

Liberal Democrats' Aviation Consultation Paper No.74

We welcome the opportunity to respond to your Consultation Paper No.74. The British Air Transport Association (BATA) represents UK-registered airlines, both scheduled and charter. Our members produce over 90% of UK airline output.

We are pleased that the paper recognises that aviation:

- is now within the reach of the majority of the population,
- brings benefits to business - especially high value, high knowledge sectors,
- brings benefits to consumers and to the trade of developing countries,
- fosters international understanding,
- provides a vital link for visiting friends and relations living overseas,
- is a successful UK industry in its own right employing 200,000 people.

We on our part recognise that aviation:

- must minimise its environmental impact,
- must grow in a sustainable way.

We agree that the UK needs an integrated and strategic approach to transport with a quality rail network. However a quality rail network will take many years to achieve and will need massive investment. Even then, the SRA found that only about 20% of domestic passengers would switch from air to rail if very high speed rail services were introduced. We remain to be convinced that new inter-city railways are economically and environmentally efficient. In the meantime, short haul flights must not be choked off through lack of airport capacity and extra taxes and charges.

Environment and Taxation

We agree in principle that international aviation should be part of an global scheme to tackle the problem of climate change. We also agree that aviation should pay for its external costs but this has to be done, ideally, on a world-wide basis to avoid competitive distortions. We recognise that this will be difficult to achieve and therefore believe a start can be made for some measures at a European level.

We strongly oppose the imposition of a fuel tax or duty, or VAT on air travel, because:

- Aviation is public transport and should be dealt with in the same way as other public transport modes. The effect of fuel duty rebate means that no form of public transport pays fuel tax in the UK and no other public transport mode incurs VAT.
- A fuel tax does not incentivise improvements in environmental performance.
- There will competitive distortion unless it is applied globally.

Instead we believe that open emissions trading is the best option since it ensures that environmental targets are met in the most economically efficient way. We support the attempt by the Government to get aviation included in the next phase of the EU emissions trading scheme. Air Passenger Duty (APD), which was introduced as a surrogate fuel tax and more than covers the carbon cost of air travel, should be removed once emissions are within a trading scheme.

At least to begin with, trading should be in CO2 emission permits only until there is a better understanding of the other climate change impacts. Not only are the non-CO2 effects unclear, but there is a risk that the wrong incentives might be given leading to sub-optimal environmental behaviour. It is probable that some non-CO2 emissions are better dealt with by means other than emissions trading. We support and encourage continued research into the non-CO2 impacts of aviation.

Noise

BATA supports the ICAO Balanced Approach to managing noise at airports. In this, a cost effective balance is created between four key elements:

- Reduction of aircraft noise at source;
- Aircraft operational improvements;
- Land use planning to prevent unsuitable developments in high noise areas;
- Operating restrictions.

Regional Services

The effect of many polices in the paper would be to reduce services between the regions and London. These are vital to the economic health of the regions. Without good links to London and its airports, businesses and tourists would move elsewhere and the regions would suffer economic decline. Access to “the rest of the world” needs the maintenance of, and good regional links to, a strong intercontinental hub airport in the UK – i.e. Heathrow.

For example, replacing APD with a departure duty would be a retrograde step. Incentivising fewer, larger aircraft would discourage short haul services. A viable short haul service needs to have several round trips per day with relatively small aircraft on most routes. The services need to be spread out over the day both to meet the needs of passengers and to make efficient use of aircraft and crews. This means having more runway capacity, especially in the south east, so that runway slots are available throughout the working day.

This was one of the main reasons why in our response to the Government’s consultation on air transport policy we said:

“In our view the best package, in order of development, is:

1. A new runway at Heathrow
2. A new runway at Gatwick
3. Safeguarding for another runway at Gatwick or Stansted”

This remains our view since it gives priority to those airports where the excess demand over supply is greatest.

We agree that services, both international and domestic, to regional airports should be encouraged but this will only happen if there is market demand and sufficient runway capacity. Making London airports more expensive - by slot auctions, posted prices or abolishing the single till - will have the opposite effect. Similarly, capping capacity in the south east is economically inefficient and environmentally unsound. Surface transport, particularly cars, would increase as passengers from the south east would have to travel further to get their flights.

Single Till

We support the principle of the single till. BAA has a monopoly of London airport capacity and the single till helps ensure a fairer distribution of revenues between airlines and the BAA. Non-regulated airports all operate on a single till basis and we see no reason why regulated airports should be different.

Slots

We support the use of secondary trading, which should be formalised.

Auctioning slots or posted prices would have the effect of long haul flights driving away short haul at slot constrained airports with serious economic consequences in the UK regions.

Safety and Security

These are paramount concerns for the industry and we recognise that regulation is essential. However the proliferation of different standards and requirements from the UK authorities, the EU and other countries around the world adds enormously to costs and the inconvenience of passengers without any compensating benefits. The UK is amongst the worst offenders in 'gold plating' EU regulations. The Government must make more effort to obtain and implement sensible and proportionate international standards for safety and security.

Many measures, paid for by passengers, are matters of national security rather than aviation security. These should be paid for by the State.