

2006: The Year of the Aviation Review



A publication from AirportWatch

Rarely has a Government White Paper received such constant criticism as the Aviation White Paper. AirportWatch looks at the evidence that has mounted up which proves it is time for the Government to change course when it reviews its White Paper at the end of this year.

Decision Time for Aviation

In its 2003 White Paper the Department for Transport wrote: “By the end of 2006, we will report progress generally on the policies and proposals set out in this White Paper.” **This commitment to review the White Paper makes 2006 a big year for aviation.**

The Changing Situation

The review gives the Government the perfect opportunity both to rectify the faults in its White Paper and to respond to the changing situation without being accused of doing a U-turn. It was always ambitious to produce a White Paper which covered the next 30 years. But it is already clear that the White Paper has become dated.

This short publication just touches upon the wealth of reports and articles that have been produced which show that current aviation policy is incompatible with government plans to tackle climate change; that the economic reasoning underpinning the White Paper is based on very selective evidence; and that there is good reason to believe that the noise climate will be significantly worse than outlined in the White Paper.

This publication concentrates on two aspects of the White Paper: its flaws which need rectifying; and its out-of-date assumptions. Its purpose is not to discuss the whole gamut of aviation policy. For example, it says little about the impact of airport expansion on surface level transport, local air pollution or biodiversity. It is a call for the Government to produce an aviation policy which is environmentally sustainable, socially progressive and which is based on sound economic principles.

The Government review of its White Paper will send clear signals about the future course of aviation policy.

- **Will the Government listen to expert opinion showing its current policies are incompatible with its commitments to tackle **climate change**?**
- **Will the Government revise its forecasts of passenger numbers in 2030 in light of **rising oil prices**? The White Paper assumed aviation fuel prices would “stabilise at \$25 per barrel in real terms in year 2000 prices”**
- **Will the Government cling to its White Paper assumption that “there will be a 1% reduction per annum in air fares in real terms between 2000 and 2030” in the light of the pressure there would be raise fare levels if the **tax breaks** the industry enjoys were cut back and an effective **emissions trading system** were to be introduced?**
- **Will the Government seriously assess **the potential of rail** to replace growth in short haul flights?**



“There are so many aircraft taking off from the UK that they emit more CO₂ than those from any other country except the United States”

Fly Now, Grieve Later Brendon Sewill (2005)



The evidence is stacking up to change course

Climate Change Evidence

Aviation is the fastest growing contributor to climate change world-wide. The House of Commons Environmental Select Committee has said that the planned expansion of air travel is incompatible with the Government's target of a 60% reduction in CO₂. Below is a sample of what the White Paper's many influential critics have to say....

The Environmental Audit Committee

"The Aviation White Paper actively promotes a huge growth in air travel over the next 30 years. The environmental impact of this - in particular in terms of emissions and the contribution of aviation to global warming - will be massive. The DfT has failed to recognise this adequately or to accept the disparity between its policy on aviation and the major commitments the Government has given to reduce carbon emissions and develop a sustainable consumption strategy. DfT has implicitly adopted a 'predict and provide' approach which is based on assuming a substantial real decrease in the price of air travel. We are emphatically not arguing for a hairshirt approach or 'pricing people off planes'. But we do feel that the DfT, in conjunction with the Treasury, could have used economic instruments more to moderate the forecast increase in growth and to send out a long-term signal to the aviation industry." (1)

The Sustainable Development Commission

"A report published today by the Sustainable Development Commission (SDC) pinpoints a fundamental contradiction between the Department for Transport's Air Transport White Paper and the Government's strategic commitment to dealing with climate change. The SDC makes a number of urgent recommendations in order to safeguard the Government's international leadership in the field of sustainable development and climate change. The Department's White Paper anticipates as many as 400 million people passing through UK Airports by 2020 and 500 million by 2030. Today's figure is less than 200 million. By no stretch of the imagination, or abuse of the concept of 'sustainable transport', can increases of this kind be described as 'sustainable'." (2)

The Tyndall Centre for Climate Change Research

"Unless the Government takes action to reduce the growth in aviation emissions, the industry's emissions will wipe out all the savings that other sectors of the economy could make. If aviation growth continues at the present rate, it could take up the entire emissions budget for all sectors of the EU economy by 2040 and all sectors of the UK economy by 2037. This would mean that schools, hospitals, commerce, houses and industry would not be able to release any emissions if the UK and the EU are to stay within environmental limits." (3)

Conclusion

Current aviation policies make a mockery of the Government's targets to cut greenhouse gases. The Review of the Aviation White Paper needs to face up to this reality. It needs to recognise that new technology will not solve the problem over the next 30 years and that the only option is to scale back its aggressive expansion plans.



The evidence is stacking up to change course

The Social Evidence

Current aviation policy is biased against people on low incomes

Government ministers have regularly argued that they are not prepared to price poorer people off planes. It is clear that cheap fares *have* enabled a lot more people to fly more frequently, but the situation is far more complex than the Government admits. The left of centre research institute IPPR spelt this out in a recent report (4). Although people from the two poorest classes in the UK make up one third of the population, they account for only 11% of people travelling on foreign holidays by air. People from the top three classes take, on average, more than four times as many flights per year than those in the bottom three. And, if the same distribution of flights persist in 2030, the very richest could be taking on average ten return flights a year, the poorest only one. Indeed, the expansion envisaged in the Aviation White Paper is largely accounted for by the projected increase in flying by the top 10% of income earners. (Business trips declined from 23% of total trips in 1997 to 17% in 2004 -further details on page 7). In the words of the IPPR report, “Any tax on aviation to either pay for environmental costs or redress the fiscal imbalance would be entirely progressive.” And, of course, the worst impact of climate change will be on the poorest countries of the world.

The noise climate is set to get worse

If the expansion envisaged in the White Paper goes ahead, the noise climate will get worse. Any modest improvements in the noise produced by individual aircraft will be off-set by the huge increase in the number of aircraft that will be using UK airports. Noise is set to rise around many UK airports, both during the day and at night. The problem of noise will no longer be confined to people living under the flight paths to the bigger airports. As smaller airports expand, noise will become troublesome in these areas also. New flight paths will bring disturbance to many national parks, areas of outstanding beauty and peaceful countryside. There is a wealth of academic evidence from the UK and abroad which points to the physical, psychological and emotional impacts of living with aircraft noise. These are not assessed in the White Paper.

Conclusion

The Government claims to be committed to ‘tackling social exclusion’. It should therefore revise its aviation policy, which favours the rich at the expense of the poor. The Government claims to favour ‘evidence-based’ policies, yet its current aviation policy disregards the hard evidence on the very real problems caused by persistent aircraft noise.

The Potential of Rail

The reader will look in vain for any serious discussion of rail as an alternative to short-haul flights in the White Paper. The evidence, however, is overwhelming that a good rail system could provide an attractive alternative to many flights. High speed rail can be particularly effective:

- During the first 10 months of 2004, EuroStar attracted 68% of the traffic between London and Paris; and 64% on its Brussels route (5).
- The French TGV on average is attracting 90% of the traffic where the train journey is two hours or less; 65% of people at three hours; and a creditable 40% at four hours. If the network were to be expanded, German towns such as Cologne, Dusseldorf, Frankfurt and Stuttgart, could be brought within 3 hours of Paris. Milan and Bilbao would just be 3.5 hours away from Paris (5).

For journeys of around 3 hours city-centre to city-centre rail is winning out. People value the shorter check-in times, the ability to work (or, in the case of children, play) on the trains, the convenience of arriving in the centre of town and the greater reliability of the trains.

“Five, and arguably six of the top ten destinations, Amsterdam, Edinburgh, Glasgow, Paris, Manchester and possibly Frankfurt could potentially be served by high speed rail rather than air, either at present or in the future. These services represent a total of 16.9 mppa – equivalent to 14 per cent of all London airport traffic”. The impacts of air travel on London, published by the GLA 2004

45% of trips in European airspace are less than 500km. This is the sort of distance that a high speed train can cover in less than three hours. Rail noise is less disturbing and its carbon emissions are about 10 times lower than air.

The evidence is stacking up to change course

The Economic Evidence

The Department for Transport tends to see its role as preparing the ground for a successful aviation industry to flourish in the UK. Traditionally, it hasn't challenged the economic claims of the industry. In preparing for the White Paper, it commissioned an economic study (7) from the consultants, Oxford Economic Forecasting (OEF), that was largely paid for by the industry. The brief given to the consultants was one that suited the industry.

Aviation's importance to the economy has been over-estimated

OEF were not asked to factor into their work the environmental costs of aviation, nor the significant tax breaks the industry receives. Nor was any attempt made by government to compare the economic benefits of investing in aviation with those from less subsidised industries. Nor was there any recognition that, in a mature economy, any loss of jobs in the aviation industry would not necessarily mean more people on the dole as those laid off may well get jobs elsewhere as business, with money to spare, invests it in other industries.

What the critics say.....

- **CE Delft**, an independent Dutch consultancy (8), points out that OEF was not asked to carry out a full cost-benefit analysis of airport expansion. It neglected the considerable environmental and social costs, and ignored the tax breaks the industry receives.
- **Berkeley Hanover** (9), **CE Delft** and **IPPR** (4) all argue that OEF is wrong to imply that the number of jobs which might be created by investment in the aviation industry is a reliable indicator of the industry's contribution to the economy (or its impact on Gross Domestic Product). It is wrong to assume people would be unemployed if activity in the aviation sector did not grow. Instead the economy would develop in different ways: budgets and investment may be spent elsewhere, leading to employment and contributions to GDP in other economic areas.
- **The critics** also maintain that OEF over-estimates the number of jobs created. Its report not only includes jobs that would be directly created, but also indirect jobs (such as those in new cafes to serve an expanded airport) and induced jobs (such as those allegedly created in, for example a furniture store, as new workers spend their money on new furniture). To include induced employment in their figures is plainly ludicrous as, if all industries did the same, the number of jobs in the UK would vastly exceed the number of people in the workforce!
- **Professor John Whitelegg** (10) questions the assumptions OEF makes about the relationship between new transport infrastructure (such as a new runway) and economic development. Whitelegg points out that the government-commissioned SACTRA Report (11) which considered all types of transport investment, found that in a mature economy, such as the UK, any increase in economic growth from improved transport is likely to be modest and that, in any case, new infrastructure can lead such economic activity out as well as bring it in. Yet, in preparing for its Aviation White Paper, the Department for Transport ignored SACTRA – widely regarded as one of the most authoritative reports of its kind in Europe.
- **Friends of the Earth** highlight the huge deficit in aviation tourism – the difference between what Britons spend abroad and visitors spend in this country (12). In 2004 it amounted to £15 billion, (£18 bn if the deficit in Air Transport Services in included—table opposite) with every region in the country in deficit except London (where there was a small surplus). On current trends, the deficit will reach £30 billion by 2020. OEF acknowledges a tourist deficit, but fails to factor it into its calculations. The White Paper hardly mentions it.

There is a huge -and growing - trade deficit in air travel

The number of passengers -notably those travelling on leisure - has soared in recent years. So too has the UK trade deficit in air travel. Details in the table below.

The Growing Air Travel Trade Deficit			
Millions of trips			
	1997	2004	% Increase 97-04
Overseas trips by UK residents	30.3	50.4	66%
of which			
leisure	24.7	43.8	77%
Business	5.5	6.6	18%
Trips to the UK by foreign residents	16.8	20.0	19%
of which			
leisure	11.6	14.4	24%
Business	5.2	5.5	6%
Total trips	47.1	70.4	49%
of which			
leisure	36.4	58.2	60%
Business	10.7	12.1	13%
Expenditure (£ billions)			
	1997	2004	% Increase 97-04
Overseas expenditure by UK residents	13.4	25.8	93%
Expenditure in UK by foreign residents	9.9	11.0	11%
Difference: outward v inward spend	-3.5	-14.8	325%
Add UK Deficit on Air Transport Services	-1.5	-3.2	116%
Total Balance of Payments Deficit	-5.0	-18.1	262%
• Sources 'Travel Trends 2004' and 'UK Trade in Services', both from the Office of National Statistics			

The tax breaks enjoyed by the aviation industry distort the market

There is no tax on aviation fuel and no VAT on aviation transactions. The air passenger duty is small compared to these tax concessions. This means that the aviation industry is not contributing its fair share to general taxation, giving it an unfair advantage over other industries. It was estimated in 2003 that these tax breaks cost the country £9 billion a year. But these tax breaks also mean that the growth in aviation is being artificially stimulated. A re-run of the DfT computer model has shown that, if aviation fuel was taxed at the same rate as petrol for cars, the growth in air travel would be halved by 2030, ruling out the need for any more runways in the UK (13).

Aviation doesn't cover its environmental costs

The White Paper endorsed the polluter pays principle: "that, over time, aviation pays the external costs its activities impose on society at large – in other words that the price of air travel reflects its environmental and social impact." But there is evidence that the Treasury has underestimated these costs. It estimates that the external costs from aviation to be around £3 billion a year, but independent researchers put it much higher. INFRAS, based in Zurich, put the figure as high as £25 billion. (Original figures updated to allow for growth in air travel and new estimates of the radiative damage caused to the climate). The main difference lies in the estimated costs of climate change. The Treasury admits that its figures take no account of the possibility of "so-called" climate catastrophe (e.g. melting of the West Antarctic or Greenland ice sheet, Gulf Stream suppression etc); or the socially contingent impacts of climate change (e.g. famine, mass migration etc) (14).

Conclusion

The review of the Aviation White Paper gives the Government the chance to underpin its aviation policy with sound economic evidence. That evidence already exists in a myriad of independent reports and documents. The Government needs to use that evidence. Unless and until it does so, its aviation policy will lack any real credibility.

Night Air Freight

- Air Freight is a rapidly growing contributor to climate change. Sending goods by sea or by rail causes much less damage. Night time air freight deliveries in particular are a cause of increasing annoyance and concern.
- Most of the freight being flown in during the night could be scheduled to daytime. Even the so-called 'just in time' deliveries. The easiest way to do that is to introduce earlier collection times from customers—for example a 1pm deadline instead of 5pm—and/or later arrival times (e.g. guaranteed 12 noon delivery instead of 9am).
- A recent European Commission report concluded that if restrictions were imposed across the European Union much of the night freight would be rescheduled and some of it would switch to slower surface transport (15).

Technical Progress not the Answer

The aviation industry claims that all the problems can be solved by technical progress, but this is not so.

- Government forecasts already allow for increasing efficiency.
- New aircraft designs or new fuels are not expected to be introduced before 2020, or 2050.
- They depend on inventions which have not yet been made.

By 2020 64% of present aircraft will still be flying. Indeed the new A380, which uses current technology, will probably still be flying in 2070. The government Chief Scientist has said that the problem of climate change is so serious that 'Delaying action for decades, or even just years, is not a serious option.' (16)

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This report has been compiled by John Stewart and published by AirportWatch. AirportWatch is the umbrella organisation which brings together both community and national organisations concerned about airport expansion. We can be contacted on info@airportwatch.org.uk, tel 0207 248 2223. www.airportwatch.org.uk

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