Transport Select Committee Inquiry

Airlines and airports: supporting recovery in the UK aviation sector

Written Evidence - Department for Transport

Introduction

1. Following the outbreak of COVID-19, the UK went into a national lockdown on 23 March 2020 and people were advised to not travel and that they must only leave their home for a very limited set of purposes.

2. On 22 May 2020, the Home Secretary announced self-isolation measures for all arrivals (including returning British nationals) into the UK would commence from 08 June 2020 to help manage the risk of COVID-19 from international travel. Between 10 July 2020 and 18 January 2021, the Government continued to manage the risk of COVID-19 from international travel whilst supporting reopening of international travel in a safe and sustainable way through the risk-based Travel Corridors approach, which applied between 10 July 2020 and 18 January 2021. This was replaced with the Traffic Light System between 17 May 2021 and 4 October 2021 when this was replaced with a single red list of higher risk countries.

3. Whilst public health is a devolved matter, the Government has and continues to work closely with the devolved administrations on any changes to international travel and aims to ensure a whole UK approach.

4. The UK has taken a leading role in both the International Civil Aviation Organization (ICAO) Council's Aviation Recovery Task Force (CART) and as President of the G7 in securing alignment on international travel strategies and developing harmonised guidance for governments and operators.

Section 1: Recovery of the UK Aviation Sector

The short-term and long-term effects of the coronavirus pandemic on the UK aviation industry

5. The COVID-19 pandemic has presented unprecedented challenges for the aviation sector, as well as international travel as a whole. Passenger demand dropped by almost 98%[1] compared to the equivalent period in 2019 during the first national lockdown in Spring 2020, before making a limited recovery during the Summer following the introduction of travel corridors. Increasing domestic and international travel restrictions during Autumn 2020 saw demand falling back down to 90% of the equivalent period in 2019. Since then, passenger demand over the Summer season, a period where the airline sector is traditionally more profitable, started recovering with total passenger demand around 70% down in August 2021 compared to the equivalent period in 2019, as restrictions on international travel have eased.

6. Looking towards the future, a range of estimates have been produced throughout the pandemic across the aviation sector. These estimates suggest that aviation recovery is uncertain but the sector is likely to experience a slow recovery, for example according to IATA, air traffic movements in Europe are expected to approach pre-

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[1] https://www.caa.co.uk/News/Aviation-2020--Data-summary

COVID levels by 2024[2] meaning the impacts of the pandemic on the sector will be long-lasting and uncertain.

7. This unprecedented reduction in demand has had a significant impact on the sector and these impacts have also not been felt uniformly across the UK with different impacts on airports and airlines dependent on their size, business model and types of passengers.

8. It is likely that the short- and long-term effects of the COVID-19 pandemic on the sector will continue to be dependent on the progress being made globally in the fight against it. It is thanks to the success of our vaccine programme that we have been able to reduce and simplify restrictions to support the sector's recovery.

The effect the end of the furlough scheme may have on the aviation sector

9. Over three million people had already moved off the Coronavirus Job Retention Scheme (CJRS) between the start of March 2021 and the end of the scheme in September 2021 as the economy rebounded and businesses reopened. It was always intended to be a temporary measure, and as we move forward, the package of support has evolved to reflect this. Closing the scheme at the end of September 2021 coincided with the easing of travel restrictions and following the successful roll out of the UK vaccination programme, the introduction of single simplified red-list and measures on the rest of the world.

10. In February this year, the Department for Transport launched the Aviation Skills Retention Platform – designed to help retain vital skills within the industry and address the skills gap that existed prior to the pandemic. Aviation employers can also use the platform as a recruitment talent pool of people with aviation-specific skills. Signs are encouraging with more businesses and individuals registering with the platform.

11. The Department is also working with industry partners to discuss ways to manage talent and skills retention in the short term while continuing to support and invest in home-grown talent and skills in the medium and long term. This includes work with industry on maximising use of the existing support measures such as DWP's Flexible Support Fund and Rapid Response Service to support aviation workers at risk of redundancy to stay in employment or move between sectors.

How the aviation sector can support the UK's economic recovery after the coronavirus pandemic

11. The UK aviation sector is of global importance (e.g. in 2019, Heathrow had the highest passenger numbers in Europe), makes a significant economic contribution to the UK both directly (e.g. air transport directly contributed around £14 billion to the UK economy pre-COVID), and in supporting jobs across the UK (e.g. the air transport sector directly employed 140,000 across the UK in 2019). By providing international connectivity (passenger and freight capacity) it also facilitates economic activity and indirect employment in other sectors e.g. retail and hospitality, inbound tourism and associated industries, professional services etc and has local, regional, national and global supply chains.

12. We are fully committed to supporting and restarting the industry as it is vital to our future as a global trading nation as well as playing an important role in local

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[2] https://www.iata.org/en/iata-repository/publications/economic-reports/air-traffic-movement-outlook---europe---august-2021

economies. As shown through the publication of the Global Travel Taskforce, the Government is taking the necessary steps to support the reopening of international travel while protecting the public and stopping the spread of COVID-19.

13. The Government is also working on a strategic framework for the sector, which will focus on building back better and ensuring a successful UK aviation sector for the future. This framework will explore key issues facing the sector, which will include consideration of workforce and skills, regional connectivity, innovation and regulation, and consumer issues. We will also consider climate change and decarbonisation, as well as the critical role that UK aviation plays in retaining the UK's global impact. This will be published by the end of the year.

14. After becoming the first major economy in the world to set a 2050 net zero target, we're also committed to decarbonising aviation. Further detail on the Government's support to meeting this commitment is available in section six.

The potential merits of Government (a) financial, (b) regulatory and (c) other support to the aviation sector

15. The Government recognises the challenging circumstances facing the aviation industry because of COVID-19 and firms experiencing difficulties have been able to draw upon the unprecedented package of measures announced by the Chancellor.

16. Since the start of the pandemic, we estimate that the air transport sector (airlines, airports, and related services) has benefitted from around £7bn of support. This includes support through loan guarantees, support for exporters through loans from UK Export Finance (UKEF), the Bank of England's COVID Corporate Financing Facility and the Coronavirus Job Retention Scheme (CJRS).

17. For example, via the CJRS, DfT estimates that around 50% of air transport sector employees were furloughed as of the end of June 2021, although there is some uncertainty in this due to data limitations. Many individual airlines and airports have made use of flexi furlough to rotate staff to maintain skills to reduce costs. The scheme has also let the sector be prepared for the gradual return to international travel following the easing of restrictions.

18. The Airport and Ground Operations Support Scheme (AGOSS) has been a short-term measure to provide eligible commercial airports and ground handlers support towards permitted fixed costs subject to certain conditions. Commercial airports and ground handlers maintain regional connectivity and employment in local communities. They were severely impacted by the pandemic, seeing demand falling while retaining relatively high fixed costs, including business rates. Taking this action to support these businesses with costs helped to improve the immediate resilience and viability of our airports and ground handlers, reducing cash burn and unlocking additional shareholder and lender support.

19. In response to the COVID-19 pandemic, the EU Commission waived the 80:20 slot[3] usage rule for the Summer 2020 and Winter 2020 seasons. Following the UK's departure from the EU, the UK Government decided to extend this waiver to cover the Summer 2021 season (until 30 October 2021) through the Airports Slot Allocation (Alleviation of Usage Requirements) Regulations 2021. By providing airlines with legal certainty that they would be able to retain their slots even if not operated, the commercial impacts of the COVID-19 outbreak on the industry were mitigated. This is

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[3] Ordinarily, airlines must operate slots at least 80% of the time in order to retain the right to the same slots for the next equivalent scheduling period – this is known as the 80:20 rule or the "use it or lose it" rule

because airlines might have otherwise opted to operate flights at low load factors merely to retain slots. Due to continued uncertainty and low passenger demand forecasts, we set out a package of measures on 19 July 2021 to further alleviate slot usage requirements for the Winter 2021 season, which runs from the 31 October 2021 to 26 March 2022.

20. As part of its normal operations the Government has always considered providing support to strategically important companies whose failure or distress could cause disproportionate harm to the UK economy or society. Companies must have exhausted all other options before being considered, and any support given will be on terms that protect the taxpayer, with existing lenders and shareholders expected to contribute to and share in the financial burden.

21. We continue to engage with businesses across the sector to understand the impacts of the pandemic and keep all impacts and policies under review.

Section 2: The Cost of International Travel

Price and effect on demand of PCR and antigen testing in the UK

22. The Government has sought to facilitate the re-opening of international travel in a safe and sustainable way that reduces the risk of imported infections and protects the NHS. Passenger testing was a cornerstone of this approach, ensuring that we could identify, track and contain the spread of new variants through PCR testing for all arrivals.

23. Due to the success of our domestic vaccine rollout, and as the epidemiological situation improved abroad, the Government regularly reviewed these measures to ensure they were proportionate. This enabled the Government to start easing international travel requirements from 17 May 2021, while ensuring that public health remained the priority. Since then, passenger numbers have been rising at a steady pace.

24. In July, we reduced testing and health measures for passengers that were fully vaccinated in the UK. We then took a phased approach to the rollout of our inbound vaccination scheme to other countries and territories, starting with successful pilots in Europe and the US and subsequently expanding the policy to reduce testing requirements for eligible fully vaccinated passengers from over 100 countries and territories. We continue to work with international partners as we expand the policy to more countries and territories where it is safe to do so.

25. Through various Global Travel Taskforce checkpoint reviews, the UK Government worked with the travel industry and private testing providers to further reduce testing costs, while ensuring travel was as safe as possible. First in May and again in August, we reduced the cost of NHS Test and Trace tests for international arrivals, sending a clear message to industry that prices should be cheaper. The list of private testing providers is reviewed regularly to ensure pricing is accurate. We have removed over 90 providers from gov.uk and corrected inaccurate prices from over 135 private providers who will be removed from the list if they advertise misleading prices again.

26. In addition, in August, the Health Secretary requested an urgent high-level review from the Competition and Markets Authority (CMA) to address exploitative behaviour in the private testing market and crack down on excessive pricing and misleading claims. The CMA report made 8 recommendations to improve market outcomes and practices and to help shape the market in a way that improves outcomes for consumers. The UK Government is reviewing the recommendations to ensure consumers are given the best tests at the very best prices.

27. In October, the cost of testing was further reduced when we removed pre-departure testing for eligible fully vaccinated arrivals and most under 18s and, from 24 October,

eligible fully vaccinated arrivals and most under 18s will only require a cheaper lateral flow test on arrival, with a confirmatory NHS PCR test provided free of charge if they test positive. The current price range for these new lateral flow tests from providers listed on gov.uk is £15 to £39.

28. Removing mandatory PCR testing will boost the travel industry and is a major step forward in normalising international travel and encouraging people to book with confidence. We will continue to monitor broader testing measures in relation to the changing epidemiological situation and wider global context and will set out a further review of our international travel policy in the new year.

Cost and effectiveness of hotel quarantine in the UK

29. Throughout the pandemic the UK Government has been guided by the science and the advice of health experts across government to ensure that steps taken minimise the risk of importing COVID-19 cases and variants from abroad.

30. On 27th January 2021 the PM announced a package of measures agreed by Ministers. This included creating the Managed Quarantine Service (MQS). The introduction of the MQS was to mitigate public health risk through our border measures by:

    • preventing the incursion of variants into this country;
    • providing variant surveillance; and
    • giving the highest possible chance of slowing the spread of any imported variant cases.

31. The hotel quarantine system was implemented on 15th February 2021 for international arrivals from red-list countries or those who had been in a red list country in the preceding 10 days. The quarantine policy adopted standardised quarantine for those coming from the highest risk locations to maximise risk mitigation.

32. The cost for providing Managed Quarantine Facilities is largely met by charging those having to quarantine. It is right that people should pay for the costs of their travel, which includes paying for COVID-19 tests and managed quarantine to ensure the protection of themselves and the public. The same charge applies to all red-list arrivals required to enter managed quarantine, with further charges for additional travellers sharing a room. The package includes the costs of transport from the port of arrival to the designated hotel, food, accommodation, security, other essential services and days 2 & 8 COVID testing.

33. Between 15 February and 11 August 2021, the rate for one adult in one room for 10 days and 11 nights was £1,750. The normalised cost per person of managed quarantine was composed of 49% for the hotel, 2% for transport, 32% for security and welfare, 4% for testing and 13% for other cost. From 12 August 2021 the costs were increased to £2,285 for a single adult and £1,430 for a second adult in the same room to better reflect the total costs involved with providing their quarantine. The price remained unchanged at £325 for children aged 5-12 and free for children under 5.

34. The main purpose of hotel quarantine measures has always been to prevent, or slow down, the penetration of new variants of concern into the UK population and safeguard the gains made by our successful domestic vaccine programme. It also provides additional assurance that transmission has not occurred to household contacts as there is a higher compliance rate with the quarantine process for with those staying in hotels compared to home quarantine.

35. Red-list arrivals have decreased by 84% to 328 from week commencing 17 October 2021 from 2,038 week commencing 10 October 2021. The current number of guests

in quarantine hotels has also decreased during this period, from 4,096 week commencing 10th October 2021 to 1,705 week commencing 17th October 2021, down by 58.09%.

Section 3: The Traffic Light System for international Travel

36. After the Prime Minister asked the Secretary of State for Transport to reconvene the Global Travel Taskforce in February 2021, the Department for Transport published a report on 9 April 2021 setting out a risk-based framework for a safe and sustainable return to international travel. A key recommendation from the report, was to introduce the "Traffic Light System" to categorise countries and territories based on their level of risk.

37. The UK Government introduced the Traffic Light System on 17 May 2021. The intention was to boost consumer confidence, instil stability and reopen international travel to reunite friends and families.

38. Changes to the Traffic Light System were made every three weeks unless concerning evidence meant the UK Government needed to act faster in order to protect public health.

39. Under the traffic light system, all passengers arriving into the UK were required to take a pre-departure test (PDT) and fill in a Passenger Locator Form prior to arrival. Health measures once in England differed depending on the red, amber or green categorisation of the country or territory a passenger had travelled from or transited through as part of their journey, as follows:
    - Red: Passengers were required to complete a PDT, enter managed quarantine (MQS) and take day 2 and day 8 PCR tests.
    - Amber: Passengers were required to complete a PDT, quarantine at home for 10 days, with the option to opt in to test to release at day 5. They were also subject to day 2 and day 8 PCR tests.
    - Green: Passengers were required to complete a PDT and a Day 2 PCR test.

40. A green watchlist was also introduced on 17 May to publicly signal countries and territories at risk of moving from green to amber.

41. Direct passenger flights were banned from a number of red-list countries, and red-list arrival terminals at Heathrow and Birmingham were used to filter passengers arriving from red list countries.

42. To protect the UK from seeding new infections at a time where infection rates were low and the vaccine roll-out was ongoing, on 17 May 2021 the UK Government issued advice discouraging travel to amber and red countries and territories as they posed a higher risk. On 19 July 2021, guidance recommending against travel to countries and territories on the amber list was lifted, encouraging travel. As the epidemiological picture improved around the world, the green list continued to expand and by September 2021, it included 43 countries and territories.

43. The UK Government reviewed travel measures through a series of checkpoints in June, July and September 2021 which enabled the Government to take into account emerging evidence, and changes to the domestic and international health picture, in order to consider whether measures could be eased.

Policy for fully vaccinated travellers

44. Drawing on the success of the UK's vaccination programme, the UK Government used the checkpoint reviews to introduce measures to ease restrictions for fully vaccinated passengers.
    a) From 19 July 2021, fully vaccinated travellers who had been vaccinated in the UK and arriving from amber countries and territories (excluding

France temporarily) no longer had to quarantine or take a day 8 PCR test.

b) From 2 August 2021, fully vaccinated passengers with vaccines authorised by the EMA, Swissmedic and FDA in European countries and territories (EU Member States, European Free Trade Association countries and the European microstate countries of Andorra, Monaco, San Marino and Vatican City) and the US arriving from amber list countries and territories (excluding France temporarily) were able to travel to England without quarantine requirements or a day 8 PCR test.

45. This was the beginning of our phased approach to recognising fully vaccinated travellers. As of 11 October, fully vaccinated passengers and under 18's resident in the UK or one of around 100 other eligible countries and territories do not have to take a PDT, day 8 PCR test or quarantine unless arriving from a red list country or territory. Since 24 October eligible fully vaccinated arrivals and most under 18s arriving into England have the option to take a lateral flow test for their day 2 test, rather than PCR test.

46. On 8 October, the FCDO lifted its advice against all but essential travel to over 80 non-red countries and territories. The change means people will be able to travel to a larger number of destinations with greater ease.

A new system for international travel

47. Following the success of the UK's vaccine rollout we were able to introduce a new system for international travel following the third checkpoint review on 22 September 2021. The system includes a single red list and simplified travel measures based on a passenger's vaccination status for eligible arrivals from the rest of the world. This new simplified system includes:
    - A continuation of the measures applicable to passengers arriving from red list countries to England.
    - Fully vaccinated passengers with an authorised vaccine arriving into England from non-red countries or territories will only need to take a day 2 test and will not need to self-isolate or take a pre-departure or day 8 test.
    - We are working with an array of international partners and look forward to continuing the expansion of the policy to countries and territories across the globe as they meet minimum standards.

Decision-Making and Evidence Base

48. Ministers made decisions on country and territory allocations based on the risk assessments produced by the Joint Biosecurity Centre (JBC), part of the UK Health Security Agency. This methodology has been endorsed by the JBC technical board including the four UK Chief Medical Officers and their relevant specialists, such as Chief Scientific Advisers.

49. Key factors in the JBC risk assessment of each country include:
    - genomic surveillance capability
    - COVID-19 transmission risk
    - Variant of Concern transmission risk

50. A summary of the JBC methodology and summaries of the key data used to inform the JBC international travel risk assessments, including that used to inform Ministerial decisions, are published on gov.uk.

51. A range of data sources are used to inform decisions, including from GISAID, the World Health Organisation (WHO), official reports from host government websites, UK mandatory testing data and information provided to us by host Governments.

52. Decisions on vaccine recognition are made by Ministers. We are looking at expanding the role that vaccination can play more widely for those who have been fully vaccinated elsewhere to enter the UK.

Conclusion

53. All measures are kept under regular review and the UK Government will set out a further review of the UK's international travel policy early in the new year to provide further certainty for the spring and summer 2022 seasons.

Section 4: Border Readiness

54. To ensure passengers travelling to the UK are aware of the public health requirements applicable to them, since June 2020 transport operators have been compelled to provide certain information at various stages of the journey, including at the booking stage, before departure and onboard. Regulators including the Civil Aviation Authority (CAA), Maritime and Coastguard Agency (MCA) and the Office of Rail and Road (ORR) are responsible for enforcing the requirements and are empowered to issue fines of £4,000 per offence for failures to provide the required information or a failure to keep adequate records of the same. In recognition of the high levels of compliance operators have achieved in relation to this measure we are currently considering ways of making the requirements more flexible so that operators have discretion over how and when to provide information to passengers to better fit with their existing passenger communications.

55. In May 2020 the "enhanced" General Aircraft Declaration (GAD) was introduced as a voluntary measure for the aviation sector to report nil returns for COVID-19 symptomatic passengers onboard aircraft. The key aim was to increase knowledge and use of the GAD for symptomatic passengers which is outlined under regulation 12 of the Public Health (Aircraft) Regulations 1979, and in accordance with Article 38 of the International Health Regulations 2005. As flight schedules have increased the enhanced GAD has been reviewed and monitoring refocused on areas of the highest risk.

56. Since June 2020 passengers arriving in the UK have been required to complete a public health Passenger Locator Form (PLF). The PLF is the primary source of data that Public Health Authorities use to ensure that those arriving into the UK are meeting COVID-19 travel requirements, and that people who have travelled near to someone who has tested positive can be reached for contact tracing purposes. Travellers must complete the PLF at any time in the 48 hours before their arrival.

57. Since January 2021, transport operators have been required to check that passengers have completed the PLF before they arrive in the UK. Operators are subject to a fixed penalty of £2000 per passenger for conveying a passenger to the UK without a completed PLF. This approach has resulted in very high compliance with the PLF requirement, which has become increasingly important as more public health measures have been integrated into the PLF over time (e.g. post arrival testing requirements). As the PLF has been developed this has resulted in it increasing in length and complexity. However, we have worked closely with industry to solicit and act upon feedback to improve and simplify the PLF.

58. In February 2021 a further requirement on operators was introduced to check that passengers are in possession of a negative pre-departure test, taken within 72 hours of the scheduled departure time and meeting certain other requirements. This separate requirement is also subject to a fixed penalty of £2000 for conveying a passenger without a negative test or with a positive test. This requirement now only applies to unvaccinated individuals and those who have visited countries on the red list in the 10 days before arrival.

59. Since July 2021, operators have also been required to check that passengers that declare on the PLF they meet the eligibility criteria to be treated as fully vaccinated, have evidence to support this. This includes possessing evidence of vaccination status (being fully vaccinated by an approved vaccine with the final dose received more than 14 days before arrival in the UK), participation in a COVID-19 vaccination clinical trial or being aged under 18 and ordinarily resident in a country with an approved vaccination programme.

60. The transport regulators (CAA, MCA and ORR) are responsible for monitoring and enforcing the requirement to check vaccine status eligibility. The level of compliance with the vaccine evidence check requirement achieved is very high at over 95% (based on CAA spot checks).

61. In recognition of the high levels of compliance achieved and with the aim of reducing the financial burden on operators of fines, we are currently reviewing the enforcement approach and considering rationalising some of the operator liabilities into fewer offences, with greater emphasis on having the right systems and processes in place than per-passenger penalties.

Section 5: Regional and Global Connectivity

Connectivity between the regions and nations of the UK, including the steps that the UK Government can take to support regional connectivity

62. Aviation connectivity plays a vital role in UK economic growth, job creation and social cohesion. Airports and airfields enable the local communities and businesses they serve to connect with other parts of the UK and the rest of the world, thereby playing a key role in both levelling up our regions and building a Global Britain.

63. As the aviation sector recovers from the pandemic, and continues to modernise, it is important that we continue to focus our attention on ensuring all nations and regions of the UK have the domestic and international air transport connections that local communities and businesses rely upon, and these connections continue to support economic growth and inward investment into every region and country of the UK. Prior to COVID-19, the UK had the most expansive domestic aviation network in Europe, and ensuring this network is maintained is key to achieving the positive economic outcomes the Government is determined to deliver for the whole of the UK.

64. Much of airport policy is devolved to the Northern Ireland, Scotland and Wales administrations, who are responsible for the development and implementation of policies relating to surface access and land-use at and around airports. However, aviation safety and security matters are reserved to the UK Government given their importance to the whole of the UK.

65. The economic impact of COVID-19 has been particularly acute for regional airports and during this unprecedented period for aviation, the Government have supported the industry in a number of ways. For example, in April 2020, we secured a £5.7m package, joint-funded with the Northern Ireland Executive, to protect the last remaining air connectivity between Belfast/ Londonderry and London. This helped to ensure that key workers still had access to flights between Northern Ireland and mainland Great Britain at the height of the COVID-19 pandemic.

Union Connectivity Review

66. In June 2020 the Prime Minister announced the UK Government would undertake a review on how connectivity across the UK can support economic growth and quality of life post-COVID-19. This Union Connectivity Review (UCR), chaired by Sir Peter Hendy, has considered how the quality and availability of transport can support

economic growth, levelling up, an improvement in quality of life, and building back better after COVID-19. The Union Connectivity Review will make several recommendations to support connectivity not just across the Union but across regions within the UK.

67. The Government will consider these recommendations as well as evolving consumer demand in response to COVID-19 to support future policies for regional air connectivity. The Government will also continue to engage closely and regularly with stakeholders who have an interest in the regional aviation sector. This will include building evidence to support the development of measures which could support regional air connectivity.

Route support

68. The Government continues to jointly fund public service obligations (PSOs) into London, protecting air connectivity from some of the most peripheral regions in the UK. The Government has funded PSOs to London from Dundee and Newquay since 2014, and from Londonderry since 2017.

69. As the country builds back from the impacts of COVID-19 (and with the collapse of Flybe and Stobart Air) the Government will consider whether there are further opportunities to utilise PSOs, alongside other policy measures, towards meeting our ongoing regional connectivity and levelling-up objectives.

Aviation Tax

70. The government is introducing a package of Air Passenger Duty (APD) reforms that will bolster UK air connectivity through a 50% cut in domestic APD, and further align with UK environmental objectives by adding a new ultra-long-haul distance band.

71. Following consultation, the government will introduce a new domestic band for APD set at £6.50. The rate will apply to all flights between airports in England, Scotland, Wales and Northern Ireland (excluding private jets). As a result, around 9 million passengers will pay less APD in 2023-24. This will benefit connectivity between Great Britain and Northern Ireland.

72. In addition, the government is increasing the number of international distance bands from two to three, with the new distance bands set at 0-2,000 miles; 2,000-5,500 miles and 5,500 miles plus. The rates will be £13; £87 and £91 respectively for economy passengers. This will align APD more closely with environmental objectives by ensuring that those who fly furthest incur the greatest level of duty.

73. A summary of consultation responses received from stakeholders was published alongside the Budget and SR.

Global Connectivity

74. Aviation plays a crucial role in facilitating global connectivity and trade for UK citizens and for business, helping to boost economic growth and enabling people to visit friends and family. In response to the COVID-19 pandemic, the UK has led global efforts to facilitate the safe and sustainable reopening of international travel, enhancing the UK's international reputation and supporting the Government's Global Britain agenda.

75. The UK has taken a leading role in the International Civil Aviation Organization (ICAO) Council's Aviation Recovery Task Force (CART) to provide practical, harmonised guidance to governments and industry operators, helping the international air transport sector to recover from the impacts of COVID-19. At the ICAO High Level COVID Conference (HLCC) in October 2021, UK Ministers agreed a Declaration on the recovery of international travel, including a shared global

ambition for the proportionate application of border health measures and a commitment to sustainability in the aviation sector.

76. Under the UK's Presidency of the G7, transport and health ministers from these major global economies agreed to align their international travel strategies through seven principles that will help build a long-lasting recovery for the international travel sector. These principles include: futureproofing the transport sector against future health threats; ensuring the fair treatment and safety of essential transport personnel; ensuring fairness and equity in respective national responses; and delivering a safe, sustainable and resilient recovery. The G7 also committed to continue working together on the implementation of these principles, and on sharing information on restart and recovery in future.

77. Throughout the course of the COVID-19 pandemic, the UK has engaged bilaterally with a range of countries to facilitate the recovery of international travel as quickly and safely as possible. For example, through the joint Expert Working Group (EWG), UK and US officials have worked closely together to support the resumption of transatlantic travel on 8 November 2021. The UK has also been working closely with the EU to agree the interoperability of our respective vaccination credentials, and an agreement was announced on 27 October to this effect.

78. The UK's support for airlines includes having in-depth discussions with airlines to understand their business and talk through the possibilities available to them within our extensive portfolio of Air Services Agreements (ASA), especially where airlines have changed their business models post Brexit. Where additional freedoms or liberalisations of existing ASAs have been requested, we have engaged in negotiations with the countries concerned. We have negotiated all-cargo 5th freedom rights with 17 EU countries, with other discussions still ongoing. We have continued to have a close working relationship with UK airlines to understand and assist with problems they've faced in doing business, including negotiating the lifting of restrictions to flights put in place due to the COVID pandemic, and ensuring the continuation of critical cargo flights.

79. The UK is also continuing to work with international partners to build on the UK's world class portfolio of bilateral and multilateral Air Service Agreements (ASAs), ensuring that they deliver meaningful, useable commercial opportunities for our airlines and airports. Our priority is to open market access as far as possible, ensure fair competition and reduce administrative burdens.

80. The Government also recognises the vital role of air freight in connecting the UK with our global partners. We will continue to work closely with industry and other governments to facilitate efficient and effective movement of goods.

Section 6: Sustainability

81. The Government recognises that the fight against climate change is one of the greatest and most pressing challenges facing the modern world. The UK was the first major economy to pass laws to reach net zero by 2050 and in line with recommendations from the Climate Change Committee, has set the world's most ambitious climate change target in the Sixth Carbon Budget, such that by 2035 we will reduce carbon emissions by 78% compared to 1990 levels. In addition, for the first time, we have committed to formally include the UK's share of international aviation and shipping (IAS) emissions in the Sixth Carbon Budget. IAS emissions are an important part of our overall decarbonisation efforts, and this change will allow for these emissions to be accounted for consistently with other emissions included within the Sixth Carbon Budget.

82. As one of the hardest to abate sectors, we expect international aviation to be one of the highest residual emitters in 2050. It is therefore critical that the aviation sector

plays its part in delivering the UK's net zero commitment, and the Government is supporting a variety of technology, fuel and market-based measures to address aviation emissions.

83. In July 2021, we launched the Jet Zero Consultation which outlines our vision for the aviation sector to reach net zero by 2050. The consultation focuses on the rapid development of technologies in a way that maintains the benefits of air travel whilst maximising the opportunities that decarbonisation can bring to the UK. Key proposals in the consultation include a 2040 net zero target for domestic aviation, and for airport operations in England to be zero emission by the same year. The Jet Zero Consultation closed on 8 September and we received over 1300 responses which will inform our final Jet Zero Strategy, which we envisage to be published early in 2022.

84. To help achieve our ambitions, in July 2020 we established the Jet Zero Council, a partnership between industry and government that brings together senior leaders in aviation, aerospace, and academia. Its aim is to deliver zero-emission flight across the Atlantic within a generation. To achieve this, the Council is considering how to develop and industrialise clean aviation and aerospace technologies, establish UK production facilities for sustainable aviation fuels (SAF) and develop a coordinated approach to the policy and regulatory framework needed to deliver net zero aviation by 2050.

85. Although many of the technologies we need to reach net zero aviation emissions by 2050 are at an early stage of development or commercialisation, technologies are already emerging that will help us achieve our goals. In 2020, ZeroAvia completed the world's first hydrogen fuel-cell powered flight of a commercial-grade aircraft and are now developing a 19-seater aircraft planned for entry into commercial service in 2024. Airbus have also announced plans to bring into service zero emission commercial passenger aircraft by 2035.

86. The Aerospace Technology Institute are undertaking the FlyZero project, a £15m in-depth study funded by Government into the potential for a zero-emission aircraft by 2030. The team recently unveiled a fleet of zero emission aircraft concepts and proposed liquid hydrogen as the most viable option for larger commercial aircraft. The project will set out further detailed plans in early 2022 for how the UK aerospace sector might best contribute to zero emission aircraft.

87. We expect SAF to play a key role in decarbonising aviation. SAF are already in development in other countries, and as part of the Prime Minister's 10 Point Plan for a Green Industrial Revolution, we are supporting the deployment and commercialisation of SAF in the UK through the £15m Green Fuels, Green Skies competition. Building on this, the Net Zero Strategy recently announced new funding commitments for SAF, with £180 million made available to support UK SAF production. We have also recently consulted on a UK SAF mandate setting out our level of ambition for future SAF uptake and will be setting out proposals in due course.

88. Whilst we develop new technologies and fuels, continued operational efficiencies will play a key part in decarbonising aviation. Aircraft are becoming more fuel efficient and advances in flight planning, airspace modernisation and ground operations can reduce carbon emissions and other environmental impacts of aviation. At the request of the DfT and Civil Aviation Authority (CAA), the Airspace Change Organising Group (ACOG) was established in 2019 to coordinate the delivery of key aspects of the Government's Airspace Modernisation Strategy, namely the national programme of airspace change amongst major UK airports. Our analysis suggests system efficiencies could deliver up to 36% of the carbon savings from aviation needed to reach net zero aviation emissions by 2050.

89. As set out in the Jet Zero Consultation, we are anti aviation emissions, not anti-flying. We must reduce emissions from aviation whilst retaining our ability to fly. The aviation sector is important for the whole of the UK economy in terms of connectivity, direct economic activity, trade, investment and jobs. It facilitates £95.2bn of UK's non-EU trade exports; contributes at least £14bn directly to GDP; supports over half a million jobs and underpins the competitiveness and global reach of our national and our regional economies.

90. Notwithstanding these measures being taken forward in the UK, the Government is clear that international action on aviation emissions is essential given the global nature of the sector. It is vital that we find an answer that does not simply displace emissions elsewhere across the world. The UK is therefore committed to coordinated global action through international processes and takes a leading role in the work of International Civil Aviation Organization (ICAO) to reduce emissions from international aviation.

91. The UK is committed to implementing ICAO's Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) and is participating in the scheme from its start this year. The scheme is the first of its kind to address global CO_2 emissions in any single sector, and the UK played a leading role in securing its adoption. We will continue to work through ICAO to improve the environmental ambition of the scheme.

92. The UK is also negotiating for ICAO to agree a long-term emissions reduction goal for international aviation by its 41st Assembly in 2022. The UK believes the development of an ambitious long-term goal is paramount to enabling effective decarbonisation of the international aviation sector. We welcome the long-term climate goal of net-zero carbon emissions by 2050 that was recently adopted by the global air transport industry, confirming the commitment of the world's airlines, airports, air traffic management and the makers of aircraft and engines to reduce CO_2 emissions.

93. Between 1-12 November 2021, the UK will host the 26th United Nations Convention on Climate Change (UNFCCC) Conference of the Parties (COP26) at the Scottish Event Campus in Glasgow. A key theme of the conference is to increase the ambition and pace of global decarbonisation. All states, sectors, businesses, cities and regions are strongly encouraged to adopt decarbonisation trajectories aligned to the Paris Agreement's 1.5°C temperature goal and COP26 therefore marks a critical milestone. For the aviation sector, it represents an opportunity to raise ambition on international aviation emissions in the run-up to the 2022 ICAO Assembly, and promote accelerated action by governments and industry.

Conclusion

94. The Department for Transport is aware of the challenges the aviation sector has faced in these unprecedented times. As this evidence shows, we are taking action to address these challenges in order to ensure the sustainable recovery of the aviation sector. The department continues to engage with businesses and all stakeholders across the sector to understand the impacts of the pandemic and keep all impacts and policies under review.