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PARLIAMENTARY BRIEFING

Briefing on Aviation Competitiveness

2 July 2012

This briefing was prepared for the Westminster Hall debate on 'Aviation Competitiveness in the UK' taking place on 4 July 2012.

Summary

- **UK aviation is at the forefront of global competitiveness. London is the best connected city in the world and the UK already has plenty of capacity to remain competitive in future. Further expansion in the South East is both unnecessary and inadvisable.**
- **London airports are not 'losing out' to other European hubs. Surveys show that Heathrow remains the world's leading international airport with greater connectivity to both existing and emerging markets than its competitors.**
- **UK does not need more runways or terminals. WWF/AEF research shows there is already ample capacity for substantial increases in both passengers and ATMs within the South East and nationally to 2050.**
- **Businesses are divided about airport expansion. Progressive, competitive companies are making greater use of rail and videoconferencing and flying less. Business flights have been declining year on year.**
- **Aviation is one of the fastest growing sources of carbon emissions globally. The Committee on Climate Change is unequivocal that an unconstrained expansion scenario is incompatible with meeting our legally binding climate targets.**
- **WWF-UK believes the UK should make better use of existing capacity whilst developing an integrated transport policy within environmental limits that addresses the whole system and the interconnections between different modes of transport.**



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Competitiveness

The UK is not facing an imminent crisis of competitiveness in the aviation sector. Debate on aviation policy must move beyond selective use of figures to an evidence-based discussion that balances multiple needs in the long-term. London is Europe's leading 'hub' city and remains one of the most desirable and important places to do business globally.¹ London airports give better connections to the key business centres of the world than any other European city.² Rather than focus on airports in isolation, the debate must consider all the airports serving the South East.

Nonetheless, London Heathrow continues to be the busiest airport in the world in terms of international passenger traffic.³ WWF-UK sees no need for concern over Heathrow losing its competitiveness as the top European hub as it already offers unrivalled connectivity to 20 of the world's 27 key business destinations including BRIC countries. Heathrow offers more flights to key markets than any other airport in Europe – more than the combined total of its two nearest rivals, Charles de Gaulle and Frankfurt. Heathrow offers the most flights to India, South Africa, Gulf States and many parts of the Far East, including Singapore and Tokyo. Suggestions that flights to China are lagging behind do not include 3000 each year to Hong Kong.⁴ Overall, Heathrow has more flights to Asia than any other hub airport.⁵ Further routes to emerging markets can be accommodated through better use of existing capacity and do not require a new runway or airport to provide these routes.

WWF-UK questions the cost/benefit of new runways at Heathrow, Stansted or Gatwick, or a Thames Estuary airport.⁶ Instead, WWF-UK supports modal shift from plane to train to replace domestic and short haul flights, which will also help to free up airport capacity for important long-haul destinations. WWF-UK believes the Government underestimates the role that videoconferencing can play in replacing a growing percentage of business flights (see below).

Climate Change Act

WWF-UK is keen to see climate change at the heart of future aviation policy. Unconstrained expansion of airports is not consistent with the UK Climate Change Act and our legally binding climate targets. The previous government, on the advice of the Committee on Climate Change (CCC), recommended that aviation emissions return to 2005 levels by 2050 (37.5MT CO₂) as the level of aviation effort needed to meet the overall 2050 target. WWF-UK supports the CCC's recommendation that the Government should plan according to the 'likely' scenario, which allows for a 60% increase in passenger demand and 55% increase in Air Traffic Movements to 2050, compared to 2005 levels.⁷ We believe that this scenario constitutes the best basis for the planning of future aviation policy. Further expansion (such as a Heathrow or Thames Estuary airport) would come at the expense of meeting UK climate targets. The Act and the CCC urge the Government to fully include aviation and shipping emissions within the target by 31 December 2012 or explain to Parliament why it has not done so.⁸

Use existing capacity better

Research conducted by AEF and WWF shows that major new expansion of airport capacity in the South East is not necessary. There is already sufficient available capacity of runways and terminals, even in the South East, to meet demand to 2050 in line with the CCC's recommended limits to growth.⁹ This report shows that there will be less than a 1% shortfall in Southeast

¹ Cushman & Wakefield, *The European Cities Monitor (2011)*

² AEF, *International Air Connectivity for Business (August 2011)*

³ Airports Council International, *International Passenger Traffic (as of December 2011)*

⁴ Department for Transport, *Transport Times Aviation Conference (18 April 2012)*

⁵ AEF, *International Air Connectivity for Business*

⁶ AEF/WWF, *Available UK airport capacity under a 2050 CO₂ target for the aviation sector (July 2011)*

⁷ Committee on Climate Change, *Meeting the UK aviation target (December 2009)*

⁸ Committee on Climate Change, *Scope of Carbon Budgets (April 2012)*

⁹ AEF/WWF, *Available UK airport capacity under a 2050 CO₂ target for the aviation sector (July 2011)*

runway capacity by 2050 based on larger planes and increased airplane loading at Heathrow, as per BAA forecasts. The Department for Transport's historically over-optimistic forecasts assume South East capacity runs out in 2030 but growth and oil price assumptions could easily change this. Using available airport capacity, better, is the best way to ensure sustainable growth consistent with UK climate targets.

Business attitudes

The aviation industry and the wider business community are divided over the future of aviation. Airlines and operators adopted contradictory positions about whether and where expansion may be necessary. WWF's *Moving On* report shows that nearly half of FTSE 500 companies had reduced their flying as a result of the recession and do not intend to return to previous levels of flying because they are achieving significant financial and carbon savings.¹⁰ WWF's One in Five Challenge has also helped leading UK companies including BSkyB, Lloyds TSB, Microsoft and Vodafone to reduce business flights through greater use of rail and videoconferencing. Member companies have, on average, cut their flights by 41% over two years, saving £2.4 million and 3,600 tonnes CO₂ each.¹¹ These highly competitive businesses are flying less, not more, in order to be successful. They report benefits such as faster decision-making and productivity gains due to less time spent out of the office, and want Government to do more to help business increase their use of videoconferencing.

WWF-UK believes that companies of the future will increasingly use low-carbon technologies to communicate and do business. DfT should do more to promote video-conferencing, and acknowledge the downward trend in passenger projections as oil prices rise and businesses adopt alternatives. This again questions the need for increased airport capacity in future.

Recommendations

- There is no need for any further expansion of airports, runways or terminals in the South East, or regionally, beyond those already planned. Better use of existing capacity would allow for significant growth and competitiveness while keeping within environmental limits.
- The Government must bring forward a sustainable framework for transport and aviation with climate change at its heart.
- The Government must accept the advice of the CCC to fully include aviation emissions within the Climate Change Act and should re-affirm that aviation emissions must be at or below 2005 levels by 2050, the industry's own figure.
- Government should highlight the importance of improving existing surface links between existing national and regional airports in order to better spread the balance of UK flights.
- UK must continue to uphold the inclusion of aviation within the EU ETS and the judicial ruling that it is legal to do so. Additionally, the Treasury should ring fence the revenues from the ETS for action on climate change, which would help defuse the international disputes about the ETS.

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1961-2011: 50 years of conservation. WWF works in over a hundred countries to protect the natural world, tackle climate change and promote sustainable consumption.

Download Briefings at www.wwf.org.uk/parliamentary

¹⁰ WWF, *Moving on: why flying less means more for business* (July 2011)

¹¹ www.wwf.org.uk/oneinfive