of our aviation system.

2) **Efficiency and Operation of the National Air Space** – We need to have the technology and workforce built to meet demand, innovation and manage our national air space.

3) **Workforce** – We need to ensure that we have a diverse and strong pipeline of aviation workers. Most acutely we need to secure the pilot and maintenance technician career paths for the future.

4) **Sustainability** – Collaboration with government and establishing market-based incentives as well as continued R&D investment s key to decarbonizing aviation for the future. SAF in particular is critical.

5) **Do No Harm** – As we see demand return, we are concerned with proposals that could hamper competition in aviation, reregulate our industry and cause costs to rise for consumers, or force unnecessary mandates.

Hill Issue: Upgrading the Nation's Skies

Business Travel Impacted by Air Travel Disruptions

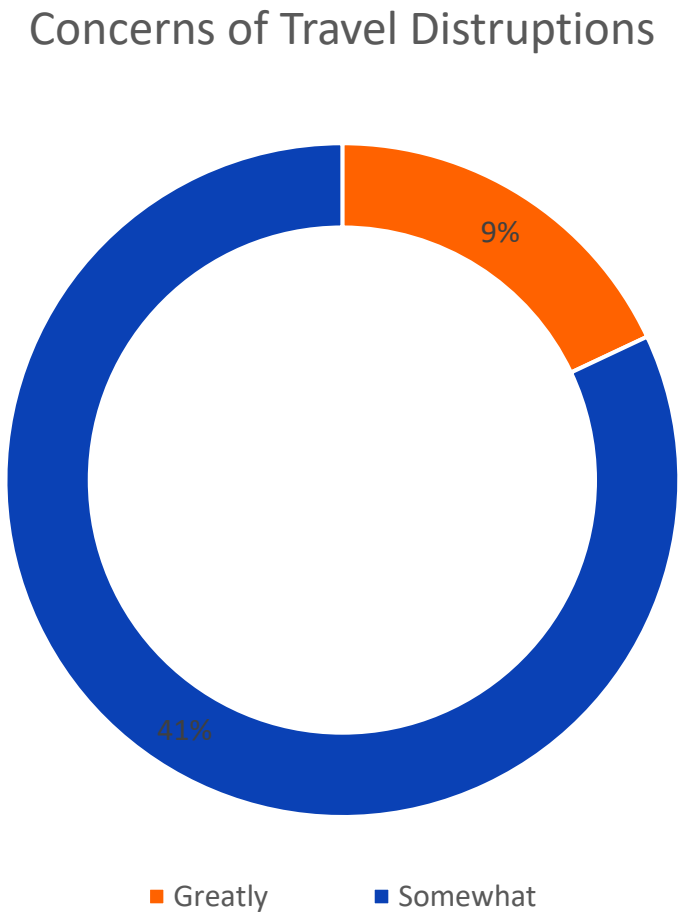
April 2023 GBTA Survey

Half of business travel professionals expressed concerns about travel disruptions or an **unpleasant travel experience** - such as canceled or delayed flights, crowded airports, poor customer support, and long lines for security screenings

9% = “Greatly”

41% = “Somewhat”

Reduced their willingness to travel for work

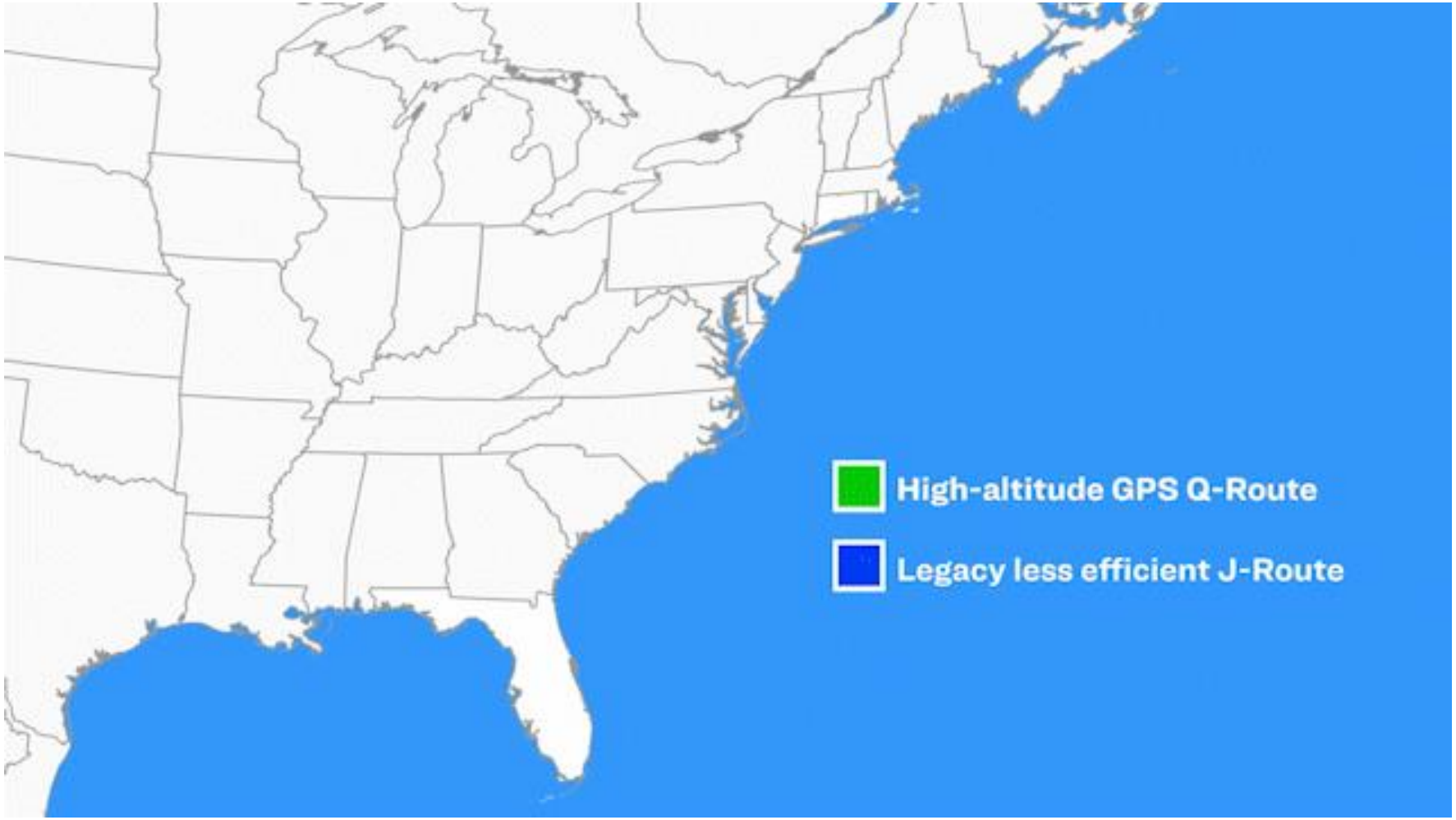


Pass Long Term Reauthorization Bill

Issues to be Addressed

- Upgrades critical to FAA systems to improve safety and efficiency for the national airspace, saving passengers time and money, and reducing carbon emissions.
- Require studies to better understand and improve accessibility and the overall air travel experience for passengers with disabilities.
- Make necessary workforce investments and creates a long-term talent pipeline for the FAA and aviation industry.

Technology: NEXT GEN Air Traffic Control



Congress must enable these critical upgrades, to further improve efficiency by unlocking shorter, more flexible, and more efficient flight paths

Accessibility

Mobile Act S.1459/H.R.3082

- Issue a notice of proposed rulemaking requiring air carriers and foreign air carriers to publish dimensions of cargo holds;
- Evaluate the frequency and types of damage to wheelchairs and scooters;
- Develop and submit to Congress a strategic roadmap on researching the technical feasibility of accommodating passengers in wheelchairs in the main cabin; and
- If in-flight, in-wheelchair seating is determined to be technically feasible, assess the economic and financial feasibility of accommodating passengers with their wheelchairs in the main cabin during flight.

DOT has found that disability-related complaints regarding air travel are up 50% in the last year

Workforce

Air Traffic Control, Pilots, Mechanics

Direct the FAA to update staffing models for Air Traffic Control to account for projected growth in air traffic demand, while also ensuring the agency has enough funding to hire additional air traffic controllers.

Congress should also provide at least $50 million per year for aviation workforce development programs, which will help address the supply of qualified pilots and mechanics.

GBTA Request to Congress

Pass Long Term FAA Reauthorization

GBTA calls on Congress to pass a long-term authorization bill that addresses our concerns regarding technology, accessibility and workforce

Long term FAA bill allows for longer term planning and investment into the system

Hill Issue: Expand Preclearance Operations

Passenger Facilitation

Preclearance Operations

Preclearance is a U.S. Customs and Border Protection (CBP) program where travelers to the United States are ‘precleared’ prior to boarding U.S. bound flights from foreign airports.

Currently operating in 15 airports in 6 different countries

Pre-covid these operations processed 22 million passengers, = 16% of all U.S. bound commercial air travel



Preclearance Benefits Passengers & Travel Industry

Accelerates post-Covid recovery:

- Expands access into the US market and helps to drive growth in economic activity and local employment,
- Provides passengers an accelerated end-to-end journey and enables them to rapidly make connecting flights,
- Stimulates tourism traffic by facilitating a seamless, hassle-free experience and increased reliability at the border
- Minimizes extended CBP wait times that discourage international travelers who spend on average $4,200 per trip
    - Joint Economic Committee found border delays cost U.S economy upwards of $5 billion annually
- Provides greater security by identifying threats before they board a plane

GBTA Request to Congress

Expand Preclearance

Since the pandemic, CBP has not expanded the preclearance program or sought new applicants having made significant progress in the United Kingdom, Belgium, Colombia and the Netherlands.

GBTA is circulating a draft letter to show Congressional support for U.S. Customs Border Protection to pursue bi-lateral negotiations. GBTA requests you consider championing this cause. If interested contact Vice President, Government Relations at sdowney@gbta.org


We are building
our collective
future together.
And it starts now!