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AIRLINES UK
THE ASSOCIATION OF UK AIRLINES

UK AVIATION COMPETITIVENESS INDEX

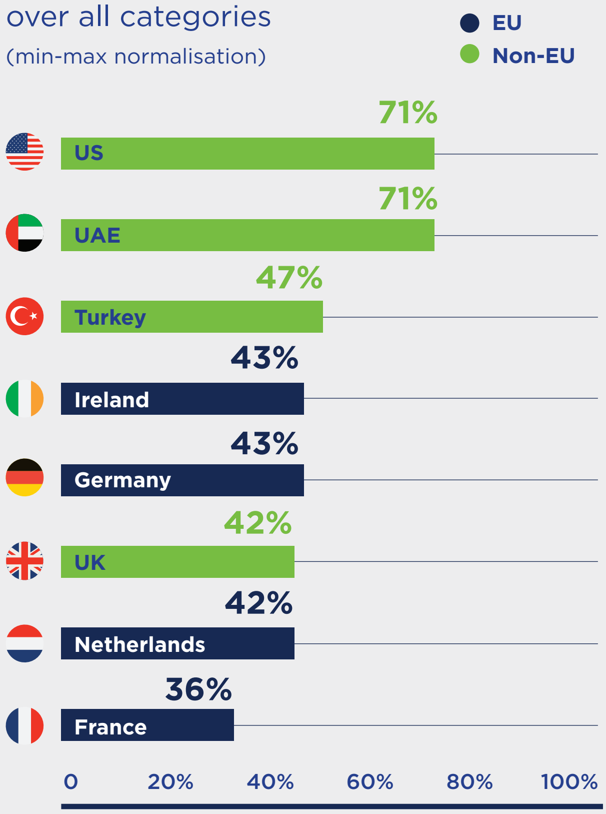
Airlines UK, Airlines for America and AirportsUK jointly commissioned a new study to assess the impacts of present and future cost base pressures on the aviation sector and demonstrate these impacts through a hypothetical illustration of how they would affect the cost of travel if they were passed on in full to the consumer. This included a new cross-country Aviation Competitiveness Index, which places the UK sixth out of eight countries assessed.

THE OVERALL RANKINGS

Airport and Airlines Index

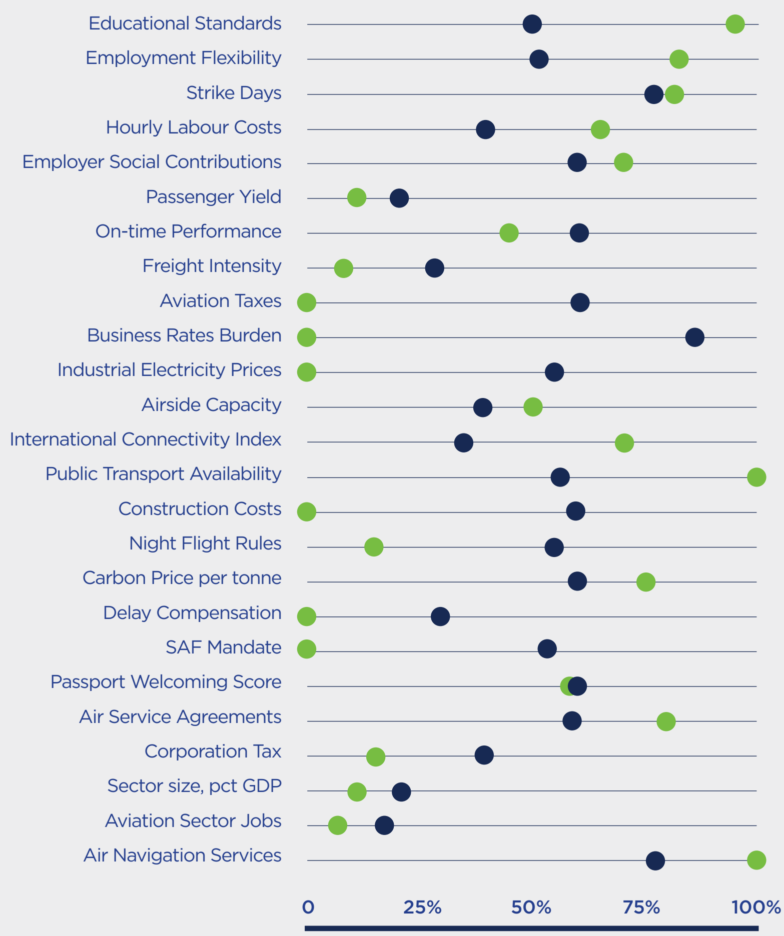
Composite score, averaged over all categories

(min-max normalisation)



UK VS COMPETITOR AVERAGE BY METRIC

Competitors (average)
UK



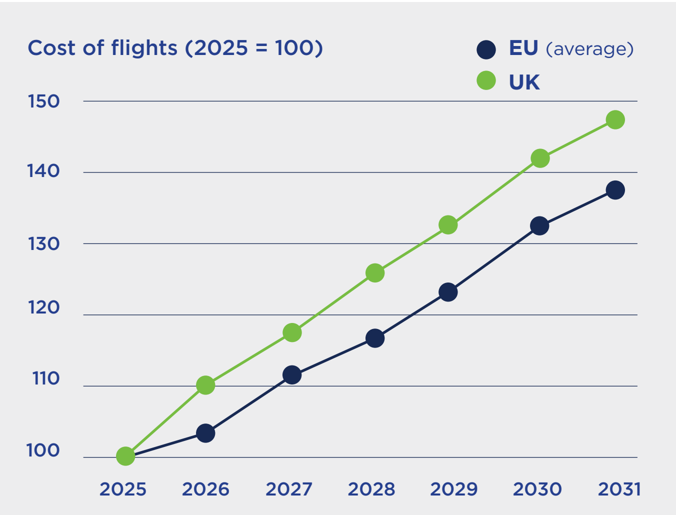
While the UK has real strengths - in skills, connectivity, and border efficiency - these are increasingly offset by a growing cost base including high aviation taxes, punitive business rates and a stricter near-term SAF Mandate, alongside a regulatory environment that constrains growth, including night-flight limits at major airports impacting both cargo and passenger flights.

*Source: WPI Strategy report for Airlines UK, AirportsUK and Airlines for America, The Competitiveness of UK Aviation (2025)

GROWING UK COST PRESSURES

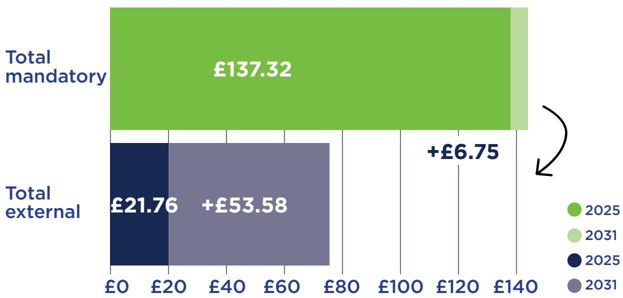
Today the UK is broadly competitive with EU aviation markets but behind non-EU countries like Turkey, the UAE and the United States.

However, whilst not a projection, modelling suggests that due to its more rapidly rising cost base the UK is on course to lose cost competitiveness. This can be seen with the example UK – Cancún route, below.

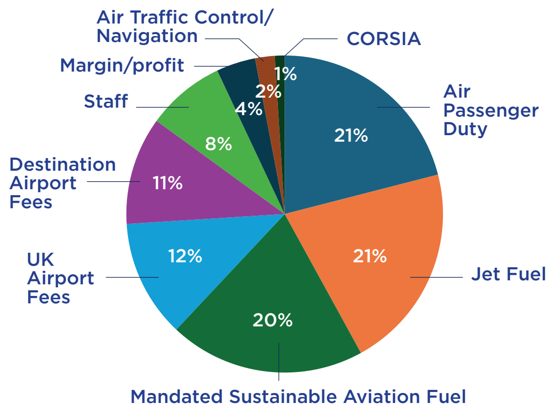


Externally imposed discretionary costs, such as SAF and passenger taxes – as opposed to mandatory costs like staff, navigation charges or conventional jet fuel - account for the greatest share of projected cost growth affecting UK based airlines by 2031. This is reflected in the cost breakdown of future tickets, with examples modelled below for UK flights to Turkey and the United States:

UK – Turkey mandatory vs external costs



UK – US ticket cost breakdown by 2031



For every 1% increase in fares...

Leisure demand is 0.6-1.9% lower

Business demand is 0.2-0.4% lower

For modelled UK - Cancun route, pax costs could increase by 2031:

- SAF +725%
- APD & Tax rises on airports +15%
- CORSIA +206%

Fares could be 4.7% more expensive, per year, than they would have otherwise been.

Externally-imposed costs now comprise 29.3% of the ticket price

15-44%

Lower demand*

*Pertains to inbound travel demand to the UK from abroad. Not a fall in absolute numbers - but fewer arrivals than there would have otherwise been.

If this scenario was replicated across every UK route... then

2.4-7.8m

fewer inbound leisure

330-620k

fewer business travelers

£3.2-9.9bn

decrease in spending from foreign travelers (business & leisure combined)

£1.1-2bn

decrease in FDI

£2.8-5.2bn

decrease in exports

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