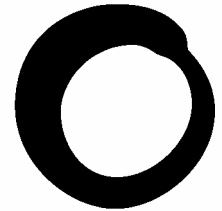


December 2003



**Friends of  
the Earth**

# Media Briefing

## The Air Transport White Paper

**Making aviation sustainable?**

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## Aviation White Paper

In June 2003, Alistair Darling, the Secretary of State for Transport, signalled the need for a change in direction of Government policy on road building when he said *“you can’t build yourself out of the problem that we face. We have a choice in the next 25 to 30 years: either we build more and more motorways – astronomically expensive, environmentally damaging and I doubt that we could actually do it - or we take a radically different look at how we manage the system”*<sup>1</sup>.

Substituting *‘more airports and runways’* for *‘more and more motorways’* in this quote provides a clear statement of what the Government should say about aviation and airport expansion in the forthcoming White Paper.

## Introduction

Next month the Government is expected to publish the first Air Transport White Paper for almost 20 years. This will set out Government policy for the period up to 2030, including preferred sites for airport expansion. This briefing:

- explains the background to the White Paper;
- summarises the environmental, economic and social impacts of aviation expansion; and
- sets out the tests that Friends of the Earth believes the White Paper must pass if it is to put aviation on the path to sustainability.

## Background

### The consultation process and its many flaws

In July 2002, the Government issued seven regional consultation documents covering all of the UK. These set out many options for possible expansion: new terminal capacity, new surface access infrastructure, and above all additional runways and new airports (at Cliffe in Kent and near Rugby in the West Midlands). Gatwick was initially excluded from this exercise because of an agreement between BAA plc and West Sussex County Council ruling out a new runway before 2019, but had to be included following a High Court ruling in February this year.

But there were several major flaws in the consultation:

- No options for the management of demand for aviation through fair taxation or other measures were included;
- There was no national document presenting a UK-wide perspective; and
- The consultation incorporated the industry’s own assessment of its entirely positive economic impact, ignoring any contrary evidence, such as the increasing tourism deficit; and played down the environmental effects of aviation, such as the industry’s growing climate change impact.

These flaws meant that some of the questions asked were based on misleading information. The consultation ended on June 30<sup>th</sup> and the Government received over 400,000 replies,

believed to be the highest ever response to such an exercise, demonstrating the extent of public opposition to new airport and runway proposals and the desire for firm measures to put the aviation industry on a sustainable course instead of constantly demanding expansion.

### **The possible scale of expansion**

The number of passengers passing through UK airports has risen sharply over the last 30 years from 30 million in 1970 to 180 million in 2000. According to the Department for Transport's SPASM computer model, numbers will continue to rise sharply over the next 30 years to over 500 million by 2030. This is driven by the presumption that air fares will continue to fall in real terms by 1.5% a year until 2030, an overall reduction of 35% and possibly as much as 44%<sup>2</sup>.

## **The impacts of aviation**

The impacts of aviation expansion, particularly on the scale forecast, would stretch far beyond the immediate environs of existing airports, although these would clearly be the most severely affected areas. The impacts are environmental, economic and social, and are not just felt at the local and regional level, but also nationally and, in some cases, globally.

### **Environmental impacts**

Aviation is one of the fastest growing sources worldwide of carbon dioxide (CO<sub>2</sub>), the main gas causing climate change, the most serious environmental threat facing the world. Aviation accounted for 5% of UK CO<sub>2</sub> emissions in 2002, and this is forecast to rise to 10-12% by 2020<sup>3</sup>. Globally, aviation could represent 15% of CO<sub>2</sub> emissions by 2050<sup>4</sup>. The House of Commons Environmental Audit Select Committee recently concluded that the proposed growth in emissions "*could totally destroy the Government's recent commitment to a 60% cut in carbon dioxide emissions by 2050*"<sup>5</sup>. Yet international aviation is specifically excluded from the Kyoto Protocol, the only global mechanism to tackle climate change. Using the Government's own figures, Friends of the Earth has calculated that climate change emissions from aviation will rise by over 300% between 1990 and 2030, if aviation grows as forecast. This would require other sectors to cut emissions from energy use by 20% more than originally planned, in order to meet the Government's 60% reduction target<sup>6</sup>.

Aviation is also a major source of air and noise pollution, illustrating how the industry is already operating beyond environmental limits. The air pollution does not just come from the planes, but also from road traffic travelling to and from airports. According to the Government, a third runway at Heathrow would expose 35,000 people to levels of nitrogen dioxide above mandatory EU limits in 2015<sup>7</sup>.

Current noise levels are unacceptable, particularly for people living under the flight paths to our busiest airports, many of whom live nowhere near the airports themselves. Many airports operate 24 hours a day, or have flights starting from very early in the morning, disturbing people's sleep and threatening public health. New flight paths and holding 'stacks' - which were not revealed by the Government in its public consultation - could mean that over 600,000 people will be seriously affected by aviation noise in 2030<sup>8</sup>.

### Economic impacts

The aviation lobby claims that the industry benefits the country through its contribution to tourism. But UK tourists spend more abroad than foreign tourists in the UK: the net deficit was £15 billion in 2000<sup>9</sup>. Furthermore, UK income from aviation-based tourism tends to be concentrated in tourist hot-spots such as London, Bath and Edinburgh. This deficit will increase with more low-cost flights. Expanding aviation is not an effective mechanism for targeting employment at areas of need: the most deprived ward in the UK is Wythenshaw Benchill in south Manchester, only two miles from Manchester airport<sup>10</sup>.

The boom in air travel is made possible because the industry receives huge effective subsidies from the taxpayer. This is because airlines and airports pay no tax on the fuel they use and virtually no VAT, and also benefit from duty free sales at airports. Even when the less than £1 billion a year in Air Passenger Duty (APD) paid by passengers is taken into account, the effective subsidy to the aviation industry amounts to over £9 billion a year across the UK. This is money which is not available to be spent on more sustainable transport and other public services, and which represents a large hole in the Chancellor's budget. By way of comparison, the cost of providing a safe route to school for every child in the country within a decade has been estimated at £2 billion. Calculations by Friends of the Earth, on a per-head basis, show that this effective subsidy equates annually to almost £7.7 billion for England, almost £800 million for Scotland, over £450 million for Wales and over £260 million for Northern Ireland<sup>11</sup>.

### Social impacts

The effective subsidy outlined above is highly regressive, as it benefits the better-off at the expense of the less well-off. Even on budget airlines, 75% of trips are made by people in social classes A, B & C<sup>12</sup>. And most of the growth predicted by the Government will be made up of more frequent trips made by the wealthiest 10% of the population<sup>13</sup>.

## Do we need new runways or airports?

As explained above, the claimed need for new airport capacity is based on forecasts from the Government's SPASM computer model. Friends of the Earth and other transport and environment groups were able to re-run the model, using fiscal demand management assumptions. These included:

- the gradual introduction of taxation on aviation fuel, so that the tax rate would be the same as unleaded petrol by 2025;
- the gradual introduction of VAT on all flights from UK airports to reach the full rate of 17.5% by 2025; and
- the removal of Air Passenger Duty by 2020.

The results were very different:

- the number of passengers would still rise to approximately 315 million by 2030, but this would be 37% lower than the Government's forecast of 500 million. As a result **there would be no need before 2030 for any additional runways or airports** beyond those already being built or with planning approval.

- the **price of flying would be about the same in real terms as it is now**, as the additional cost arising from eliminating effective subsidies would balance the forecast fall in ticket prices assumed by the Government. This dispels the myth spread by aviation industry lobbyists that environmental campaigners want to ‘price poor people off planes’.

These results demonstrate the power of the demand management approach, so far ignored by the Government, and denied to people as an option in the public consultation.

## **A sustainable or unsustainable White Paper?**

The test of the White Paper will be whether it delivers on the Government’s promise to put the aviation industry on a sustainable course. A sustainable Air Transport White Paper will:

- start to prevent and control through demand management - rather than merely ‘mitigate’ - the many current and future impacts of aviation such as climate change, air and noise pollution, rising road traffic, land use and development pressures and threats to natural and built heritage; and
- signal the end of aviation growth being driven by large tax breaks and subsidies to airlines and airports which allow them to artificially deflate prices and inflate demand.

An unsustainable Air Transport White Paper will:

- be largely about building new runways and terminals without any meaningful controls to address current, let alone future, impacts of airport and air travel operations; and
- either ignore or be vague about the ways of managing demand for aviation, and dismiss or sideline fiscal and other demand management measures that are necessary to put aviation on a responsible and sustainable course.

An unsustainable White Paper would please the aviation lobby who use expressions such as ‘responsible growth’ and ‘sustainable aviation’, but in practice lobby the UK Government and EU and international bodies against measures that would make the words more than mere greenwash. It would also show that Ministers are prepared to continue putting the demands of the aviation lobby ahead of many other aspects of public policy, such as the sustainability of transport, action to tackle climate change, control of pollution, protecting public health and eliminating perverse subsidies for polluting activities.

## **What the White Paper should say: the key policies**

### **Demand management**

The White Paper should be based around the implementation of demand management for aviation in the UK. This should combine fair taxation, fiscal restraint, environmental regulation and giving priority to more sustainable alternatives to air travel, such as high-speed rail.

### **No new runways or airports**

The Government should rule out any new airports or runway capacity for the next decade at least, recognising the findings of the re-run of the SPASM model (see above). This could be

reviewed once the impact of demand management measures can be adequately assessed.

Any future development at BAA's airports in the South East (Heathrow, Stansted and Gatwick) should not be cross-subsidised by transfers between the airports or by retail activity.

### Fair taxation at UK level

The White Paper should start to tackle aviation's fiscal anomalies. As a first step, the Chancellor of the Exchequer should raise Air Passenger Duty in the next Budget and consider further increases until a proper environmental charge is in place<sup>14</sup>. The Government should commit to introducing a tax on fuel for domestic flights, as in the USA. This would help redress the price imbalance between rail and plane. Exemptions for hard-to-reach communities such as Scottish islands should be considered.

### Commitment to international action on emissions and taxation

The Government should pledge to use its Presidency of the European Union in 2005 to take forward a Europe-wide tax on aviation fuel or an emissions charge. This is feasible and does not need agreement from the International Civil Aviation Organisation (ICAO). The Government should also press for action on aviation at the international level through UN bodies such as ICAO. Transport Minister Tony McNulty has recently commented, with relation to ICAO, that "discussion on action beyond 2008–12 will begin in 2005 when the Government will work closely with all Parties and argue strongly that the framework for global action after 2012 should address international aviation emissions"<sup>15</sup>.

### Invest in sustainable transport

The Government should ring-fence revenue raised from removing aviation's £9 billion effective subsidy for investment in sustainable transport, and particularly high-speed rail. A large proportion (45%) of air trips within the EuroControl countries are less than 500 kilometres long. Many of these could realistically be switched to an efficient high-speed rail network, as is already happening in France and Germany, to provide a more sustainable alternative to short-haul flights<sup>16</sup>. Such a move would help make the best use of existing airport capacity by freeing take-off and landing slots for longer-haul flights.

## Contacts

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1 The Observer, 8<sup>th</sup> June 2003

2 Department for Transport 'The Future Development of Air Transport in the United Kingdom' (2002)

3 HM Treasury / Department for Transport 'Aviation and the Environment: Using Economic Instruments' (March 2003) paragraphs 3.9 – 3.11

4 Intergovernmental Panel on Climate Change (IPCC) 'Aviation and the Global Atmosphere' (1999)

5 House of Commons Environmental Audit Committee 'Budget 2003 and Aviation' paragraph 17

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- 6 Friends of the Earth 'Climate change pollution from aircraft set to soar' (29th November 2002)
  - 7 Department for Transport 'The Future Development of Air Transport in the United Kingdom: South East' (February 2003) paragraph 7.27
  - 8 CPRE 'Flying to Distraction' (June 2003) (<http://www.cpre.org.uk/resources/pub/pdfs/transport/air-transport/flying-to-distraction.pdf>)
  - 9 House of Commons Environmental Audit Committee 'Budget 2003 and Aviation' paragraph 37
  - 10 Department of the Environment, Transport & the Regions 'Indices of Deprivation' (2000)
  - 11 Further breakdowns by region, county and local council are available on request.
  - 12 CAA STAR UK survey (2001)
  - 13 Department for Transport 'The Future Development of Air Transport in the United Kingdom' (2002)
  - 14 A separate briefing on Air Passenger Duty is available from Friends of the Earth
  - 15 House of Commons Written Answer, 5<sup>th</sup> November 2003
  - 16 Commission for Integrated Transport 'A Comparative Study of the Environmental Effects of Rail and Short-haul Air Travel' (September 2001) Executive Summary "*domestic aircraft have CO2 emissions per passenger km that are many times higher than that of high-speed rail*"