

# Just a Reminder

**This AirportWatch briefing aims to provide a timely reminder of the key facts about airport expansion**

Intense lobbying from the aviation industry resulted in the removal of Justine Greening as Transport Secretary and the inclusion of Heathrow as an option for expansion in the future. The Government has set up the Davies Commission to look at the UK's capacity (see box, right). It is not clear what additional capacity, if any, will be required because of the uncertainty about future levels of demand. The recent lobbying from the aviation industry produced little hard evidence. Greening dismissed it as a 'pub-style' debate. This briefing aims to separate substance from spin.

## **Is the UK economy losing out because of poor air connectivity to the rest of the world?**

**SPIN:** The UK needs more capacity now.

**Fact:** According to the Department for Transport (DfT), the UK has enough airport capacity, even in London and the South-East, until almost 2030.

**SPIN:** London has fallen behind the rest of the world.

**Fact:** London remains the top city in the world to do business. A principle reason for this is its excellent connectivity. That's according to global property consultants Cushman & Wakefield.

**SPIN:** Heathrow has fewer flights to key destinations than its European rivals

**Fact:** Heathrow has more flights each week to key business centres of the world than its two closest European rivals, Paris & Frankfurt, put together, according to a report from WWF and AirportWatch

**SPIN:** UK firms will fly more in the future

**Fact:** A big majority of companies expect to reduce their flying over the next few decades and use video conferencing more, according to a WWF survey of the top 350 companies. The DfT expects this will reduce demand by 10%.

**SPIN:** Chinese firms are not investing on the UK due to poor air connections

**Fact:** If Hong Kong is included, the UK has more flights to China than any other European country. The main deterrents to Chinese people coming to Britain are the cost and bureaucracy of getting visas and the fact that a bilateral agreement limits passenger flights between the two countries to 62 per week.

**The key consideration for the future is whether London and the South East can retain its premier position.** This requires the sort of research we hope the Davies Commission will assess. It should include consideration of how future oil prices, income levels, population growth and climate change targets will impact on the demand for air travel in both the industrialised and industrialising countries.



**A briefing from  
AirportWatch**

## **The Davies Commission**

**The Government has appointed Sir Howard Davies to head up an Aviation Commission to examine future aviation capacity needs in both the short and longer term.**

**The Commission will replace part two of the Government's aviation consultation: the call for evidence about the need for future airport capacity.**

**The Commission has been asked to produce an interim report at the end of 2013 and its final report in summer 2015, two months after the next General Election.**

**The Commission will simply make recommendations. Any decisions about new capacity will be taken by the Government.**

**The aviation industry is likely to face an uphill struggle to persuade politicians to allow significant expansion.**

**Politicians are aware of the huge opposition to new runways. All those featured in the 2003 Air Transport White Paper were dropped.**

**In Europe, too, public opposition to new runways is significant. In 2012 plans for new runways in Siena and Munich have been dropped and huge battles are taking place in Frankfurt, Nantes, Berlin and Vienna. Public acceptability will be as important in shaping future aviation policy as the Davies Commission.**

# Aviation and the Economy

## The Forgotten Facts

**Aviation does contribute to the UK economy but the picture is more complex than the industry tends to admit**

### What's missing?

Aviation's contribution to the economy is less than the aviation industry suggests. Government policy is still based on the Labour Government's 2003 Air Transport White Paper which, in turn, is based on a report largely paid for by the aviation industry. The report, *The Contribution of Aviation to the UK Economy* was carried out by consultants Oxford Economic Forecasting in 1999 with an update in 2006. It ignored the tax-breaks the industry receives through tax-free fuel and being zero-rated for VAT. Nor did it factor into its calculations the huge cost aviation imposes on society and the environment, which are estimated to be around £16 billion a year. Independent experts argue that the report over-estimates the number of jobs aviation expansion would create. And it skated over the point that UK air passengers take more money of the UK on their foreign trips to spend abroad, than foreign visitors bring in on their visits.

### The tax-breaks

Airlines pay no tax on aircraft fuel and no VAT. The resulting loss of revenue is over £11 billion a year. Only just over £2.5 billion per year is brought in from Air Passenger Duty. To achieve fair tax with motorists, air passenger duty would need to be more than quadrupled!

### The tourism deficit

The tourist deficit – the difference between what British people spend abroad and visitors spend in this country - was £14 billion in 2010, down from a high of £20 billion in 2008. Most of this deficit is accounted for by air travel and closely parallels the rise in low-cost flights. All regions of the country, except for London and the South East - where there is a slight surplus – are in deficit. This deficit is damaging the economy and exporting jobs.

#### For further reading:

AEF. "Airport jobs: false hopes, cruel hoax" <http://bit.ly/ckwYb>

Tourism Deficit: [http://www.airportwatch.org.uk/?page\\_id=4775#tourism](http://www.airportwatch.org.uk/?page_id=4775#tourism)

ONS data on tourism <http://bit.ly/LjUCS6>

Green Alliance. "Making aviation pay its way" <http://bit.ly/Mg4rk9>

WWF & AEF: "Available UK airport capacity under a 2050 CO2 target for the aviation sector"

[http://assets.wwf.org.uk/downloads/airport\\_capacity\\_report\\_july\\_2011.pdf](http://assets.wwf.org.uk/downloads/airport_capacity_report_july_2011.pdf)

AirportWatch "International Air Connectivity for Business" <http://bit.ly/zmkjAd>

Cushman & Wakefield: <http://bit.ly/PhX1v9>

## Noise

The ousted Transport Secretary Justine Greening recognized that tackling noise presents a huge challenge to the aviation industry. New technology will be of limited help. The consultation document contains a large section on noise. It is looking for suggestions to improve the way noise annoyance is measured and explained to the public. It floats the idea of a noise envelope where growth would be permitted only within agreed noise limits. The most effective limit would be an annual cap on the total number of flights allowed to use the airport. This is currently in place at some airports such as Heathrow and London City. A cap would mean that the benefits of improved technology and operating practices would not be off-set by an increase in flight numbers.

The consultation document tends to concentrate on proposals for the three designated airports, Heathrow, Stansted and Gatwick. It would be important that all airports benefit from improved measures to deal with noise. Annual noise maps should be published for all airports.

## Climate Change

The aviation industry seems to be adopting the tactic that, if it keeps quiet about climate change, it will be pushed off the agenda.

There are signs in the aviation policy consultation document that Government believes new technology, improved operational procedures and the EU Emissions Trading System will sort out the problem.

Climate emissions are so serious that the Government should be using all the tools at its disposal to deal with them, including targets to cut CO2.

Aviation accounts for at least 13% of the UK's greenhouse gas emissions (if non-CO2 effects such as the impact of NOx and contrails are included - about 6.5% from CO2 emissions alone) and the proportion is growing

The Committee on Climate Change (CCC), the Government's advisers, recommended emissions from aviation should be back at the level they were in 2005 by 2050.

That will be challenging - and even that target, less demanding than for other sectors of the economy, is generous.

The CCC, in its April 2012 statement, also recommended aviation be included in the UK's 5-year carbon budgets. Government must decide by the end of 2012 if it accepts this.

Targets are critical. Although the EU Emissions Trading System, more fuel-efficient aircraft and improved operational procedures will clearly reduce emissions, the jury is very much out by how much.

The CCC has argued that flights can increase by 60% and still allow aviation emissions to reach their 2005 levels by 2050. That must form the climate 'envelope.'