Written evidence submitted by the Board of Airline Representatives in the UK (BAR UK)(AAS0038)

On behalf of its members, the Board of Airline Representatives in the UK (BAR UK) is pleased to present its written response to the Transport Committee inquiry on supporting recovery in the UK aviation sector.

BAR UK is an airline trade organisation representing 70 scheduled network airline brands undertaking business in the UK. Our airline members predominantly operate at Heathrow, Gatwick, and Manchester, with a number also operating across the devolved administrations and regional airports.

We very much welcome this inquiry at this critical time for our sector.

Introduction

The policy changes implemented 04 October from the final policy review of the Global Travel Taskforce report, and the subsequent reduction in the number of red-list countries and expansion of the list of recognised countries vaccination programmes from 11 October, mark the most significant reopening of international travel since the short lived Travel Corridors policy of Summer 2020 following an almost total shutdown.

These welcome developments address a number of the recommendations put forward throughout the pandemic by industry and, subject to no further restrictions being imposed over the coming months, will enable a meaningful restart of the aviation sector and the long journey ahead to operational and financial recovery. However, it is important to recognise that the UK has reopened later than much of Europe and the very modest revenue recovery at the end of Summer leaves airlines in a critically weakened financial position as they seek to rebuild operations over the Winter season, where significantly lower overall demand exists and losses are routinely incurred even in normal years.

The most recent policy changes are a welcome progression but are not the end of the process and the Government must actively pursue the removal of remaining restrictions and ease barriers to international travel at the earliest opportunity in order to support full-scale recovery of the sector.

Emerging from the Covid pandemic is a complex and challenging process for airlines that is compounded by public perceptions of confusing and costly entry requirements into the UK that will continue to dissuade inbound travellers and to supress outbound travel demand.

The industry calls upon the UK Government to reignite its ambition for aviation, travel and tourism as key sectors of the UK economy and to rapidly develop a new Aviation Recovery Strategy that will support industry recovery and drive the re-emergence of the UK as a global leader in aviation.

A) Policy Review pathway towards normalised travel

The Government should immediately engage openly and transparently with industry to develop an ongoing pathway for policy development beyond the final report of the Global Travel Taskforce. The following policy proposals in this Section A present a 'gap analysis' between the remaining travel restrictions under the current policy and the recommended interventions towards achieving normalised international travel as soon as possible.

Vaccination status recognition

The change in policy from country based risk to passenger based risk has only been implemented partially and is therefore confusing to passengers who need to identify whether their vaccination status is recognised by the UK.

The ambition should be for UK recognition of all WHO approved vaccines administered by any country to bring clarity to passengers and simplify border processes at the earliest opportunity. The UK should publish clear criteria for vaccination recognition to assist remaining unrecognised countries to meet UK standards.

It is vital that vaccination recognition keeps fully abreast of developments in key markets including increasing use of digital certificates in the USA which are not yet recognised even where they meet the UK certificate criteria.

Treatment of minors aged 12 to 18 years lacks global harmonisation and the UK should enable optional NHS access to a full vaccination dose for minors wishing to travel internationally to allow proof of vaccination certification required by other states via the NHS Covid Pass.

A further vaccination status challenge faced by overseas visitors to the UK is the inability to present a Covid Pass recognised by UK events and venues they are attending. A solution needs to be forthcoming on integration with the NHS Covid Pass or alignment with global systems or third party Apps.

For airlines the unhindered movement of airline crews is paramount to rebuilding global airline operations and airline crew have amongst the highest rates of vaccination and testing globally. The UK Government should recognise the extensive crew health and safety programmes implemented by airlines by recognising the vaccination status of all crew regardless of

their travel history in the past 10 days and to exempt crew from layered local requirements including self-isolation and additional testing. UK and non-UK resident crews should be treated the same.

Testing policy review for vaccinated passengers

As Government seeks to take advantage of its wider vaccination policy and vaccination rates worldwide continue to progress, the ambition should be for fully vaccinated passengers from non- red list countries to be exempt from all testing at the earliest opportunity. This policy change would align the UK with many other countries that no longer require a post arrival test and also meet the objective of removing cost and complexity.

The policy review to transition from PCR to lateral flow for Day 2 arrival tests from late October for fully vaccinated passengers is welcomed as an interim step towards removal of tests for fully vaccinated passengers.

The arrival testing regime for short duration passengers visiting the UK for under 48 hours is ineffectual. Many tests that are pre-purchased for recording on the PLF are unlikely to be used or the test result only became available after the passenger has departed the UK. The move to lateral flow tests will enable an immediate result but the perception remains that these tests should be taken on Day 2 rather than before or not later than Day 2. Public confidence is undermined on the testing policy and compliance checks being made on tests for vaccinated passengers and supports the rationale that arrival tests for all vaccinated passengers should be removed.

Simplifying processes for fully vaccinated passengers also provides the opportunity to further reduce the exemptions list that is difficult to administer into automated processes and systems, including the PLF.

Private testing providers and testing costs

A full transition to lateral flow tests would negate the requirement for approved private testing providers to access expensive laboratory facilities for this type of test. Despite the continued need for providers to have effective booking, distribution and reporting processes in place, the cost of lateral flow tests to consumers should reduce considerably.

However, the current policy retains a requirement for PCR tests for a portion of the market that will likely be a barrier for new companies, such as larger pharmacy and general retailers, to enter the market further driving down cost to consumers through competition. Use of lateral flow tests could create new opportunities for 'click and collect' or rapid test on arrival services where arrival tests are retained.

Improving the access and reducing the costs of lateral flow tests benefits the inbound market since overseas resident passengers find that pre-booking arrival tests with unknown testing providers and the uncertainty of where to have the test sent is a major deterrent in choosing to visit the UK.

The policy review on testing could also seek to enable travellers to purchase a test in the UK or abroad and register the test result with the UK government.

Policy progression for non-vaccinated passengers and rest of world

The UK has retained amongst the highest level of restrictions, comprising three tests and 10 days self-isolation, for passengers who are yet to be vaccinated, unable to be vaccinated, or whose vaccination status is not yet recognised by the UK.

As the risk from the Covid pandemic eases and transitions to endemic it is important that restrictions placed on non-vaccinated passengers are reviewed regularly, are non-discriminatory and based solely according to the public health risk. Such passengers must also benefit from reduced cost and complexity of testing and minimised quarantine wherever possible.

The UK Government already recognises that a negative test after 5 days is acceptable risk under its 'Test to Release' option. Yet these passengers are still required to take a Day 8 test once they are already exempt from quarantine. This relic from earlier policy makes no sense in the current environment and should be abolished at the earliest opportunity. At the very least the Day 8 test could become a Day 5 'Test to Release' for all passengers. But emerging evidence supports the review to go even further with fewer tests, move to lateral flow tests, and substantially reduced self-isolation period or alternatively use of lateral flow testing across a defined number of days after arrival removing the need for self-isolation.

Country Restrictions & Red list

The review of the red-list countries effective 11 October was a significant change and now meets industry proposals that only countries posing a significant and sustained public health risk should be classified as red and require mandatory managed hotel quarantine.

The red-list restrictions should be further reviewed with the following policy recommendations:

✈ Countries classified as red should now be able to freely access full and transparent determining criteria from the UK Government. This will be highly beneficial to those remaining countries in managing their Covid response.

➤ Managed Hotel Quarantine (MQS) to be fully risk assessed with a view to reducing the duration and cost.

➤ Fully vaccinated passengers from Red-list countries should benefit at the very least from a reduced MQS pending the first test result, or alternatively permitted to self-isolate and test at home.

UK Border Readiness

Effective, clear and publicly supported checks at the UK Border are a vital component in public health security.

Governments worldwide initially struggled to develop and implement border systems able to manage the Covid pandemic. The lack of global harmonisation and inadequate engagement with industry on integrating multiple and complex Government requirements globally created extreme challenges for airlines to urgently adapt long-established passenger handling processes and systems and left passengers confused about what was expected of them and how to comply.

As passenger volumes return it is imperative that the Government investment in the UK Border can deliver upon the strategic Border objectives, drastically improve passenger processing time and experience, and build contingency for future public health threats. Improved processes will help ensure that the border can deliver upon desired policy objectives and avoid the risk that policy decisions are instead driven by border constraints.

The Passenger Locator Form (PLF) remains central to collecting passenger declarations and public health requirements for Governments and for carrier checks. The simplification of rules and exemptions presents an opportunity for the UK to radically simplify the passenger journey through the PLF and achieve greater automation on border checks.

Key industry recommendations for a best-in-class PLF are:

➤ Remove surplus data no longer required in the public health interest such as seat number

➤ Increased smart logic and dynamic fields to tailor questions to the customer profile in a similar way to the visa application process

➤ Expand the upload/scan verification functions to aid automation and reduce complex manual upstream border checks by airline handling staff

➤ iAPI integration would be highly desirable in communicating

passenger compliance to carriers upstream

- ✈ Develop an APP based PLF solution as highly desirable for mobile devices routinely used in an international travel context

- ✈ Foreign language versions or tutorials are long overdue and are also required in an international travel context

- ✈ Airline crews and hauliers should be exempt from the PLF or at the very least have access to a fast-track PLF pathway

- ✈ Set objectives for resumption of customer experience focus and reinstating of Border Force SLA's as the pandemic resides

Importance of a harmonised four Nations approach to international travel

In an international travel context the importance of a harmonised approach to the UK border cannot be overemphasised. Overseas markets recognise the devolved nations but see the UK as a single border entity and the concept of differing border restrictions between countries with free internal movement is a hugely challenging requirement to communicate in global markets. Overseas carriers serving multiple devolved Nations and regional airports have struggled to adapt systems for differing entry requirements within the United Kingdom.

Latterly, harmonisation is much improved however the announcements are still not always closely timed and thus carrier guidance is often outdated and clarity for carriers and passengers is inadequate.

Government Communications & Passenger Information

The Government can help support the return of public confidence in international travel through implementing positive communications that travel is safe and supports the UK economy. Consumer confidence can also be strengthened through clearer and easier to access passenger information content throughout .GOV.UK.

Key industry recommendations include:

- ✈ Improved passenger journey throughout .GOV.UK which remains cluttered and complex to navigate

- ✈ Build intuitive links between outbound and inbound travel information

- ✈ Improve integration of travel rules/requirements and PLF completion

- ✈ Create dynamic tools to customise passenger and vaccination information - similar in concept to existing Visa tool. Passengers and airline staff need to be able to quickly and accurately identify

the accepted combination of vaccination types and recognised issuing countries during the transition to global acceptance

✈ Potential to create a dedicated Government travel portal similar to Canadian **ArriveCan**

B) Developing a new Aviation Recovery Strategy

Rebuilding the UK's aviation sector will require much more than the lifting of travel restrictions. The significant work that the UK Government had invested up to 2019 in developing an Aviation Strategy to 2050 needs to be fully revised in the context of supporting rapid recovery of the sector and planning for long term sustainable growth.

The UK has lost ground to competing countries across aviation, travel and tourism throughout the pandemic and regaining market share will require ambition and a close partnership between Government and industry.

This Section B) covers key strategic and longer term considerations and recommended policy interventions:

Stimulating demand and restoring the UK's connectivity

Prior to the global pandemic, the UK had the largest level of air connectivity in Europe and the third largest aviation market in the world. The Government objectives of a Global Britain are highly reliant upon connectivity to long-haul markets which are likely to take longer to return. Furthermore, the pandemic has resulted in a disproportionate loss of connectivity by air to the devolved Nations and Regional England that impacts the Levelling-up programme. Government should therefore give consideration to a range of incentives to support a restart of travel demand.

These could include:

✈ Campaigns to restore positive perceptions of the UK in overseas markets as safe, welcoming and open for business in order to stimulate inbound arrivals back to the UK

✈ Improve visa processes and reduce costs for overseas visitors. New technologies and simplified processes should continue to drive down visa costs and fees should aim to be at least competitive with a Schengen multi country visa.

✈ Review the travel insurance market to ensure travel insurance policies provide an adequate and transparent level of consumer protection and the confidence to travel

Infrastructure efficiency and costs

Aviation infrastructure in the UK requires ongoing investment despite costs already being amongst the highest in the world. Airlines have incurred large amounts of debt to survive the pandemic and the prospect of unaffordable levels of infrastructure cost increases to be passed onto passengers threatens the global competitiveness of the UK. Consumer affordability and UK competiveness is paramount to recovery. This should be of significant concern to the Government.

✈ Airports are seeking to reclaim past losses – meanwhile airlines reduced costs <u>and</u> recapitalised

✈ Air Traffic Management (ATM) reform and modernisation in the UK and Europe must cut emissions, reduce delays, and deliver efficiency gains for airlines and passengers

✈ Air Navigation Service Providers (ANSPs) are seeking significant increases but efficiency gains are not keeping up. There must be an adequate return on investment.

✈ Surface transport costs to airports, including public transport, are increasing far above inflation

Investing in sustainable growth

Greater public awareness of the sustainability objectives for commercial aviation must be a joint priority for industry and government. Sustainable Aviation Fuels (SAF) are critical part of the industry's efforts to reduce climate impact and we urge the UK Government to look to incentivise greater uptake.

With support via Jet-Zero council there is significant opportunity for the UK Government to increase support and investment in Sustainable Aviation Fuels (SAF) schemes and research into hydrogen, hybrid and electric flight. Kick-starting a UK sustainable fuels industry at greater scale can delivering thousands of jobs in regions of the UK and help deliver the UK's strategic decarbonisation priorities. Delivering these outcomes requires long-term policy stability and financial support for the scaling-up and rollout of sustainable fuel production capacity.

Ultimately the expectation is that sustainability targets are ambitious, achievable and well communicated.

Technology & innovation

Government must look to promote and incentivise the use of the latest technology in all aspects of the business and foster innovation in aviation. There are significant opportunities for UK leadership and job creation across the innovation and technology supply chain.

Effective Regulation

With the UK now outside of the European Union the timing is optimal to undertake a full review of aviation regulation with a view to creating the world's most effective aviation regulatory environment. The UK should build upon the most secure safety and security regime with lighter touch regulation incorporating industry commitments and guidelines that seek to incentivise the highest standards whilst minimising the regulatory burden on industry. Recognizing the existence of excessive red tape, many governments have launched smarter regulation or better regulation initiatives, with a view to cutting unnecessary burdens on consumers and businesses.

- ✈ Review carrier liability regime and penalties to regain proportionality in recognising carriers significant investment as joint partners in the Governments border security

- ✈ Consider the implications of the open ATOL reform consultation on sector recovery.
  Fundamental changes to industry financial models are likely to impact the rate of recovery at this crucial time when industry needs to rebuild, pay down debt and invest in sustainability initiatives.

- ✈ Numerous initiatives to revise regulation UK261/2004 have stalled due to the inability to reach majority agreement at EU level. The UK could now seek to improve consumer protection regulation through creating a clearer regulation that balances the interests of consumers with industry service level expectations in line with the original objectives of the regulation.

Fiscal treatment of aviation

Easing the tax and fiscal burden on the industry will support long term recovery. Aviation taxes in general create negative impacts for the economy and passengers and do nothing for the environment. Airlines should be incentivised to invest in newer, cleaner and quieter aircraft and bring forward other sustainability projects and developments to benefit the environment.

Many Governments worldwide have recognised the national infrastructure importance and vital connectivity of their airline networks and implemented varying fiscal support measures to protect these assets. In the UK no sector specific measures have been applied for aviation and the principle support has been the Job Retention Scheme that ended on 30 September. Many airlines will likely take hard decisions to downsize their workforce through redundancy given the industry is entering the traditional low season timed with the end of furlough. It will take several months before certainty over the rate of recovery is known and summer booking revenue growth returns in Q2 of 2022 and those risks now fall wholly on airlines.

The industry also awaits the Government review of Air Passenger Duty (APD). The support for domestic connectivity by removing the double tax anomaly on domestic return flights must not result in increases on long-haul APD rates. UK long-haul tax rates are amongst the very highest in the world and the UK cannot afford any detrimental impact on competitiveness as the industry struggles to emerge from the pandemic.

All future reviews of aviation taxes should support long-term recovery and any intention to introduce environmental elements must directly support carbon reduction. However, environmental objectives can be better incentivised, targeted and achieved through many other means rather than APD.

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