



UK Government – Department for Transport

Consultation response

Aviation 2050: The Future of UK Aviation

The Scottish Council for Development and Industry (SCDI) is Scotland's Economic and Social Forum. We are an independent and inclusive economic development network representing all sectors and all geographies of the Scottish economy. Our mission is to convene our members, partners and stakeholders across the private, public and third sectors to deliver inclusive and sustainable economic growth for Scotland.

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Aviation 2050: The Future of UK Aviation

The Department for Transport's Aviation Strategy Green Paper, [Aviation 2050](#), is structured around seven strategic themes:

- Build a global and connected Britain;
- Ensure aviation can grow sustainably;
- Support regional growth and connectivity;
- Enhance the passenger experience;
- Ensure a safe and secure way to travel;
- Support General Aviation; and,
- Encourage innovation and technology.

SCDI's submission is structured to reflect this and responds to the analysis, approach and proposals of the White Paper on these themes.

Build a global and connected Britain

1. How should the UK use its global leadership and international influence to further the aims of the UK's aviation sector?

The vision of the [Scottish Council for Development and Industry \(SCDI\)](#) and our members is of an open, inclusive and globally connected Scotland. Connectivity is fundamental to Scotland's social and economic prosperity. Economic openness is both an imperative and a strength for Scotland's economy. The UK Government's central aim in relation to the UK's aviation sector should be to support inclusive and sustainable economic growth through expanded and enhanced domestic and international air connectivity across the UK.

The aviation sector plays a critical role in connecting Scottish businesses to global export, supply chain and collaboration opportunities; connecting Scottish consumers to global products and services; connecting Scottish citizens and communities to personal, social and cultural experiences and opportunities; and connecting tourists, investors, entrepreneurs, students, academics and talent from around the world to Scotland.

Increasing trade, investment and tourism are priorities for Scotland. The Scottish Government's recently published [Export Growth Plan](#) sets out an ambitious but achievable target to increase the value of exports from 20% to 25% of Scotland's GDP by 2029. This would result in a near doubling of the value of international exports from its current level of £32 billion, creating an estimated 17,500 jobs. SCDI agrees with the established and emerging priority markets for Scotland identified in *A Trading Nation*, but notes that delivery of the plan – in addition to ambitions to

continue to grow the highly successful Scottish tourism industry – will require significant support for business and investment in expanded and enhanced connectivity.

Scotland remains the most attractive destination for foreign direct investment in the UK outside of London, according to the [EY Attractiveness Survey 2019](#). This track record of success is underpinned by strong connectivity with key high growth markets, leading global cities and clusters of sectoral innovation. Places which are better connected have more dense trading networks and are more attractive places to live, work, invest and do business. Connectivity with London, as a global financial and business capital and major international hub for air travel, is a priority for Scotland's airports and cities, especially in the context of Heathrow expansion.

In addition, the UK should continue to multilateral and bilateral work to support security capacity building in other countries, particularly those where there are particular and identified risks to civilian and commercial transport. The UK has world-leading expertise upon which it can draw to provide training, advice, resources and interventions which manage and reduce risk. Business values stability and predictability – therefore opportunities for Scotland and the UK to deepen economic relations and increase mutually beneficial trade will increase as safety and security standards in these markets increase.

2. What should the UK's priorities be for strengthening existing connections and establishing links with emerging markets?

There should be three fundamental priorities for the UK Government to support a global and connected Scotland through its Aviation Strategy:

- **London:** Deliver increased connectivity between Scotland's airports and London's airports, including through maximising the opportunity of Heathrow expansion;
- **European Hub Airports:** Strengthen and improve connectivity between Scotland's airports and key European hub airports such as Amsterdam Schiphol, Copenhagen and Paris Charles De Gaulle; and,
- **Key Export, Investment and Tourism Growth Markets:** Strengthen Scotland's connectivity with key export, investment and tourism partners such as the United States, and expand Scotland's connectivity with emerging high-growth and key export target markets identified in the Scottish Government's Export Growth Plan, such as China, India, South Korea and Turkey.

3. How could the policy proposals be improved to maximise their impact and effectiveness in addressing the issues that have been identified?

SCDI supports the proposal for the UK Government to work more closely with the aviation sector. Meaningful, regular dialogue and close working co-operation between government, regulators and industry is a critical ingredient for any successful sector, economy or country. Industry expertise should be utilised by government and regulators to inform, for example, future proposals to support for industry growth or assess the social and environmental impacts of regulation.

In this respect, the UK Industrial Strategy's support for the sector through the **Aerospace Sector Deal**, and the proposal to set up a new Aviation Exports Board, are both welcome. It is important that the Sector Deal and the Board are geographically representative of all parts of the sector and of the UK, including Scotland. Businesses and organisations based in Scotland have particular, and often distinct, perspectives and challenges. The Department for Transport must ensure that it engages with all of the UK in relation to any proposals impacting on the aviation sector. There should continue to be significant investment in productivity and innovation to drive job creation, higher standards and exports of new products and services.

The UK should seek to remain a member of the **European Aviation Safety Agency (EASA)**, regardless of its intention to withdraw from the European Union (EU). The EASA has played a key role in aligning regulations and standards throughout the EU and driving up global standards. Remaining a member would minimise disruption to the present regulatory environment; maximise future regulatory harmonisation between the UK and the EU; and enable the UK to continue playing a leading role in the setting of global standards.

The UK Government has indicated that it will adopt and follow EASA regulations after the UK withdraws from the EU and the EASA. However, the EU has said that the UK will become a third country and be treated as such. Certificates issued by UK's **Civil Aviation Authority** with the EASA mandate will not automatically be recognised by the EASA after Brexit, which it notes will "significantly alter EASA's cooperation with UK authorities". This uncertainty is damaging for the UK's aviation sector.

A 'no-deal' scenario, which would be disastrous for the Scottish economy and could result in large-scale and widespread short-term connectivity disruption for civilian and freight transport, must be avoided. It is welcome, however, that the UK and the EU have committed to agree a Comprehensive Air Transport Agreement to maintain reciprocal access and facilitate cooperation in the event of such a scenario.

4. How should the proposals described be prioritised, based on their importance and urgency?

The proposals to support export growth and remove existing non-tariff connectivity barriers to exporting should be prioritised. The Scottish economy is home to a significant number of world-leading and innovative export-driven sectors and companies, especially in Food & Drink, Energy and Professional, Scientific & Technical Services. However, the Scottish Government's Export Growth Plan identifies that exports as a proportion of Scottish GDP have remained "broadly static" over the past two decades, while the position of competitor countries has improved. Moreover, around 60% of Scotland's total exports are accounted for by just 100 businesses. This narrow export base needs to be widened to deliver higher rates of economic growth. Limited connectivity to markets for both people and products in the civilian and freight transport sectors is often a significant barrier to exporting for entrepreneurs and businesses in the nations and regions of the UK, including Scotland. Action to improve connectivity should reflect key target emerging high-growth and key export target markets, which will maximise economic impact.

5. What implementation issues need to be considered and how should these be approached? (e.g. resourcing challenges, high levels of complexity, process redesign, demanding timelines)

The aviation sector recognises that urgent and large-scale action is required across the economy to reduce carbon emissions and tackle climate change. [The Committee on Climate Change](#) has been clear that all sectors will have to play their part.

The proposal to agree a long-term goal for international aviation climate emissions consistent with [the Paris Agreement](#) by 2022 is ambitious but necessary in this context. However, it presents highly significant challenges in terms of resource, complexity and timescale. UK aviation emissions have more than doubled since 1990, while macro-level emissions have shrunk by 40%. It will require political will from the UK Government and partners to successfully complete multilateral negotiations and to implement the agreed objectives in partnership with the sector.

6. Looking ahead to 2050, are there any other long-term challenges which need to be addressed?

There are two significant long-term challenges for the UK's aviation sector in this area:

- **Environmental Impact:** In common with all highly industrialised nations, the UK will need to take urgent and significant action in multilateral partnership with global and domestic partners to reduce carbon emissions and tackle

climate change. The transition to net-zero emissions will have to be achieved whilst also delivering economic growth and increased connectivity. The aviation sector will have to play its part through investment and innovation in new technologies and infrastructure which support a balanced transition to low- and zero-carbon transport; and,

- **Reputational Resilience:** The UK's aviation sector may experience a negative impact on demand as a consequence of the UK's withdrawal from the European Union. It is widely anticipated that the UK's long-standing reputation as an open economy, a welcoming society and a stable place to visit, live, work, study, invest or do business has been impacted. Projections suggest significant economic growth foregone over the medium- to long-term, which will significantly impact the aviation sector.

Ensure aviation can grow sustainably

- 1. To what extent does the proposed partnership for sustainable growth balance realising the benefits of aviation with addressing environmental and community impacts?**

SCDI welcomes the proposed partnership for sustainable growth approach. It is essential that all stakeholders, including industry and consumers, from across the UK, including Scotland, are appropriately engaged by and represented on this partnership approach. Maximising the economic impact of the sector and addressing its environmental and community impacts can be best achieved through informed, agreed and co-ordinated action for change between government, regulators, industry and consumers.

- 2. How could the policy proposals be improved to maximise their impact and effectiveness in addressing the issues that have been identified?**

SCDI has supported the UK Government's decision, following [the inquiry by the Airports Commission](#), to approve the construction of a third runway at Heathrow Airport – which provides vital connectivity for Scottish individuals and businesses to global destinations and markets – in response to strong demand for additional capacity at the major global hub airport. Heathrow is a major supply route for Scottish supply chains and exports. The third runway is expected to double Heathrow's freight capacity and a guaranteed Scottish logistics hub will support its delivery. However, SCDI has been clear that this new capacity must work for and benefit the whole of the UK. There should be guaranteed access for Scotland's airports to new slots to deliver better timed and more frequent flights between London and Scotland's key airports (Aberdeen, Edinburgh, Glasgow and Inverness) to support increased civilian and freight traffic growth.

3. How should the proposals described be prioritised, based on their importance and urgency?

The aviation sector recognises that urgent and large-scale action is required across the economy to reduce carbon emissions and tackle climate change. The UK Government's decision to accept the Committee on Climate Change's recommendation that emissions from UK-departing flights should be at or below 2005 levels in 2050 is welcome.

The Committee on Climate Change noted that "all parts of the aviation sector" will have to deliver change, especially new technologies, future aircraft designs, improved airspace management and use of sustainable fuels. The Aerospace Sector Deal and the UK Industrial Strategy Grand Challenge for Clean Growth should focus investment in driving industry collaboration and innovation to drive forward this agenda.

4. Are you aware of any relevant additional evidence that should be taken into account?

The [Government Office for Science Foresight programme](#) conducts research and provides useful evidence to assist policymakers in creating policies that are more resilient, including the future of technology, innovation and climate change. The UK's Aviation Strategy should be informed by this work in government and other work like it beyond government.

Moreover, SCDI's Connectivity Commission published its final report, [Scotland's Big Mo: Industrial Strategy, Inclusive Growth and the Future of Mobility](#), in June 2018. It analyses the mobility challenges facing the Scottish, UK and global economies, and explores the opportunities for delivering green, smart and seamless door-to-door connectivity utilising the transformative technologies of the Fourth Industrial Revolution. The report makes eight recommendations for government, industry and regulators. It calls for action to expand Scotland's charging points infrastructure for Electric Vehicles, and to "prioritise and integrate connectivity between Scotland's city regions and Scotland's international airports".

Support regional growth and connectivity

1. To what extent do these proposals provide the right approach to support the complex and varied role that airports play in their regions?

SCDI strongly supports the focus of the [UK Industrial Strategy](#) on re-balancing the UK economy between its nations and regions. Aviation strategy and wider transport

and connectivity strategies can play a particularly important role in achieving this objective.

SCDI supports high-speed rail infrastructure between the north of England and central Scotland, including the expansion of the HS2 project. The UK Industrial Strategy and UK Aviation Strategy need to be joined up with Scotland's new National Transport Strategy, the Strategic Transport Projects Review and City Region Deals, particularly where they address surface access to airports, as in the Glasgow City Region.

Regional connectivity and regional airports are critically important to helping regions be globally competitive. They drive regional growth; create employment; provide opportunities for skills development and training; and support exports, access to talent and knowledge transfer for business and academia. Aberdeen International Airport, for example, provides an essential link to and from the North East of Scotland, supporting the region's economy, especially its leading energy and tourism sectors, and plans for diversification.

Connectivity for Scotland's regional airports into London's major airports is essential, including but not limited to facilitating onward journeys to long-haul destinations. SCDI notes that domestic air connectivity into Heathrow has declined in recent years due to strong competition for limited capacity. This has contributed to the chronic geographical imbalances of the UK economy as London and the South East of England increase their relative strength in investment and connectivity. It is important that an expanded and enhanced Heathrow provides guaranteed extra capacity for connectivity with Scotland's airports to ensure that the third runway works for and benefits the whole of the UK. The UK Government should ensure that the guarantee of extra capacity for flights to and from Scotland is delivered. Similarly, Gatwick's plans to increase capacity without the construction of an additional runway are welcome, and should be leveraged to deliver increased connectivity for Scotland.

2. To what extent are the proposals on skills the right approach to ensuring the aviation sector is able to train and retain the next generation of aviation professionals?

Any future proof government or industry approach to skills in the context of the society, economy and labour market of today must respond to the Fourth Industrial Revolution. The new and emerging technologies of the Fourth Industrial Revolution are already disrupting or transforming the workplace in all sectors of the economy. Artificial Intelligence, automation, digitisation, Connected and Autonomous Vehicles and the Internet of Things will displace some jobs, create others and alter the tasks kind of tasks completed in many more. These changes will create challenges and opportunities, and come with both benefit and risk, for employers and employees. The White Paper rightly recognises that this is not a new phenomenon in the sector,

which has experienced the introduction of auto-pilot functions on aircraft and of next generation security scanners in airports.

Sector and employer demand are evolving. To thrive in the labour market of the future, technical skills in STEM will be particularly important for many, in the aviation sector as in many others. For example, Data Science will be an emerging and escalating skills need in numerous sectors which access and store large quantities of consumer data, including aviation. However, even more important will be truly human, higher order skills related to self-management, social intelligence and innovation. Employees will have to be resilient, flexible, collaborative and creative to navigate an era of disruption and respond to the fast pace of change. Employees will have to collaborate with colleagues and automated or robotic systems. Employers will have to invest in their employees and support continuous and lifelong learning throughout their careers to maximise the use of emerging technologies. Reports that pilot training by some airlines has been reduced, resulting in lower levels of safety, are deeply concerning.

Education and skills provision should treat as fundamental the nurturing of these 'future skills'. Employers are therefore increasingly recognising the value of work-based learning approaches in helping to deliver a pipeline of talent, including Modern Apprenticeships and Graduate Apprenticeships supported by Skills Development Scotland.

SCDI's Skills & Employability Leadership Group is exploring these issues and the future of work at present. It will publish a final report in the Autumn of this year, with recommendations for government, employers, stakeholders and others. Among its emerging recommendations is a focus on creating diverse workplaces. The evidence suggests that a diverse workforce is more productive and more creative, which understands partners, customers and emerging trends better. The aviation sector faces a significant challenge to break down barriers to the employment of more women, ethnic minority and disabled employees, including gender-based stereotypes and recruitment practices, particularly in the roles of pilots, co-pilots and engineers.

3. What are the financial burdens that need to be managed and how might those be addressed?

The World Economic Forum's *Travel & Tourism Competitiveness Report 2017* placed the UK 135 out of 136 countries for price competitiveness, largely as a result of relatively high aviation taxes. It is clear, therefore, that the financial burdens on airlines and passengers across the sector need to be reduced. This is of particular importance for regional airports with smaller markets to support increased regional connectivity and regional growth.

Lifeline services operated by regional airports are often subject to disproportionate financial burdens. For example, security infrastructure which is more appropriate for a larger airport can be applied to smaller airports at high costs, or revenue generation opportunities exploited by larger airports like car-parking or retail may not be commercially viable in a regional airport context.

SCDI supported the devolution of Air Passenger Duty to the Scottish Parliament on the basis that the Scottish Government intended to introduce and subsequently abolish an Air Departure Tax. The rationale for this approach was to increase the competitiveness and attractiveness of Scotland's airports and of Scotland as a destination for tourists, investors and business visitors. However, without prior consultation with stakeholders, the Scottish Government recently announced it had abandoned its policy towards abolition of the Air Departure Tax, which would have played a major role in strengthening Scotland's connectivity and boosting its tourism industry. The cut in ADT would have provided airlines with the confidence required to invest in Scotland. The current level of ADT has a negative impact on the commercial viability of some flights and, as a result, Scotland's ability to successfully internationalise its economy.

4. Are you aware of any relevant additional evidence that should be taken into account?

It should be noted in relation to the statement in the White Paper that "the aviation market operates predominantly in the private sector", that eleven airports in Scotland are owned by Highland and Islands Airports Limited (HIAL), a public corporation wholly owned by Scottish Ministers. HIAL largely operate and support small, local airport infrastructure which provide essential lifeline services to individuals and businesses in rural, remote and island communities across Scotland. The Scottish Government is also the owner of Glasgow Prestwick Airport since 2013. The Scottish Government support HIAL and Prestwick with public subsidy.

Enhance the passenger experience

1. To what extent does the proposed Passenger Charter adequately address the issues that are most important to passengers?

The proposed Passenger Charter addresses most of the issues which are important to passengers and to delivering an enhanced passenger experience. It provides a useful baseline against which to measure performance and from which to promote best practice across the sector. A key aspect is removing the barriers which still exist and prevent individuals with additional needs or disabilities from flying. Provision of accessible toilets on aircrafts and in airports which meet the Changing Places standard is ongoing challenge.

It is important that a draft Passenger Charter is taken out for meaningful consultation with passengers and consumer representative groups by the Department for Transport in due course to inform its finalisation.

2. How could the policy proposals be improved to maximise their impact and effectiveness in addressing the issues that have been identified?

It is positive that the UK Government is committed to improved clarity and consistency in how the aviation sector deals with nut allergies, as argued for by Allergy UK, the Amy May Trust and passenger groups. The sector would welcome clear guidelines for airlines operating in the UK and lead the way in international best practice. The UK Government should recommend that the severe risk faced by passengers who are allergic to nuts is mitigated and reduced through action by airlines to encourage prior notification of allergies; cease the sale of nuts and products containing nuts, following the lead of many airlines; and, wherever possible, discourage the consumption of nuts and products containing nuts.

Ensure a safe and secure way to travel

1. To what extent do these proposals sufficiently address existing and emerging safety and security risks in order to maintain business and passenger confidence in the UK industry and as a destination?

The UK aviation sector has a strong record on safety and security. The proposals within the White Paper are welcome to drive action to maintain the position of the UK as a world leader with a trusted safety record, strong regulatory framework and high industry standards.

Parliamentary legislation and industry practices will have to keep pace with emerging technologies and related threats, as highlighted by several incidents related to drones in recent years which have precipitated large-scale disruption.

Support General Aviation

1. To what extent do these proposals strike the right balance between the needs of general aviation and the rest of the aviation sector?

The White Paper is right to support General Aviation and its growth opportunities. Reducing regulation is identified as a priority to drive this. However, given the history of the sector and a number of high-profile and tragic accidents over the past few years, maintaining and increasing safety standards should be prioritised. All pilots of all aircrafts must have appropriate training and support to reduce risk.

Encourage innovation and new technology

1. To what extent are the government's proposals for supporting innovation in the aviation sector the right approach for capturing the potential benefits for the industry and consumers?

The White Paper highlights Norway's target to achieve all-electric short-haul flights by 2040. Given the urgency of climate change and the economic opportunities, the UK Government should look to match this ambitious approach by drawing on Scotland's knowledge, skills and expertise in the renewable energy and engineering sectors.

Data is also recognised as a key challenge and opportunity. New innovations and technologies can utilise Big Data Analytics to identify problems and implement solutions to improve safety and reduce inefficiency. SCDI published a report this year on *[Building a World-Leading AI and Data Strategy for an Inclusive Scotland](#)*, which considers the innovative and ethical utilisation and sharing of data. The report recommends that the UK and Scottish Governments should develop a comprehensive strategy and continue to increase investment in research in AI technologies and challenge-based funding competitions, such as through the UK Industrial Strategy and CivTech. Data Science will be an emerging and escalating skills need in numerous sectors which access and store large quantities of consumer data, including aviation. It is critical that appropriate safeguards are in the place across the aviation sector to respect consumers' privacy and develop public trust.

2. Do the proposals in this chapter sufficiently address the barriers to innovation?

SCDI supports the Aerospace Sector Deal announced by the UK Government, which will deliver investment in the industry and support innovation through partnership between government and industry. However, it is important that investment is delivered across the UK to support economic growth in Scotland and meet the aims of the UK Industrial Strategy to re-balance the UK economy away from London and the South East of England.

3. How could the policy proposals be improved to maximise their impact and effectiveness in addressing the issues that have been identified?

Given the division of responsibilities in this area between the UK Government and the Scottish Government, inter-government dialogue, co-operation and co-ordinated action between London and Edinburgh is vital to maximise the impact of the White Paper's proposals in Scotland.