

Connectivity, Growth, and Net Zero

A manifesto for sustainable air travel



UK airlines' priorities for the next Parliament

Summary



Lead the Transition to Net Zero Carbon Flight:

Sustainable Aviation Fuels – making more and cheaper SAF available to ensure fuel supplier compliance with the mandate and protect consumers

- > Introduce primary legislation for a Government-backed SAF revenue support mechanism to unlock private investment in UK production, in the first King's Speech of the next Parliament – whilst bringing forward the published SAF delivery plan to meet the Government commitment of having five SAF plants under construction by 2025
- > Protect passengers from the risk of higher ticket prices by reducing the cost of available SAF in the UK to bring it closer to the cost of jet fuel – with support at least in proportion to that being provided to EU airlines by the European Union via Emissions Trading Scheme revenues

Hydrogen

- > Commit to a 10-year programme of funding for hydrogen aviation R&D support through the Aerospace Technology Institute, beyond 2030, alongside policy stability to support airlines and airports in making the significant investment in hydrogen flight needed in the 2030s and 2040s
- > Ensure that the CAA is effectively resourced to lead on the development of hydrogen-related certification processes, standards and procedures and enable safe and timely entry-into-service
- > Agree a strategic plan to ensure sufficient low carbon electrical and hydrogen generation is in place to power UK aviation's transition to net zero, including to produce hydrogen as both a feedstock and direct fuel, and to power carbon capture and storage

Airspace Modernisation

- > Complete the Airspace Modernisation Programme by the end of the current decade, reducing delays for passengers, boosting capacity, and cutting carbon and noise pollution



Keep the UK a Competitive International Aviation Hub:

Ensure that policies are aligned to maintain the UK as an internationally competitive place to base and run an airline:

- > Undertake a formal Government review into the economic regulation of Heathrow Airport and NATS (En Route) plc
- > Update passenger rights legislation to provide greater clarity for consumers and create a more proportionate system that strikes a fair balance between strong consumer protection and affordability
- > Support sustainable aviation growth including affordable airport expansion, making best use of existing capacity and through consistency with international guidelines and best practice on allocation of airport slots
- > Apply the Balanced Approach to Aircraft Noise Management to protect the role of cargo and passenger night flights critical to our 24-hour, global economy whilst minimising the impact of aircraft noise
- > Transform the passenger experience at the border using automation, technology, and data in close consultation with the sector. Engage with EU member states to ensure the smooth introduction for UK citizens of the EU Entry & Exit System and then the European Travel Information and Authorisation System
- > Reduce the cost of a five-year visitor visa to the UK to bring us into line with international competitors such as the United States and EU, and remove the requirement for passengers transiting the UK to purchase an Electronic Travel Authorisation
- > Maintain a level competitive playing field by ensuring new legislative and regulatory requirements from Government or the CAA apply to all airlines, not just UK-based carriers, unless inappropriate



Ensure airlines can recruit the people they need from any background:

- > Encourage the next generation of diverse aviation professionals by removing VAT on pilot and ATC training, enabling student loans or other self-funded options to be used for courses, and allowing the use of Apprenticeship Levy funds for training
- > Introduce mutual recognition of pilot and engineer licences between the CAA and EASA

Foreword

by Tim Alderslade

The second half of this decade is set to be a transformational one for UK airlines. The pandemic hit global aviation hard and it is testament to the resilience of our industry that today UK airlines look ahead with renewed confidence, whilst continuing to make a major positive difference in the lives of the UK travelling public and for our globally connected economy, linking the UK to hundreds of destinations, and bringing together our home nations and regions.

We are though, at a crossroads. Whilst demand for aviation grows across society - to meet friends and family across the UK and overseas, for leisure, and from business travellers and British exporters, we know that aviation can only grow to meet this demand if we stay competitive as a global hub in the face of growing international competition, whilst cutting our carbon emissions to net zero at the same time.

This is a huge challenge, but a bigger opportunity. The next parliament can put UK aviation on an irreversible path to net zero, creating new jobs in green industries whilst enabling UK airlines to continue to act as a growth engine for the wider UK economy. The prize is significant - not only the 400 local jobs supported by each and every aircraft based here in the UK, and the over one million jobs that rely on UK aviation, but also the thousands of new, high-skilled jobs up for grabs in those industries that will power our net zero transition, from sustainable fuel production across the country to those involved in making zero-emission commercial aviation a reality from the end of this decade.

Realising this potential for our country requires political ambition and clear-sighted policies which recognise that in today's highly competitive global economy, we cannot take the UK's position as a world-leader in aviation for granted. We should, however, take confidence from our history as a pioneering aviation nation and the strength of our airline community.

This manifesto sets out how Government, working together with industry, can deliver connectivity, growth and net zero, driving down our environmental impact whilst grasping the new economic and social opportunities there for the taking.

Tim Alderslade
Chief Executive



Why UK airlines matter

Airlines based in the UK, at hubs or home airports, bring huge value to the whole of the UK, not just for leisure travel but also for UK businesses and companies trading overseas. They deliver better connectivity for UK travellers and exporters, and support as many as four times the number of jobs in local communities compared to airlines flying to the UK from home bases overseas.

This is why we must keep the UK a competitive place to base and grow our airline sector, and make demonstrable progress on its path to net zero carbon emissions.

400 

JOBS SUPPORTED BY
BASED UK AIRCRAFT

Each UK-based aircraft directly supports **400 jobs** and **£27m UK GVA** compared to **100 jobs** and **£7m GVA** where overseas aircraft operate UK routes

- > Every two additional departing flights added by a based aircraft create another job in the wider UK economy¹



76,000

JOBS GENERATED
BY UK AIRLINES

The UK airline industry directly generates **76,000 jobs**²

- > Over a quarter of all UK parliamentary constituencies in Great Britain have more than **1,000** people employed in aviation jobs
- > **60%** of constituencies in Britain have **500** or more residents working in aviation - well-paid jobs, with average salaries between **22% – 60%** above the national average



20 million

OVERSEAS VISITORS
TRANSPORTED PER YEAR

UK airlines transport around **20 million** overseas visitors per year to the UK who spend **£14 billion**

- > Taking total UK jobs supported by UK airlines to over **1 million**



73%

INTERNATIONAL
CONNECTIVITY

UK-based aircraft provide the significant majority of the UK's unique international connectivity (**73%**) as well as serve **85%** of international routes and all domestic routes



800,000

TONNES OF
AIR CARGO

Airlines with a UK operating certificate carry nearly **800 thousand tonnes** of air cargo annually

- > Contributing to the **40%** of the UK's non-EU trade by value carried onboard aircraft³



60%

OF UK'S TRADE
VALUE WITH USA

Around **60%** of the UK's trade value with the USA is transported by air

- > Compared to **51%** for France and **36%** for Germany



£87.3 billion
of GVA

£87.3 billion of GVA is currently dependent on air freight exports

1

Lead the Transition to Net Zero Carbon Flight



Lead the Transition to Net Zero Carbon Flight

We are calling for the following actions to help ensure UK airlines are leading the transition to net zero air travel:



Make more and cheaper Sustainable Aviation Fuel available to ensure fuel supplier compliance with the mandate and protect consumers

- > Introduce primary legislation for a **Government-backed SAF revenue support mechanism** to unlock private investment in UK production, in the first King's Speech of the next Parliament – whilst **bringing forward the published SAF delivery plan** to meet the Government commitment to having five SAF plants under construction by 2025.
- > Protect passengers from the risk of higher ticket prices by **reducing the cost of available SAF in the UK** to bring it closer to the cost of jet fuel – with support at least in proportion to that being provided to EU airlines by the European Union via Emissions Trading Scheme revenues.



Make hydrogen in aviation a reality

- > Commit to a **10-year programme of funding for hydrogen aviation R&D support through the Aerospace Technology Institute**, beyond 2030, alongside policy stability to support airlines and airports in making the significant investment in hydrogen flight needed in the 2030s and 2040s.
- > **Ensure that the CAA is effectively resourced** to lead on the development of hydrogen-related certification processes, standards and procedures and enable safe and timely entry-into-service.



Agree a strategic plan to ensure sufficient low carbon electrical and hydrogen generation is in place to power UK aviation's transition to net zero

- > Including for the production of hydrogen as both a feedstock and direct fuel, and for carbon capture and storage.



Complete the Airspace Modernisation Programme by the end of the current decade

- > Reducing delays for passengers, boosting capacity and cutting carbon and noise pollution.

The second-half of this decade has the potential to set UK aviation on an irreversible path to net zero through achieving critical milestones.



10%
MANDATED
SAF USAGE

There will be a Government mandate for **10%** SAF usage by 2030, increasing to 2050



10,000
JOBS TO
GENERATE

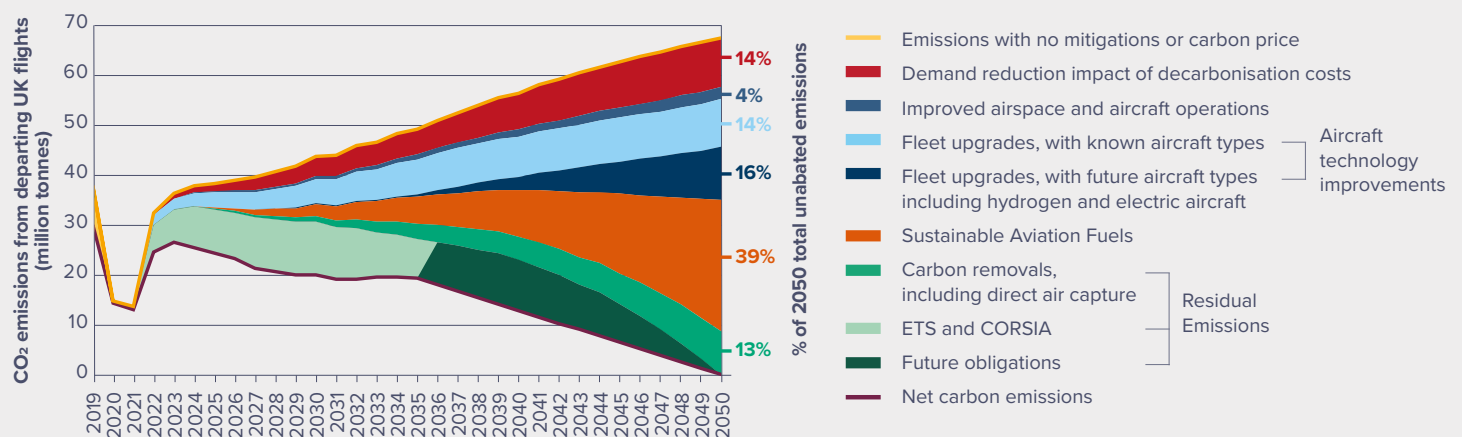
A UK SAF industry could generate an estimated **10,000** new jobs by 2030 and nearly **£2bn** in GVA per annum



1st
ZERO-EMISSIONS
AIRCRAFT

By 2030, the first **zero emissions aircraft** could be operating some domestic routes in the UK

The UK aviation industry's **Net Zero Carbon Road-Map**⁴ (see below) shows that by 2050, the UK aviation industry can deliver net zero carbon emissions compared with a scenario of growth at today's efficiency:



We know that aviation can only grow to meet rising demand if we stay competitive as a global hub whilst cutting our carbon emissions to net zero. This is a huge policy challenge - but an even bigger opportunity. No single technology will deliver net zero on its own and we cannot afford to pit one technology against another. We need four things from Government:

- Completion of the airspace modernisation programme by the end of the decade
- Access to as much SAF as possible at a reasonable cost for consumers
- Investment in hydrogen and other zero emission technologies like hybrid electric
- And development of a GGR sector so it becomes a credible and viable way to remove carbon

Aviation policy needs to focus on every pathway from day one, building on the real progress made including the announcement of further matched R&D funding to the

Aerospace Technology Institute out to 2031, the over £150m delivered to support domestic SAF production through the Advanced Fuels Fund, and the establishment of a UK SAF clearing house. However, much still needs to be done. Airlines support the SAF mandate as a key driver of demand for SAF, provided the cap on HEFA-based SAF is increased or deferred until advanced second generation SAF starts to be produced later in the decade, but alongside this we need a Government-backed revenue certainty mechanism delivered urgently so there is alignment between it becoming law and the commitment to having 5 UK SAF plants under construction by 2025.

In the absence of UK production of more advanced SAF, the mandate could prove impossible to deliver without high levels of 'buy-out' by suppliers - meaning higher emissions and price spikes for consumers. By contrast, the prize if we get net zero right – across all the pathways – will be enormous, with tens of thousands of jobs on offer in all regions and nations of the UK, energy security for the whole country, reduced reliance on imports, and lower bills for consumers.

Making the UK a Competitive International Aviation Hub



Making the UK a competitive international aviation hub

We are calling for the following actions to ensure that policies are aligned to maintain the UK as an internationally competitive place to base and run an airline:



Government review

ECONOMIC REGULATION

Undertake a formal Government review into the economic regulation of **Heathrow Airport and NATS (En Route) plc**.



Consumer protection

PROVIDE CLARITY

Update passenger rights legislation to provide greater clarity for consumers and create a more proportionate system that strikes a **fair balance between strong consumer protection and affordability**.



Sustainable growth

MAKING BEST USE

Support sustainable aviation growth including **affordable airport expansion**, making **best use of existing capacity** and through consistency with international guidelines and best practice on **allocation of airport slots**.



Balanced Approach

AIRCRAFT NOISE MANAGEMENT

Apply the Balanced Approach to Aircraft Noise Management to **protect the role of cargo and passenger night flights** critical to our 24-hour, global economy whilst **minimising the impact of aircraft noise**.



Passenger experience

BORDER TRANSFORMATION

Transform the passenger experience at the border **using automation, technology and data** in close consultation with the sector. Engage with EU member states to ensure the smooth introduction for UK citizens of the EU Entry & Exit System and then the European Travel Information and Authorisation System.



UK visitor visas

REDUCE THE COST

Reduce the cost of a five-year visitor visa to the UK to **bring us into line with international competitors** such as the United States and EU, and remove the requirement for passengers transiting the UK to purchase an Electronic Travel Authorisation.



Level playing field

LEGISLATIVE & REGULATORY

Maintain a level competitive playing field by ensuring new legislative and regulatory requirements from Government or the CAA **apply to all airlines**, not just UK-based carriers, unless inappropriate.

A thriving UK-aviation hub that delivers value for UK consumers whilst boosting the wider UK economy requires a competitive and resilient economic and regulatory environment. We have seen how recent disruption to UK air traffic control caused significant delays and flight cancellations, costing UK airlines millions of pounds - money they cannot claim back. And despite the CAA ordering Heathrow to cut the charges it levies on airlines, bringing down the cost of using the airport for consumers, charges are still too high at what remains the most expensive airport in the world.

Going forward, it is essential that the economic regulation of the UK's monopoly service providers on which airlines depend like NATS, as well as the UK's only hub airport at Heathrow, is reviewed to help ensure they are delivering value for UK travellers and are keeping the UK's aviation market internationally competitive.



£100m

TECHNICAL FAILURE COST

The technical failure by the monopoly provider of **UK air traffic control, NATS, in August 2023** cost airlines over £100m⁵



639,000

JOBS SUPPORTED

By 2050 UK airlines could to be directly supporting over **629,000 jobs**, and **£41 billion of GVA** if forecasted demand for aviation can be met

Facilitating growth as we decarbonise and to meet expected demand for air travel will require affordable airport expansion, and making best use of existing runways and capacity. It also means supporting airlines' ability to fly at night, capacity that is critical to meeting consumer preferences and growing public demand for express freight services.



£16.5 billion

GENERATED FROM NIGHT FLYING

Night flying in the UK is estimated to generate a total of **£16.5 billion of GVA** and approximately **213,200 jobs** across the UK⁶



31 million

PASSENGERS AT NIGHT

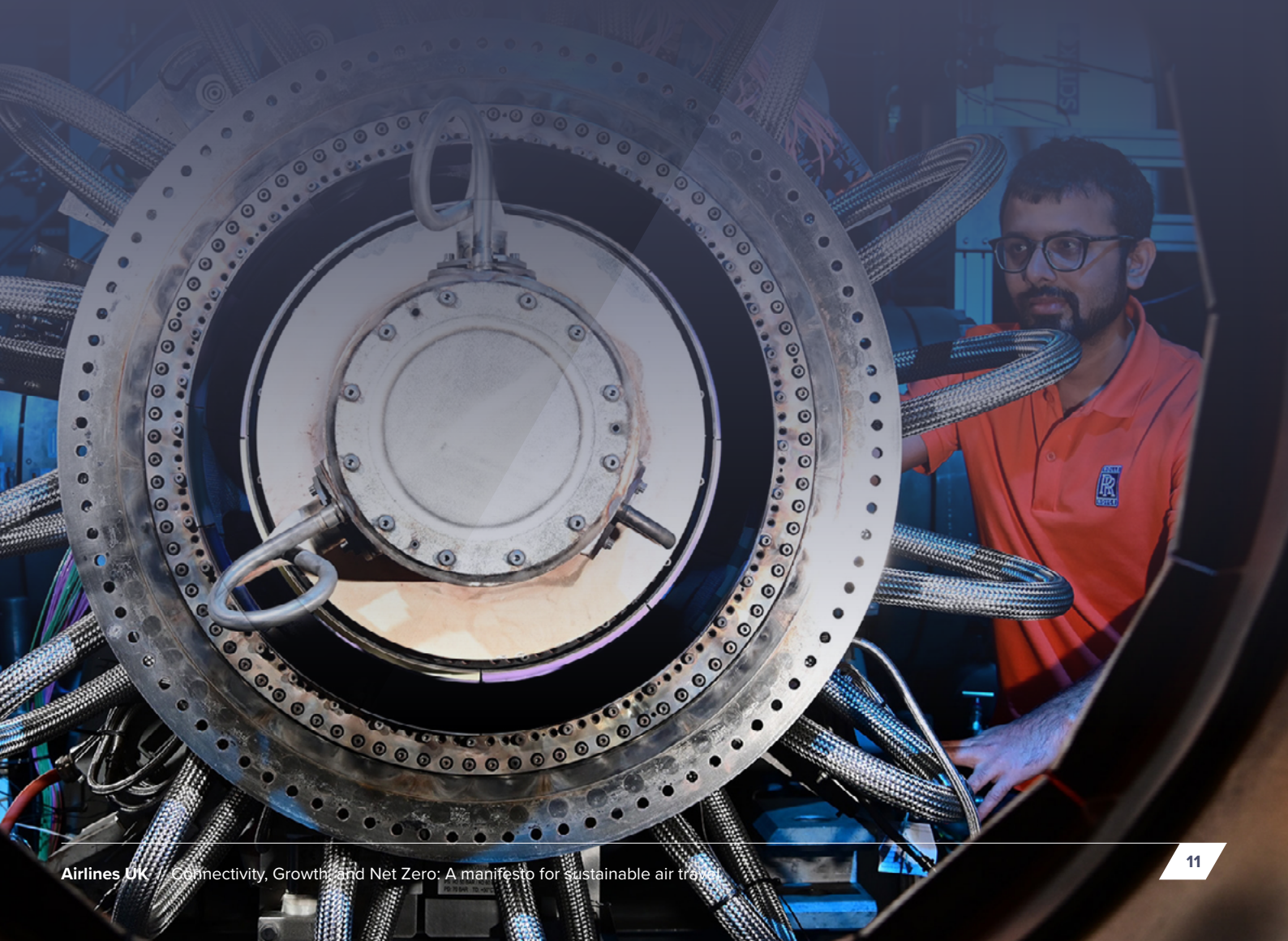
Approximately 31 million passengers **arrive at or depart UK airports during the night**, and nearly 600,000 tonnes of air cargo are moved

Airlines recognise the vital need to manage the impacts on local communities of noise, particularly at night. As with carbon emissions, there has been significant progress reducing the noise impact of aircraft through the introduction of newer, quieter aircraft. Going forwards, Government must apply the ICAO Balanced Approach to aircraft noise management, to protect the role of cargo and passenger night flights whilst minimising the impact of aircraft noise on communities.

Passengers are at the heart of a competitive aviation sector. However, travellers to and from the UK are increasingly facing additional cost barriers that risk driving growth from the economy, including uncompetitive visa costs for visitors and new requirements for passengers transferring through the UK to gain an Electronic Travel Authorisation that is not required by competitor European hubs. The next Government should address these costs to make the UK a more attractive place to visit and spend money, in what is a global market for travel.

It is right that passengers are compensated for the inconvenience of a cancelled or significantly delayed flight, when an airline is responsible. However the rules that govern compensation are not fit for purpose, being applied differently to originally intended, particularly around the definition of "extraordinary circumstances", causing confusion for passengers and airlines alike. Airlines UK supports a review of UK 261 to make the rules fairer, clearer, and easier to apply, along the lines previously proposed at EU-level and supported at the time by the UK Government.

Ensuring airlines can recruit the people they need from any background



Ensuring airlines can recruit the people they need from any background

- > Encourage the next generation of diverse aviation professionals by **removing VAT on pilot and ATC training**, enabling student loans or other self-funded options to be used for courses
- > **Update Apprenticeship Levy** to enable employers to overcome existing barriers to use apprenticeship funding for pilot and ATCO training
- > Introduce **mutual recognition of pilot and engineer licences** between the CAA and EASA

Today the costs to train as a commercial pilot are in the region of £100,000 including VAT. This results in pilot training being accessible only to those from wealthier backgrounds, leading to a narrowing of the diversity and inclusivity achieved within the UK pilot community, and limiting the number of pilots being trained.

Of **15,295 holders of CAA-issued commercial pilots' licences** between the ages of 18 and 64, only;



2,954

UNDER THE AGE
OF 30

whilst



3,503

BETWEEN THE AGES
OF 51-64



£100,000+

COST TO TRAIN
AS A PILOT⁸

The UK is uniquely disadvantaged in that we charge VAT on flight training and unlike for other vocations, student loans are inaccessible to pilots and Air Traffic Controllers. Moreover, it has proven too difficult to align an apprenticeship accreditation with the UK CAA-issued pilots' licences, whereas a more flexible levy would also allow airlines to better support things like pilot training, which costs significantly more than the £27k maximum under the scheme. Removing VAT on pilot training, enabling self-funded options to be used for courses and allowing the use of Apprenticeship Levy funds for training are straightforward ways to help address this problem, and prevent a squeeze on pilot numbers as increasing numbers of pilots head towards retirement age.

Alongside this, we have seen the effects of the Trade & Cooperation Agreement under which UK-licensed pilots and engineers are no longer automatically qualified on EU-registered aircraft, and vice versa. It would be in the interests of all parties across the UK and EU to remove this burden and reintroduce mutual recognition of pilot and engineer licenses, reducing costs and strengthening resilience within the aviation system.



Sources

- ¹ <https://airlinesuk.org/assessment-of-the-strategic-and-economic-importance-of-uk-based-airlines/>
- ² <https://airlinesuk.org/aviation-jobs-in-great-britain/>
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- ⁶ <https://airlinesuk.org/the-economic-impact-of-night-flying-in-the-uk/>
- ⁷ <https://www.caa.co.uk/data-and-analysis/approved-persons-and-organisations/personnel-licensing-statistics/pilot-licence-holders-by-age-and-sex/>
- ⁸ <https://assets.publishing.service.gov.uk/media/64edf28fda8451000d632365/options-for-addressing-the-cost-of-pilot-training.pdf>

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