



AIRPORT
OPERATORS
ASSOCIATION
**A MANIFESTO
FOR UK AIRPORTS**



THE UK HAS THE
LARGEST AVIATION
MARKET IN THE EU
AND THE THIRD
LARGEST AVIATION
MARKET IN THE
WORLD, AFTER THE
USA AND CHINA.



A MANIFESTO FOR UK AIRPORTS

Aviation is one of the UK's success stories: the UK has the largest aviation market in the EU and the third largest aviation market in the world, after the USA and China. Last year alone, more than 292 million passengers travelled through UK airports – a record number.

As a sector, aviation makes its own distinct contribution to employment and growth across the UK. Aviation contributes more than £66 billion to the economy or 3.2% of the UK's GDP, supports 1.1 million jobs and provides more than £8 billion in tax revenues to the Exchequer.

The aviation sector is also a crucial enabler for the rest of the UK economy, providing the domestic and international connectivity that links UK businesses to their customers, and helps governments deliver on their priorities. Take the tourism sector, for example. With nearly three-quarters of all visitors to the UK travelling by air, aviation helps inbound tourism to flourish. This creates a further £26bn a year towards GDP and supports almost half a million jobs in all parts of the country.

Or take exports: nearly 40% of the UK's exports by value use aviation to reach their destinations. That's high-value goods like jewellery and machine parts, as well as products that need to arrive with the customer quickly, like Scottish salmon or life-saving medicines.

But we believe we can do better still: not all areas in the UK are well-connected to airports

and, as a result, opportunities for growth are lost. Furthermore, a significant amount of current and future demand for aviation cannot be met by existing airport infrastructure, limiting our country's growth potential. Finally, there is great scope to generate jobs and growth through investing in sustainable aviation technologies, like sustainable aviation fuels, where the UK could be a world leader. Not only will this create green aviation jobs and export opportunities, it will also ensure we can meet future aviation demand while staying on course to hit the UK's net zero target by 2050.

Government has a crucial role to play to help UK aviation deliver this. Most crucially, Government must provide a clear and fair strategy for sustainable growth across the country. This should continue the previous Government's policy of making the best use to be made of existing capacity and set out how the industry can create further capacity in the future, not least to take up the opportunities offered by the UK's exit from the EU.

This manifesto sets out an ambitious agenda for the next Government and we look forward to working with Ministers and officials to deliver on this, enabling aviation to play its full part in helping to secure the UK's future prosperity.

Karen Dee
Chief Executive

THE NEXT GOVERNMENT SHOULD:



01 DELIVER A NATIONAL AVIATION POLICY THAT SUPPORTS SUSTAINABLE AIRPORT GROWTH

The Government must set out in an Aviation Strategy a fair framework for sustainable growth at all airports, helping to deliver the connectivity required to support a flourishing economy in every UK nation and region, whilst also supporting efforts to deliver on the UK's net-zero target. The AOA believes that through an international approach, with the right Government support, together with substantial industry investment, net-zero emissions and a sustainable future are within reach for UK aviation.

02



PRIORITISE A NEW LEGAL FRAMEWORK FOR THE UK'S AVIATION CONNECTIVITY AFTER BREXIT

Excellent connectivity will be a precondition of making a success of Brexit. While aircraft will continue to fly in any scenario thanks to contingency measures taken by the UK and the EU and thanks to the bilateral air services agreements the Government has secured with third countries currently covered by EU air services agreements, there are still uncertainties and concern for the industry. A new Government must provide certainty on aviation, negotiating a new UK-EU air services agreement, securing continued membership in the European Aviation Safety Agency and continuing close cooperation on security and air traffic control.





03

SUPPORT INDUSTRY IN MODERNISING UK'S AIRSPACE

The work of the previous Government in sponsoring an airspace modernisation programme for the UK must continue at pace. UK airspace is our invisible infrastructure in the sky, vital to the success of aviation and the wider economy. It has a finite capacity and has changed little since its creation in the 1950s and 1960s. Unless modernised, it will not handle expected levels of traffic without increased delays and cancellations. Modernisation also provides an opportunity to reduce the environmental impact of aviation, both in terms of noise for local communities and carbon emissions from inefficient routing and stacking.



04

ENSURE THAT THE UK'S BORDER REGIME IS SECURE BUT WELCOMING

It is right that the UK has a secure but welcome border that makes legitimate travel easy and hassle-free. It is in the national interest to better harness technology and have a well-resourced Border Force that can cope with increased passenger flows and demonstrates to visitors that the UK is welcoming and open for business.

05

REVIEW AND REFORM AIR PASSENGER DUTY TO BOOST THE UK'S INTERNATIONAL COMPETITIVENESS

We will need a competitive aviation sector to ensure British business can take advantage of the opportunities presented by the country's exit from the European Union. Our uncompetitive levels of Air Passenger Duty (APD) make the economics of establishing new routes difficult for airlines. A new Government should bring APD in line with our nearest competitors by reducing it by 50%, ensuring that the UK is 'Brexit ready'.



PRIORITY 1: A NEW AVIATION STRATEGY FOR THE UK

Aviation brings untold benefits to the UK economy and society, ranging from more than a million jobs in aviation and the opportunities for businesses to trade with the globe to the well-earned breaks for UK families and the chance to meet friends and family in far-flung places. But the greatest challenge facing our sector today is our need to decarbonise, particularly in light of the Paris Agreement and the UK's recent commitment to net zero emissions by 2050.

UK aviation has a strong record - having effectively decoupled growth in passenger numbers from growth in carbon emissions and supported the development of the first global sector climate targets. But we need to go further and faster. Demand to travel by air will remain strong in the future given its benefits, and UK airports are committed to meeting this demand in a sustainable way.

To deliver on ambitious targets, the UK aviation industry will require a framework which is sustained and predictable, allowing industry to make long-term investments without the danger of 'moving goalposts.' The Department for Transport has taken the first steps by consulting on a green paper for an Aviation Strategy. The AOA welcomes this and calls on the next Government to complete this vital work as a matter of urgency. As part of this, the AOA proposes that the next Government should commit to the following policies:

A FAIR STRATEGY FOR GROWTH FOR ALL UK AIRPORTS:

The most recent forecasts predict that passenger numbers will double by 2050 compared to 2015 and see airports across the country reaching capacity in the coming 10-15 years. That is why the Government needs to set out how it will respond to the sector's need for additional capacity to accommodate the growing public demand for aviation. It should set out an approach that gives airports the certainty they need to invest and removes barriers to sustainable

development. In the meantime, the next Government must maintain the policy of helping airports to make best use of existing capacity: with the right mix of policy support from Government, UK airports can stimulate the take up of existing capacity across the UK, delivering significant benefit for consumers, business and to both local and the national economy.

SUPPORT SURFACE ACCESS SCHEMES WHICH DELIVER ENVIRONMENTAL BENEFITS

A significant part of an airport's carbon and other emissions is the result of its surface access options. It is one of the areas of an airport's operations over which the airport has little control; with local, regional and national government responsible for improved public transport, new rail links and improved road access. When developing its surface access policy, the next government should take greater account of the environmental benefits of improved surface access infrastructure. Funding considerations should be given to schemes which can demonstrate environmental benefits, particularly where there is a demonstrable improvement on air quality in the area around an airport. As well as the obvious environmental benefits of reducing journeys to the airport by private car, the AOA has calculated that a 5% improvement in average journey times to and from airports could generate an additional £1.9 billion for the UK economy and support an additional 32,000 jobs, not least by encouraging airlines to open new routes and invest further in existing ones.

INVEST IN THE DEVELOPMENT OF NEW TECHNOLOGIES AND INNOVATION

The next government should continue support for the Aerospace Growth Partnership and the Aerospace Technology Institute beyond 2026 to continue the UK's leadership in sustainable aviation innovation and R&D. Until these more advanced airframes and sophisticated engines reach the market, sustainable aviation fuels will have a crucial role in reducing aviation's climate impact. That is why

the next government should establish an Office for Sustainable Aviation Fuels with funding to kickstart the building of sustainable aviation fuel plants across the UK, invest in researching and certifying the next generation of fuels and support their commercialisation. This should include extending the Renewable Transport Fuel Obligation to cover recycled carbon fuels.

A STRATEGY TO SUPPORT SMALLER AIRPORTS

Smaller, business and General Aviation airports are a key part of the aviation eco-system and perform a multitude of social and economic roles. They don't just connect the regions to other regions and countries but also enable air ambulance, helicopter search and rescue and oil and gas field support services, aircrew, flight and engineering training, aircraft maintenance and a whole host of other activities; these activities provide valuable skilled and unskilled employment opportunities. Although the key role of smaller airports is recognised by some, the AOA is concerned that some of the specific challenges faced by smaller airports were not given due attention in the previous Green Paper. For example, due to their smaller size, some regulatory impacts are being felt disproportionately at smaller regional airports. A more proportional and equitable approach to regulating smaller airports would ease the pressure and allow connectivity to flourish in the regions.

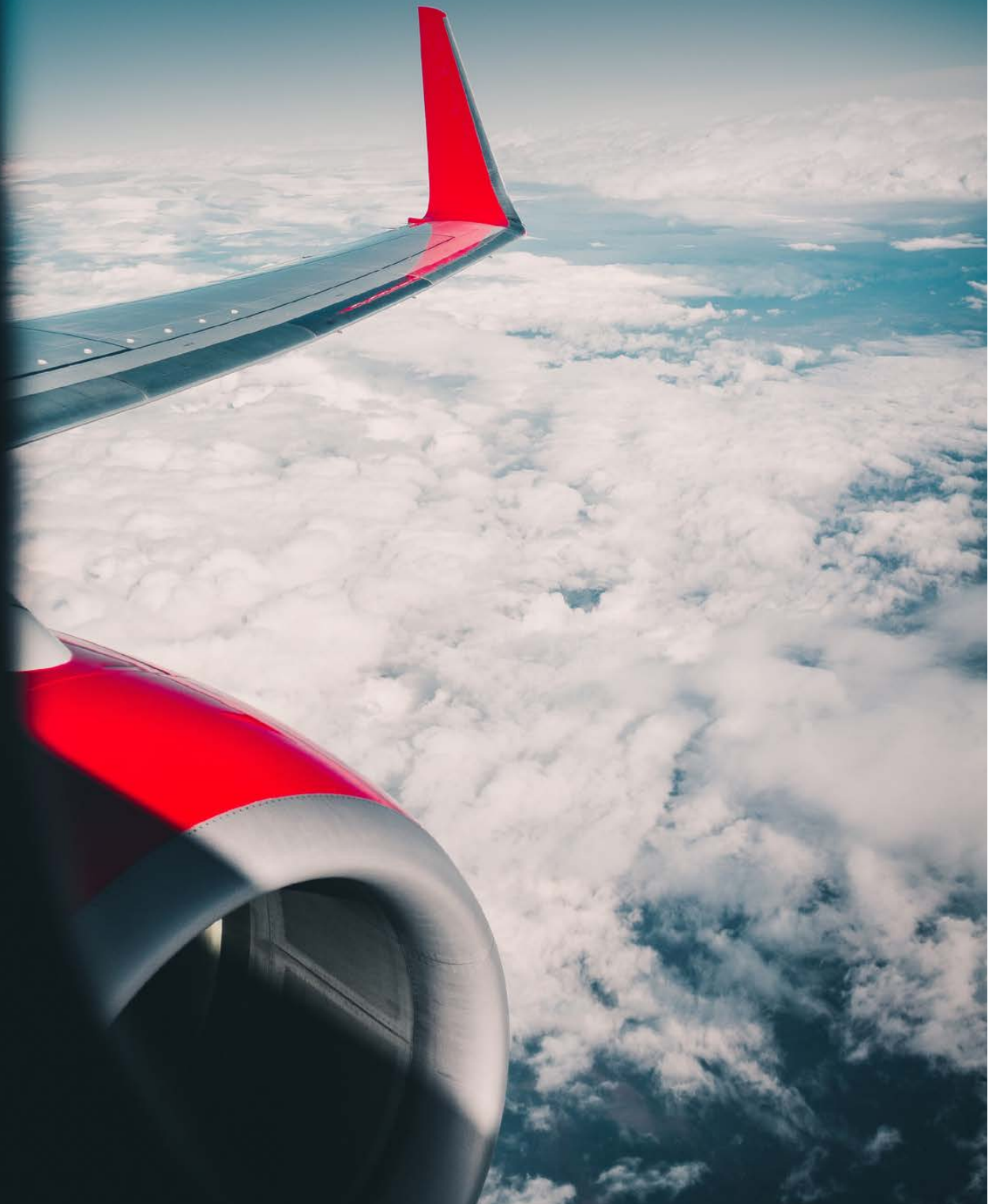
CLEAR AND EQUITABLE POLICY ON MANAGING THE IMPACTS OF AVIATION NOISE

Government policy on noise metrics, noise caps, noise insulation schemes and other noise mitigation policies should be proportional and take into account the unique context of each airport: reductions in noise should be measured in conjunction with other overarching policy objectives in aviation including delivering positive outcomes on carbon, air quality while also delivering for consumers in the form of improved on time performance, maximised safety, and more efficient use of runways. While the industry has de-coupled the growth in traffic from the growth in noise footprints, the issue is sometimes not helped by the building of new housing developments around airports. Clear and enforceable planning controls would ensure that investments made by industry to reduce aircraft noise does in fact result in a reduction in people exposed to noise and any associated health impacts.



THE GREATEST
CHALLENGE
FACING OUR
SECTOR TODAY
IS OUR NEED TO
DECARBONISE,
PARTICULARLY
IN LIGHT OF
THE PARIS
AGREEMENT
AND THE
UK'S RECENT
COMMITMENT
TO NET ZERO
EMISSIONS BY
2050.

INTERNATIONAL
CONNECTIVITY IS A
CORNERSTONE OF
A GLOBAL TRADING
NATION.



PRIORITY 2: THE UK'S EXIT FROM THE EUROPEAN UNION



International connectivity is a cornerstone of a global trading nation. Aviation is one of the principal ways such connectivity is facilitated – it provides the infrastructure that allows goods and services to flow freely and is a pre-condition for the success of trade agreements. However, aviation does not itself form part of the World Trade Organisation system. Instead, countries negotiate bilateral or multilateral air services agreements to provide airlines with the legal rights to fly to certain places. These can be very restrictive (e.g. one flight a week to a specific airport only) or very liberal (anywhere at any time).

The UK currently has agreements with 155 countries. The AOA supports the stated Government policy of a liberal air service agreement with the European Union and would like to see an agreement which is as close to the pre-Brexit status quo as possible. The current no-deal contingency plans, from both the EU and the UK, are adequate in securing basic connectivity for a time-limited period. However, the AOA hopes that, whatever the outcome of the future political and economic relationship with the European Union, both parties will be able to come to an agreement that goes further and deeper than basic connectivity, reflecting the interdependent, symbiotic nature of the UK and EU aviation markets and historical granting of aviation freedoms between the two jurisdictions.

The ability to fly anywhere at any time

In the past, air transport was a heavily regulated industry, dominated by national flag carriers. The UK was a leader in the drive to liberalise this market, with success: the creation of the EU Single Aviation Market in the 1990s removed all commercial restrictions for airlines flying within the EU, such as restrictions on the routes, the number of flights or the setting of fares. As a result, all EU airlines may operate air services on any route within the EU, including domestically within an EU country. The UK also has access to the EU's external aviation agreements, most importantly the 2008 EU-US Open Skies Agreement that enables any EU or US airline to fly any transatlantic

route, which especially benefitted connectivity from the UK.

This liberalisation spurred the creation of many new routes as well as the rise of low-cost carriers. As a result, passengers can now fly to more destinations than ever, for lower fares. To protect the progress made, the next Government should:

- Negotiate a liberal UK-EU air services agreement post-Brexit

The AOA welcomed the previous Government's replacement of EU-negotiated air service agreements with third countries with UK bilateral agreements. Particularly the completed agreements with the United States and Canada provided much needed confidence for passengers in booking. The next Government should ensure that they continue to provide consumer confidence while negotiating a new UK-EU air services agreement that includes liberal aviation freedoms.

- Ensure continued UK participation in essential European agencies

The UK should seek membership of the European Aviation Safety Agency (EASA) and continue close cooperation with the EU on security and air traffic management to enable the easy flow of traffic between the UK and EU.

- Pursue some of the opportunities presented by the departure from the EU

Leaving the EU would present an opportunity to review EU aviation regulations to identify if there are areas where changes in regulation could deliver better results for the UK and passengers. This could include state aid rules in relation to Public Service Obligation routes, leaving the UK more freedom to better connect regional airports. Another example would be the removal of the double Air Passenger Duty paid on both UK domestic outbound and return flights as well as a return of duty-free sales for passengers travelling to the EU.

UPGRADING UK
AIRSPACE WILL MAKE
IT MORE EFFICIENT. IT
WILL DELIVER MORE
PRECISE AND MORE
DIRECT ROUTES, LESS
DELAYS AND LESS
CONGESTION.



PRIORITY 3: AIRSPACE MODERNISATION



The UK is at a critical juncture in history. How we invest, do business and upgrade our national assets will determine whether, as a country, we thrive on the global stage or risk falling behind. Our airspace - our invisible infrastructure in the sky - has a finite capacity but is vital to the success of aviation and the wider economy. Unless modernised, it will not handle the forecast levels of traffic without delays and cancellations. The current airspace route network has not adapted to match the advances in aircraft technology or the significantly increased demand. It is still designed for aircraft that have long since retired, which flew lower and were slower and noisier. It is essential to modernise our airspace to match the capability of today's aircraft.

The need for change is realised globally: the advances in aircraft and air traffic control technology now mean that other countries are pressing ahead with upgrading their systems, while our airspace - which was designed in the 1950s - leaves us lagging behind. We have seen what has happened across the country when our roads and railways are ignored. Given the importance of our reputation for trade and business, we cannot afford to make the same mistake with our airspace.

Upgrading UK airspace will make it more efficient. It will deliver more precise and more direct routes, less delays and less congestion. It will mean fewer delays for holidaymakers, business passengers and cargo alike - a more comfortable and stress-free experience for everyone. It will also provide greater certainty on the location of aircraft and greater predictability for local communities, including opportunities for planned breaks, or respite.

UK airports understand that the airspace modernisation programme will require a hitherto unreached level of cooperation between them, National Air Traffic Services (NATS), and the Government. The interdependence of airspace in

the South East of England places a coordination burden on all stakeholders. The AOA welcomes the progress made in setting up an Airspace Change Organising Group (ACOG), which will support the coordination necessary for modernisation. It is crucial that the decisions made by ACOG are focused on national benefit and are not overly influenced by any one stakeholder.

UK airports and the wider aviation industry still has a significant concern about the time taken for airspace change processes (ACPs) and the ability of the Civil Aviation Authority to resource and manage ACP applications. This is one of the main responsibilities of the CAA and needs to be urgently addressed. In fact, the current global lack of resourcing in air traffic control (ATC) and airspace skills could present the UK with an opportunity. With the right level of support from the Government, the UK could become a global leader in air traffic management education and lead the way in tackling the skills shortage. Rather than just providing support to industry-led solutions, government could take a proactive approach, funding apprenticeships, subsidising training courses and establishing a framework or roadmap for the future success of the UK ATC industry.

A new Government should:

- Continue its sponsorship, in partnership with the Civil Aviation Authority, of the national airspace modernisation programme and ensure the delivery of a stable long-term noise and airspace policy which sets out a vision for a modernised UK airspace that provides clear guidance on the balance of priorities in airspace design.
- Invest in apprenticeships and training courses to help the UK become a global leader in air traffic education, leading the way in tackling the skills shortage.

AS AROUND 75%
OF VISITORS TO
THE UK ARRIVE BY
AIR, PROVIDING
A SAFE, SECURE
AND SEAMLESS
JOURNEY THROUGH
IMMIGRATION IS
VITAL FOR UK
COMPETITIVENESS.



PRIORITY 4: A SECURE BUT WELCOMING UK BORDER REGIME



Airports have invested in their terminals and staff to deal with pressures on airport infrastructure and to accommodate the record growth in passengers. These pressures have also been felt at the border, where Border Force is responsible for managing the intake.

As around 75% of visitors to the UK arrive by air, providing a safe, secure and seamless journey through immigration is vital for UK competitiveness. Airports have done what they can to improve facilities at the border. There has been significant investment to adapt border halls to manage queues better, to provide the infrastructure necessary for e-passport gates and to purchase additional e-passport gates beyond what the Government is able to provide.

However, despite this investment by airports, queue lengths at passport control have grown over the past few years. Airports have seen longer queues at peak times, going beyond the target waiting times of 25 minutes for UK/EEA/Swiss citizens and 45 minutes for citizens from all other countries. This is often hidden in official statistics because these peak queues are averaged out by the quiet times. Passengers have, however, felt the impact as complaint logs at airports and media coverage of queues at the border has shown.

It is right that the UK has a secure but welcoming border. It is in the national interest to have a well-resourced Border Force that can cope with increased passenger flows and the changing nature of the security threat to the UK. At the same time, it is in the country's strategic interest to have a smooth and short transition through the border for passengers, demonstrating the UK is open for

business. It was welcome that the Government recognised this and extended eligibility for ePassport Gates to citizens from a number of the UK's global partners (Australia, Canada, Japan, New Zealand, Singapore, South Korea and the US), which has helped keep waiting times down in 2019.

However, there is more that can and must be done. That is why the new Government should:

- Provide additional resources to Border Force to ensure that it is better equipped to deal with increased passenger numbers, particularly at peak travel times.
- Work together with industry to set out a five-year assessment of need that takes account of continued passenger growth and collaborate on the necessary smart solutions at the border, taking advantage of Border Force's planned digital transformation.
- Work with industry to adapt current performance measurement to better reflect passenger experience at the border, ensuring that the border is perceived as secure but welcoming. This should focus on reviewing the current Service Level Agreements, taking more of a risk-based approach to ensure they are robust and better balance security and service at the border; this should include the introduction of port-specific targets.
- Work with industry to adapt the border regime appropriately following Brexit, ensuring that EU passengers can continue to benefit from short queues and facilitating the UK's new relationship with the European Union.



PRIORITY 5: A MORE GLOBALLY COMPETITIVE AIR PASSENGER DUTY

As the UK leaves the EU, it will need a competitive aviation sector to ensure that British business can take advantage of the opportunities Brexit brings, both in existing and emerging markets. UK Air Passenger Duty (APD) is among the highest in the world. This poses a problem for UK airports, as airlines have a choice as to where they put new routes or expand existing ones. UK airports compete to attract airlines against airports in neighbouring countries with no or much lower taxes, putting the UK at a disadvantage.

APD is the highest aviation tax levied on passengers in the EU. Just six EU countries levy a similar tax, but with substantially lower rates. Countries such as Ireland, the Netherlands, Belgium and Denmark have abolished their equivalent tax, citing the negative effect it had on competitiveness, connectivity and the wider economy. Austria halved its aviation tax from 1 January 2018 to increase the attractiveness of Austria as a business and tourist destination and to secure the future of Vienna Airport as an international aviation hub.

When compared with member countries of the OECD, the UK has the highest tax for long-haul destinations for travel in any class. The UK is ranked 140th out of 140 countries in the price competitiveness rankings, which includes air ticket taxes and charges, of the 2019 World Economic Forum travel and tourism competitiveness report. This is a fall from two years ago, when the UK was near (133rd out of 136 countries) but not at the bottom of the list.

The high rate of APD harms the UK's competitiveness and helps to explain why the UK has less connectivity to China, Japan, Brazil and South Korea than Germany or France have. While we have a mature market for aviation, with our geographic location favouring travel by air, and while passenger numbers are growing at a healthy pace, high APD holds the UK back in terms of the number of destinations to which passengers can fly. This is underlined by 2018 and 2019 international connectivity reports by ACI Europe, the European trade association for airports, which shows the UK's direct connectivity declining – the only major economy to see a decline two years in a row.

That is why the British Chambers of Commerce has described APD as a 'tax on global traders'. APD penalises British businesses travelling abroad from UK airports seeking to develop new trade links, both by increasing their cost of travel and by limiting their potential destinations. With most air freight travelling in the belly of passenger planes, limits on direct destinations also make exports more expensive and more difficult.

The new Government should reduce APD by 50% to bring it into line with our competitors, ensuring that the UK is 'Brexit ready'. Reducing APD would allow the UK to be more competitive, boosting UK economic growth.



AS THE UK LEAVES
THE EU, IT WILL NEED
A COMPETITIVE
AVIATION SECTOR
TO ENSURE THAT
BRITISH BUSINESS
CAN TAKE
ADVANTAGE OF THE
OPPORTUNITIES
BREXIT BRINGS



ABOUT THE AOA

The Airport Operators Association (AOA) is the trade association that represents UK airports. Its mission is to see UK airports grow sustainably. The AOA represents the views of UK airports to Government, Parliament and regulators to secure policy outcomes that help deliver its mission. It represents more than 50 UK airports in the UK.

For further details please contact:
Jeff Bevan, Policy & Public Affairs Officer

Airport Operators Association
3 Birdcage Walk,
London
SW1H 9JJ

Tel: 020 7799 3171
Email: jeffbevan@aoa.org.uk
Website: www.aoa.org.uk