

CBI response to the Aviation 2050 Green Paper Consultation

1. The Confederation of British Industry (CBI) welcomes the opportunity to contribute to the development of an Aviation Strategy, engaging in the process to develop a policy framework which meets our current and future capacity needs, and works for all parts of the UK. The CBI is the UK's leading business organisation, speaking for some 190,000 businesses that together employ around a third of the private sector workforce. With offices across the UK as well as representation in Brussels, Washington, Beijing, and Delhi, the CBI communicates the British business voice around the world.
2. Aviation is already a major UK success story, but more strategic thinking on aviation and the role it will play in growth for the whole of the UK has long been needed. In the context of Brexit, as the UK looks at its future on the global stage, aviation has taken on even greater importance. Businesses recognise the need to link the whole of the UK to international markets to increase exports, boosting the potential for growth, raising competition and encouraging innovation. **It is key therefore that all future aviation policy decisions are taken with the holistic view of improving the UK's connectivity. The UK needs not only liberal trade agreements abroad, with access equitable to the EU Open Skies policy, but a growing aviation market at home.** If the UK is to increase its capabilities as a trading nation, the Aviation Strategy must futureproof connectivity and allow airports and airlines to thrive, increasing the whole of the country's links to existing and emerging markets.
3. Business seeks an ambitious Strategy, with the aim of making the UK as competitive, productive and connected as it can be, but in its current form the Aviation Strategy misses this mark. The green paper rightly sets out the Government's support for the sustainable growth of aviation and the benefits this will deliver. However, with the commitment set for a net zero UK by 2050, a modern Aviation strategy must also enable the sector to play its part in both reducing and offsetting emissions now and in the future. The Aerospace Sector Deal is one such example that recognises the record levels of investment in research and development needed to deliver the step change in aviation technology and fuels to meet clean growth ambitions.
4. The major focus of aviation policy in recent years has been on airport expansion in the South East of England. With some UK airports fast approaching full capacity—constraining their potential for further and long-term growth—a decision on expanding capacity in the South East of the country was long overdue. The CBI, having consulted widely across its membership, supported the conclusion of the independent Airports Commission that the proposed north-west runway at Heathrow presents the strongest case for expansion, and will offer the greatest strategic and economic benefits for the whole of the UK. These benefits will come not only from the growing links post-expansion, but also through the jobs and regional growth that will come during construction, for example through Heathrow's Logistics Hubs. **To provide maximum benefits, both strategic and practical, for all, expansion must be done in the most timely, efficient and cost-effective way.** For the new runway to be operational before 2030, construction must therefore begin by 2020.
5. As the Airports Commission highlighted, it is vital that the UK continues to grow its domestic and international connectivity both before and after the additional runway at Heathrow is delivered. The decision on Heathrow expansion has been over fifty years in the making, and this must not be allowed to happen again. Similarly, it is over fifty years since the UK's airspace was first designed and its basic structure is still there today, despite today's aircraft being very much more advanced. **The opportunity must therefore be grasped to create quicker, quieter, cleaner flights, whilst meeting future demand.** Key to meeting this demand will also be improved connections from all regions and nations of the UK. Whilst a key argument in favour of expansion is the country-wide jobs, growth and connections it will bring, the Government must now show that it is looking at how *all* airports can deliver the improved direct connections that businesses and consumers want to see.

6. The green paper acknowledges the benefits of increasing global connectivity but does little to set out practical steps on how this will be done. Key to this consideration, given the consumer focus of the strategy, is an increased focus on where it is that consumers want to fly from – and, in turn, where routes are viable for airlines. Businesses welcome the acknowledgement from the Government that more intensive use of existing airport capacity is needed and its support for airports making best use of existing runways - an essential requirement for growth.¹ Whilst it is right for the relevant planning authorities to “consider each case on its merits” when increasing passenger number caps or changing planning restrictions, this direction from the Government is vital. **The Strategy must continue to approach growth on this same basis. In setting a framework for the longer term, it is right that airports will continue to be encouraged to safeguard land around their airfields to fulfil potential future expansion needs.** Growth of both hub and direct connections will demonstrate to workers, makers, exporters and investors, and to the rest of the world, that the UK is an outward-looking nation, ready to trade with global partners, old and new, and to move into a new era of growth, jobs and prosperity.

In order to match the UK’s ambitions on both sustainability and growth, the Aviation Strategy must do more to recognise:

- **Sustainable aviation growth is essential to achieving the Government’s objectives on the Industrial Strategy, regional growth and international trade.**
- **The need for a more holistic approach to ensure aviation delivers maximum benefits for the whole of the UK.**
- **The greatest benefit to the consumer and the UK’s growth comes from a competitive, growing aviation market.**

The Strategy must enable aviation to match the UK’s ambitions on both sustainability and growth.

7. Aviation is a major UK success story, with the sector creating £52 billion in overall GDP for the UK economy and supporting around one million jobs². With nearly three-quarters of its visitors and 40% of its trade by value travelling by air, aviation can provide the necessary international connectivity for a truly global Britain post-Brexit.³ The Aviation Strategy must therefore better recognise how the UK as a whole benefits from aviation, particularly through trade, jobs, taxation, and economic growth.
8. If aviation is to match the UK’s ambitions for growth, the Strategy must answer the question of what balanced growth looks like—in the short, medium and long term. The general support given in the green paper for the growth of aviation and the benefits this would deliver is positive. Whilst not all airports can play the same role, all do have a role to play in delivering better connectivity for the whole of the UK, and the Strategy must better reflect making this growth a reality. As the green paper highlights, the UK’s aviation market is growing. But the fact of growth does not mean there is not room for improvement. The question should be is it growing enough, is overall connectivity increasing, is growth happening in a sustainable way, and is the UK keeping pace with its global competitors?
9. **The Government must now work with industry to move from general support for growth to practical steps to enable it. Key to this will be recognising that UK aviation does not happen in isolation, but in a global and competitive market.** UK airports and airlines are competing not only with each other, but with those operating in other countries, with any loss of route from the UK corresponding with a loss for the UK economy. For this reason, figures showing that the UK was one

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/714069/making-best-use-of-existing-runways.pdf

² Oxford Economics, *Economic Benefits from Air Transport in the UK*. 2014.

³ <http://www.aoa.org.uk/2017/01/new-aviation-agreements-to-underpin-a-truly-global-britain/>

of only three countries in Europe, the others being Moldova and Serbia, where direct connectivity declined year-on-year in 2018, is a particular concern.⁴

10. **In its current form, the strategy places a number of mitigations and limitations on UK aviation growth. These must however be balanced with the opportunities that growth will deliver and understood within the context of the overall cumulative burden increased mitigations would place on the aviation industry.** Many of the mitigations proposed in the strategy will come at significant cost, both financially and in time. Industry must play its part, but this must not come at the detriment of the viability of routes, or worse still of operating flights from the UK at all. The potential of an increased cost base for airlines risks making it unviable to operate services. The Government must be wary of the unintended consequences of measures, such as the proposed Insolvency Levy, that whilst well-intentioned could actually put the future of operations under threat. This also runs the risk of putting non-UK residents and non-UK airlines in the unprecedented and inequitable position of cross-subsidizing UK airlines and UK residents. Given the vast amount of detail contained within the Strategy, further consultation will be needed with industry, both through the further development and implementation of plans.
11. Growing our links whilst also meeting environmental commitments presents a considerable challenge, and one that is rightly a concern for the public and politicians, for our aerospace and aviation industries, and for business as a whole. As the UK government looks to legislate to commit the country to net-zero greenhouse emissions by 2050, the aviation sector stands ready to play its part. It knows that its own public licence to grow hangs on its own ability to push forward with more sustainable operations, and is already responding to these challenges, investing heavily and setting its own ambitious targets. The industry has delivered sustained and considerable progress on this with reductions of 20 million tonnes of CO₂ from flights by UK airlines between 2005 and 2015. However, to meet the ambitions set out by the Committee on Climate Change will require an unprecedented step change in aviation technology and fuels.
12. The UK has been an influential voice within the International Civil Aviation Organization (ICAO), acting as a strong proponent for the timely implementation of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). This leadership is critical given the international nature of the sector and government must therefore **continue to engage in the development and strengthening of international frameworks for managing aviation emissions.** To this end, **any domestic policy on emissions reduction for the sector should assess aviation in both the national and international context to prevent UK airports and airlines being placed at a competitive disadvantage.** Sustainable Aviation's CO₂ roadmap sets out a suggested pathway for UK aviation out to 2050, illustrating the efforts that all parts of the industry must make to decarbonise both immediately and going forward⁵. An updated CO₂ roadmap will be published in the autumn, showing the willingness of key players in aviation to reform and adapt based on recent policy developments.
13. Industry sees the most compelling opportunity for the UK to exert influence over CO₂ emissions through the **investment in advanced technologies which can be deployed globally, creating both export revenues and contributions to a more environmentally efficient industry world-wide.** However, to modernise air traffic control systems, develop sustainable aviation fuels and improve aircraft efficiency requires collaboration across industry and government. One such example is through the government's Aerospace Sector Deal⁶ and the Future of Flight Challenge where British industry can be at the forefront of these new developments. The future of aircraft will hinge on R&D investment so **the Government must increase funding for high value collaborative R&D while the technology remains in infancy.** Furthermore, this will become significant for the development of

⁴ <https://www.aci-europe.org/policy/connectivity.html>

⁵ https://www.sustainableaviation.co.uk/wp-content/uploads/2018/06/FINAL_SA_Roadmap_2016.pdf

⁶ <https://www.gov.uk/government/publications/aerospace-sector-deal>

carbon offsetting measures needed by the sector in order to meet the government's Net-Zero commitments.

14. The development of the Aerospace Sector Deal acknowledges the need for collaboration across government departments. In similarity to the road to zero journey undertaken by the automotive industry, aviation too requires a dialogue between both the Department of Transport and the Department for Business Energy Industrial Strategy. The inclusion of sustainable aviation fuels (SAF) in the renewable transport fuels obligation is a marked step in this direction⁷. The ICAO estimates that with the right policy support SAF penetration could approach 2%, up from current levels of 0.1% of airline fuel demand. Notwithstanding the need for supporting infrastructure, such a rise in usage could result in a tipping point where the production of sustainable fuels becomes economically viable thereby generating much-needed momentum towards the country's 2050 climate change target. If we are to realise the opportunities for UK sustainable fuels production the government, together with industry, should therefore develop a strategy to ensure the development of UK expertise and innovation. To this end, **the CBI calls for the creation of an Office for Sustainable Aviation Fuels to harness cross-departmental expertise and enable the country to become a global leader in sustainable aviation.**
15. Airspace modernisation also offers a significant opportunity to reduce both noise and emissions, in addition to enabling UK airspace to handle forecast levels of traffic and maximise capacity. The green paper and subsequent published details⁸ are an important step in setting out the process by which the modernisation of the UK's airspace will occur. Given the significant environmental, social and economic benefits of modernisation, progress on the development of airspace policy must be made, with maximising all potential benefits in mind, helping to deliver a sustainable future for UK aviation alongside the wider Aviation Strategy.
16. The recognition of the need for a coordinated modernisation programme is positive. **The Government must empower the Airspace Change Organising Group (ACOG) to coordinate bold and ambitious change, avoiding any risk of fragmentation.** Given that what is right for one airport may not be right for all, they too must also play a lead role in airspace changes and the associated local engagement. In turn, the Government must guarantee that the governance of modernisation plans are robust and effective and – equally important – that progress is delivered. Since the 1950s, modernisation in the UK has been characterised by decades of delay and obfuscation. Processes to date, while rightly taking into account the need to consult widely on airspace change, have caused significant delay. Given the clear ramifications of not acting, the Government must therefore ensure the balance between scrutiny and progress is appropriate.

Sustainable aviation growth is essential to achieving the Government's objectives on the Industrial Strategy, regional growth and international trade.

17. CBI members are clear that to be a success, the Aviation Strategy must recognise that the benefits of aviation reach far wider than passengers and other aviation users, and the Strategy must be developed with the view to maximising all of these benefits. Whilst all referenced in the green paper, firms believe that in its current form, the Strategy does not go far enough to fulfil aviation's ability to deliver on three key areas vital to the UK's future prosperity: the Industrial Strategy, regional growth and international trade.

⁷ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/572971/rfto-consultation-document-2016.pdf

⁸ https://www.gov.uk/guidance/airspace-modernisation?utm_source=49eb436c-b5e2-4b7f-b39c-cbc502b1dbfd&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

18. Businesses are clear that excellent quality infrastructure, connecting people and businesses to more regions and cities across the UK and around the world, is a key foundation of the Industrial Strategy. As the second largest aerospace industry in the world and a leader for global supply chains, the UK is key to future aviation development. **The Strategy must link closely with the Government's Exports Strategy and Aerospace Sector Deal in order to capitalise on the UK's position of strength and the future benefits this can bring to jobs and growth.** Commitment to the long term funding of the Aerospace Technology Institute in particular is key to deliver technology and innovation that will help to deliver the environmental benefits needed to ensure the industry can continue to grow while meeting its targets.
19. The aviation sector is a repository and incubator for technological development, providing thousands of highly skilled jobs, in particular in engineering. On current projections the industry will face a shortfall in qualified personnel within the next ten years – a problem not just for aviation but for the country as a whole. A significant mitigation of this problem will be increasing the diversity of employment in aviation, so measures such as the Women in Aviation and Aerospace Charter are particularly positive⁹. The CBI welcomes the commitment to diversity that the strategy includes and **encourages the Government to develop a cross-departmental approach to skills and diversity including with HM Treasury and the Department for Education.** Industry looks forward to engaging further with the government on this topic, ensuring that skills and innovation enable the UK to continue to keep pace with international competitors.
20. The Strategy must better reflect the regional objectives that aviation can deliver on and the contribution airports can play in facilitating regional growth, maximising the whole of the UK's potential. For airports in every region to fulfil their growth ambitions, attracting airlines, passengers and freight from a broader catchment area, and delivering a wider range of services, improvements are needed to link all airports to key economic areas of activity. Improvements to surface access (covered in more detail below) are particularly important when looking at how aviation can deliver regional growth, with its importance emphasised in the CBI's *Shaping Regional Infrastructure* report, coming up as a recurring priority for all of the English regions.¹⁰ Given the importance of airports as key freight hubs for regions and sectors, connections between them and the wider network will also be important to meeting future demand.
21. For growth in both goods and services, increased international connections from all parts of the country will be key. Trade is a fundamental part of growth, a major driver of productivity gains and tackling regional disparities. CBI analysis produced with McKinsey shows that companies which export are more competitive, more profitable, more innovative and more productive.¹¹ However, fewer than 10% of businesses engage in exporting activity¹², and there remains up to 15% of firms in every region that could be exporting, but are yet to do so.¹³ UK export performance has not kept pace with the growth of its international competitors since the late 1990s. As the CBI's *Winning Worldwide* sets out, the UK Government must ensure that the right foundations are in place for firms to compete internationally, including infrastructure that is fit for purpose.¹⁴

⁹[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/797195/Women in Aviation and Aerospace Charter 24 April 2019.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/797195/Women_in_Aviation_and_Aerospace_Charter_24_April_2019.pdf)

¹⁰ CBI, *Shaping regional infrastructure*. April 2016.

¹¹ CBI/McKinsey, *Unlocking Regional Growth*, <http://www.cbi.org.uk/news/unlocking-regional-growth1/>

¹² ONS Annual Business Survey, 2017, <https://www.ons.gov.uk/businessindustryandtrade/business/businessservices/datasets/annualbusinesssurveyimportersandexporters>

¹³ CBI/McKinsey, *Unlocking Regional Growth*, <http://www.cbi.org.uk/news/unlocking-regional-growth1/>

¹⁴ CBI, *Winning Worldwide*, <https://cbicdnend.azureedge.net/media/1509/cbi-report-winning-worldwide.pdf?v=20190418.4>

22. Improving the UK's export performance will require not only the strengthening of existing links, but also the creation of new routes. Creating new routes to emerging markets opens doors to trade, boosting growth, creating jobs and driving investment right across the country. The Strategy must therefore **do more to highlight how the Government, business and the aviation sector can work to develop routes with existing and emerging markets**. Independent research conducted by Steer Davies Gleave for the CBI's 2013 report, *Trading Places*, highlighted that with the right direct air links, trade will follow, creating a virtuous circle of activity. The analysis demonstrated that on average an additional flight to a high growth market boosts trade by as much as £175,000. This means that for each and every daily route between the UK and an emerging market economy, UK trade could receive a shot in the arm of as much as £128million a year—or an additional £1billion a year from eight new routes alone.¹⁵
23. Key to ensuring that all businesses have access to international supply chains and markets in continental Europe and beyond is access to and from the UK's ports and airports. The economic value of UK logistics is substantial, with recent data showing logistics contributing £301bn value of goods exported and £436bn value of goods imported from the EU and non-EU countries. This makes the UK a global leader in logistics, ranking in the World Bank's top 10 countries.¹⁶ To this end, businesses want to see **more recognition in the green paper of the economic value of air freight and practical steps as to how the Government will support its growth**. Across all sectors of the economy, £87.3 bn of GVA is currently dependent on air freight exports, representing 5% of the total GVA measure of national output.¹⁷ It therefore comes as a disappointment that the only real recognition of the importance of supporting freight comes within the regional growth chapter of the green paper, **rather than in considering the role it will play in a global and connected Britain, through its own chapter, or by setting out freight's broader importance for all aspects of the Strategy**.

The Strategy must take a holistic approach to ensure aviation delivers maximum benefits for the whole of the UK.

24. Given the significant contribution aviation makes to the wider objectives of the Government, the Strategy must both clearly show where aviation sits within the wider policy agenda and address all issues that impact aviation growth. In its response to the call for evidence, the CBI set out the need for the development of the Aviation Strategy to be a key priority not just for the Department of Transport but across the work of the Government. This is vital to ensuring that the key role aviation can play in the UK's future can be maximised, but also in ensuring that all areas impacting growth are addressed. Firms believe that in delivering growth for the UK, no issue should be off the table. However, on three issues particularly, surface access improvements, Air Passenger Duty and borders, there seems a lack of willingness from the Government to address issues which could seriously impact UK aviation and growth, and to make policy and resource commitments to addressing these.
25. The recognition that government and local bodies must take a more active role in the development of multi-modal transport hubs at airports and the need for a more structured approach to planning surface access is welcome. For too long, the role that airports play as part of the wider infrastructure of the country have not been sufficiently considered. The Aviation Strategy proposes that the National Infrastructure Commission (NIC) should include airport capacity in future national infrastructure assessments. This is welcome, and in many ways seems overdue. **This should facilitate both the NIC and the Government developing a better understanding of the benefits of wider joined-up infrastructure investment for global connectivity and UK growth**. Whether on HS2, Crossrail 2 or Northern Powerhouse Rail, the Government must seek to develop a better understanding of the

¹⁵ CBI, *Trading Places*. February 2013.

¹⁶ The World Bank. Global Rankings, Logistics Performance Index. 2016.

¹⁷ <http://airlinesuk.org/wp-content/uploads/2018/10/Assessment-of-the-value-of-air-freight-services-to-the-UK-economy-Final-Report-v22-Oct-2018-b-SENT.pdf>

benefits of using wider infrastructure investment to facilitate the delivery of international connectivity growth. Regionally and locally, due consideration of this must also be given, through the work of sub national transport bodies and local industrial strategies respectively.

26. The reiteration of the government's position that the provision and funding of surface access infrastructure and services to airports is primarily the responsibility of the airport operator risks losing sight of the wider economic benefits that improved surface access, and in turn passenger and freight growth, could bring. It gives the impression to industry and local communities that it does not consider surface access to airports to be a problem and, for the most part, one that should be treated merely as a local planning matter. To put this situation right, **clarity is needed on what the Government's view on the wider benefits of surface access improvements is. If improved surface access has the potential to generate economic growth, this should be considered a wider benefit.**
27. Good connections to airports are an essential driver of passenger demand, and the larger the catchment area of an airport, the greater the chances of creating viable flights. In addition, poor surface access hampers the ability for airports to grow and fulfil their potential both for the area in which they operate and for the wider economy. As evidenced by the Airport Operators Association, the benefit of having better access to airports does not only manifest itself in making better use of existing capacity, facilitating increased passenger numbers and improved connectivity, but aviation also provides greater inward growth and investment. Just a 5% improvement in average journey times to and from airports could deliver a 2.7% increase in passenger numbers, generating an additional £1.9 billion for the UK economy and supporting an additional 32,000 jobs.¹⁸ Airports clearly have their part to play in the funding and delivery of surface access improvements, particularly where these improvements would lead to commercial gains, but this must be proportionate and not prevent the future growth and connectivity of UK airports. The Government also has a role to play in ensuring that where surface access improvements require private investment, these projects are viable propositions for potential investors.
28. On Air Passenger Duty, the Government's position that for as long as passenger numbers are growing it will not fully consider the issue appears intellectually incoherent. Whilst it is indisputable that passenger numbers are growing and that APD makes a vast contribution to the public purse, it is also the case that APD does impact route and exports growth. At a time when the Government should be looking to do all it can to encourage trade, APD—the highest rate of tax on air travel in the world—puts a costly constraint on British exporters with businesses in aggregate paying around £500m in APD each year.¹⁹ In addition, APD impacts on airline route economics and capacity decisions, with APD constituting as much as 50% of the price of an off-peak short haul ticket, and the increase in price as a result found to be preventing 66 new routes from UK airports.²⁰ The effect of taxing aviation to such a degree is to make the UK less attractive a place to do business and to visit, compared with competing European hubs.
29. Whilst industry and the Government would debate the pros and cons of reductions or changes to how APD is levied or spent, they should surely agree that the issue at least merits consideration as part of an evidence and market-led Strategy covering all issues impacting aviation growth. Until this point is acknowledged, it is practically impossible for industry to have a sensible conversation with the Government and makes the likelihood of ever being able to find a more innovative solution that could deliver both increased growth and returns for HM Treasury virtually impossible. **The Department for Transport should work with HM Treasury to move towards incorporating this as part of the Strategy's further development.**

¹⁸ <http://www.aoa.org.uk/wp-content/uploads/2016/11/AOA-Connecting-the-UK-Economy.pdf>

¹⁹ PWC, *The economic impact of Air Passenger Duty*, 2013

²⁰ <http://airlinesuk.org/wp-content/uploads/2018/09/The-Impact-of-Air-Passenger-Duty-on-Airline-Route-Economics-4.pdf>

30. Similarly, on Borders, collaboration with the Home Office will be required to ensure that the border experience for those arriving in the UK is the best it can be—an important practical element of how global exporters view how easy it is to do business with the UK. Unfortunately, performance at many UK airports has not matched the government’s aspiration for a world class service, regularly failing to meet industry or passenger expectations, particularly at peak times. In looking to improve performance and consistency, **a reassessment of UK Border Forces’ (UKBF’s) Service Level Agreements to assess targets, measurement and reporting is needed.** UK airports and airlines are committed to supporting UKBF in maintaining a safe and secure border at UK airports. If the UK meets its aspiration of a growing aviation market, then UKBF must be able to respond to this growth. This will require airports, airlines and UKBF to be able to plan, resource and share information together over the longer term. The possibility of increased costs on consumers to fund this, at a time when growth should be encouraged, is of particular concern, particularly without improvements in performance. In addition to using its Future Screening for Aviation and Borders competition to find innovative border enhancements, **the Department for Transport must work with the Home Office, UKBF and industry to show the UK is both secure and open for business.**

The greatest benefit to the consumer and the UK’s growth comes from a competitive, growing aviation market.

31. Businesses are clear that the surest way to achieve the Government’s objective of helping the aviation industry work for its customers is by ensuring that the UK aviation market is a balanced and competitive market that can offer the greatest choice to the greatest number of people. Growth will be a key part of sustaining this for the longer term. With the green paper stating that annual “UK passenger numbers are likely to increase to 435 million by 2050”, the Government must be mindful of the need for clarity on policy and process to avoid a repeat of the fifty years of indecision and delay before airport expansion was approved.
32. Building on the principal of making best use of existing runways, **a longer term framework for growth must provide clarity in order to allow both airports and airlines to make informed investment and growth decisions now and in the future, setting much clearer guidelines on how growth can be achieved and delivered.** For a strategy that aims to look at the future of aviation until 2050 not enough attention is given to answering the key question of what this longer term framework for growth will look like.
33. The acknowledgement in the green paper of the need for a framework for growth being “flexible enough to respond to new information, developments and changing circumstances” is certainly welcome. In order to inform current and future decisions, businesses are clear that the evidence and data on which decisions will be made, must be accessible, relevant and up to date. This must also give thought to the land and airspace that will be required. **The framework must extend to an in-depth analysis of the UK’s aviation needs, current capabilities and the extent of growth needed to deliver the UK’s future economic potential.**
34. In setting out its wider view on the role of private markets, the CBI has been clear that the best responses to questions around how much consumers are willing to pay, or the service they expect to receive, comes from free markets: the sharpest and most efficient tool for accountability. It’s for businesses to be dynamic and forward-thinking, seizing the opportunities of change, foreseeing its risks and rewards, and innovating to meet them. And rightly, markets need governments to set the rules.
35. Whilst there are clearly future challenges for the Government in ensuring that the aviation market continues to function, develop and keep pace with consumer expectations, the market has clearly succeeded to the benefit of passengers and business. The green paper acknowledges that the successes of the UK aviation market have driven down prices and facilitated greater choice for consumers, with frequent flights to a wider choice of destinations. Consumers themselves also view

their experience with aviation to be broadly positive. As the CAA's UK Aviation Consumer Survey showed, 83% of consumers were satisfied with the overall travel experience during their last flight.²¹ Firms back the Government to take a lead role in ensuring the market continues to operate in a fair and open way with protections for consumers.

36. The Passenger Charter proposed in the green paper has the potential to help consumers by providing them with the information they need at every stage in their journey. Given the fierce competition for business between airlines, on a range of factors including on customer service, any passenger charter should recognise this vital characteristic of the market and resist the urge to regulate what the market is already providing. **The Charter should therefore focus on providing assurances to the passenger and encouraging UK airports and airlines to continue to drive up standards.** Furthermore, the Government should ensure that any layering in of costs, to be felt by consumers, do not prevent particular groups from travelling altogether. The industry will therefore work with Government in setting appropriate standards.
37. With its clear focus on the consumer, the Strategy must also better recognise how consumers and businesses benefit from the movement of goods by air. There is a serious lack in the strategy, and in wider policy debates, of an analysis of freight and the role it plays for the UK economy. It is however from such an analysis that any policy decisions should follow. Firms want to see **the balanced approach that better understands the role freight plays in aviation, and what is needed for sustainable and balanced growth.** An example of the need for balance is on night flights, with businesses highlighting the importance of early morning arrivals for connections to emerging markets and air freight. Not only are night flights critical to the productivity of UK businesses which require pick up towards end of the working day and delivery at the beginning of the next, the express business model of major international freight companies is also dependent on being able to ship goods during the night to meet growing consumer and business expectations of fast delivery. **Further assessment and industry engagement is therefore required on the proportionality of night flight restrictions and their possible economic impact.** Restrictions should be avoided unless necessary, with the impact on the whole of the UK economy part of this consideration. with mitigations and restrictions on night flights clearly linked with how the sector, both through the Aerospace Sector Deal and more widely, work to reduce aircraft noise. Where noise from aircraft is reduced, a reduction in mitigations seeking to decrease the impact of noise should surely follow.

Conclusion

38. To conclude, the CBI reiterates its support for the develop of an Aviation Strategy which meets our current and future capacity needs and works for all parts of the country. The publication of the green paper is a positive step in this process, particularly in recognising the importance of sustainable future growth and the benefits this will deliver. However, in making the UK as competitive, productive and connected as it can be, businesses seek more ambition from the Strategy and practical steps to enable growth, and will look to work with Government through the remaining stages of this progress to ensure this can be achieved.

CBI Infrastructure & Energy Directorate, June 2019

²¹ [http://publicapps.caa.co.uk/docs/33/CAA%20Aviation%20Consumer%20survey%20--%2005th%20wave%20report%20FINAL%20\(2\).pdf](http://publicapps.caa.co.uk/docs/33/CAA%20Aviation%20Consumer%20survey%20--%2005th%20wave%20report%20FINAL%20(2).pdf)