

Roger Wiltshire
Secretary General, British Air Transport Association

We'll move on now to Roger Wiltshire, who is the secretary general for BATA. He's another whose association with the operator's dates back to pre British Airways days and Roger, I know personally, always adopts an optimistic approach to the challenges facing aviation and I'm sure he's bringing this attitude to the work of BATA. Roger.

Roger Wiltshire: Good afternoon ladies and gentlemen. To the previous agenda I noted that I would have been starting speaking before Gordon Brown started and I would have had the opportunity of sort of looking at my watch at the appropriate time and greeting him. As it is he's up and talking as we speak and we'll have to see what he comes with at the end of the lunch time session. But thank you very much for inviting me here.

Roger Wiltshire: Good afternoon ladies and gentlemen. To the previous agenda I noted that I would have been starting speaking before Gordon Brown started and I would have had the opportunity of sort of looking at my watch at the appropriate time and greeting him. As it is he's up and talking as we speak and we'll have to see what he comes with at the end of the lunch time session. But thank you very much for inviting me here.

When I agreed to speak at this conference I assumed the big challenge for aviation was about growth and the environmental impact. I planned to speak about the challenge of this in the context of the white paper – the issues, the impacts and what the airlines feel are the right approaches to it and I will do that over the next 15 minutes but when I agreed to speak the airlines were recovering we thought from the after effects of September 11th. However, since then, as a certain politician would have put it, events dear boy, events have made the current reality rather different.

Following September 11th, in the last 18 months, airlines have been hit with a whole range of challenges (slide 2). There's a list of them there. I refer to Carl Burleson yesterday from the FAA who made a fascinating presentation. He alluded to the costs to the US industry. For the UK airlines those two top items, security and insurance we estimate has hit the industry to the cost of something over £200m per annum – just those two items.

At least the war we knew about in advance and there was quite a bit of pre-planning and we hope we'll be coming to the end of that soon and there will be a recovery. SARS, on the other hand, as you know the South East Asia flu epidemic, was not predicted and has certainly had a major impact although at a regional level and I hope it will be again a short-term impact.

Underlying all these events, dear boy, is economic downturn. Now I don't think we'll know the scale of that on the industry until post war and post SARS. So for many airlines today today's challenge is actually survival (slide 3). But of course as usual the silver lining principle applies. Never in the field of civil aviation has so much been given away for so little! This is a great time for consumers and it nice to see John Gummer this morning rolling off an aeroplane and coming to talk to us. Why aren't we all in Atlanta at the moment or thinking about travelling there I ask myself. Your local national airline needs you!

Nevertheless, despite the real and very serious problems faced today by airlines we believe that strong demand will return and we will again soon be feeling the effects of a system in need of more capacity. And we agree with the government that it is right to look ahead 30 years and put in place a framework for responsible growth in capacity. You see the public and the government both recognise that air travel firstly is a vital service to UK PLC and to the UK population and also provides a resource, not mentioned by the Royal Commission yesterday, a resource to both business and private use, the resource of time.

So onto the environmental and economic and social issues. Just like our guest from the motor manufacturers this morning, we also recognise the, what I call, three legs of the sustainability stool. Government need to balance the economic, the environmental and the social and no one issue should veto the others (slide 4). Air travel has become available nowadays to most of the UK population and so this is also a social issue and therefore highly political.

And in addressing the environmental impact we need to come up with appropriate solutions. We've heard in the last couple of days or day and a half the complexity and the variety of the impacts and it is appropriate that each of those impacts are treated in a sensitive and appropriate way. Some of the solutions are already in place, others are not and more about that later. But before I go on to talk about how we deal with these impacts perhaps a little word about the record of the industry and perhaps putting right some of the rather more outrageous myths that have been pedalled about the industry in the last months.

Firstly, aviation is the least subsidised form of public transport (slide 5). The government spent over the last four years £36bn worth of taxpayers' money in transport. Of that £36bn only £199m, about half of 1% of the total, was spent on aviation and that mostly at the Highland and Islands Lifeline Service in the north of Scotland and as an investment into air traffic control, international air travellers pay their way. They cover the infrastructure on the ground, in the air, they pay for all regulation, they pay for safety, their security costs, including the security costs caused by attacks not on aviation but on the state that we've experienced over the last couple of years. What other transport mode can say that? On top of all this aviation pays the exchequer – are you listening, Gordon? - Billions of pounds each year including almost a billion as the minister said yesterday in air passenger duty. As I say I hope he is listening to us when we mentioned that comment.

So what are the impacts of aviation? We've heard about this already so I won't dwell too much on it. Basically we feel that the local and the global issues are distinct and should be treated in different ways because best ways of dealing with them depend on the actual impact. At local level obviously noise is the biggest political issue but air quality, a recent arrival on the scene, is an important issue at certain airports and we've heard a lot about Heathrow and the work going on there this morning (slide 6).

Congestion is also another issue and very much linked to local air quality in many ways. At the global level we've heard a lot about it and Rod Jones's presentation this morning was absolutely fascinating about the information still needed about the atmosphere and the uncertainties we have and what work needs to be done. The non-CO₂ elements are estimated as a factor of 1.7 over and above CO₂ but there's a lot of uncertainty there and that needs to be resolved as soon as we can. I was amused by the rounding up done by the Royal Commission by Professor Clift yesterday morning – he wound it up from 2.7 to 3.00. On my calculations that would cost the industry to value of about £100m a year. Not a trivial sum for a rounding.

Before I look at some of the solutions to these local and global impacts let's have a look perhaps at the industry's record. It's been mentioned already before. There is a good record in the industry. We shouldn't be afraid of saying that. Noise over the last 25 years has reduced significantly both around airports in the example of Heathrow and in the terms of noise at source from the aircraft themselves (slide 7). Fuel efficiency has improved very much and aviation's fuel efficiency is equivalent at about a 400km journey to a one-person car. And the recent crises that I listed before have a silver lining. There's been an environmental dividend as airlines get rid of the oldest, dirtiest, noisiest aircraft and there's been a dividend in both emission and noise as was referred to yesterday by our guest from the FAA.

So onto some possible solutions to the local issues. Noise – noise we must recognise is a highly regulated area already (slide 8). It's a combination of regulation, best practice and operational procedures. There is strong regulation in the UK. It's based on the international standards quite appropriately because aviation is very much an international business but it has a national approach to it as well.

The airlines will continue to reduce noise levels. We do depend on the manufactures obviously to improve the technology and they are working hard on that as we've heard. But initiatives such as continuous decent approach, which airlines, airports and many others were involved with last year, is another good way in which we can maintain best practice particularly at those airports where the population is sensitive because of the large population around those airports. We need to mitigate as far as possible on this front but when it comes to new developments we have to recognise that compensation, perhaps generous compensation, will be needed. The support the ICAO balanced approach that's been mentioned already in this conference and I would love personally to see in the UK what's happening in the US referred to again yesterday the affirmative action recognising where you live would do a lot to perhaps clarify some of the local issues.

On local air quality we've heard a lot from Rob and Kevin this morning. Other than my support for the need as this is a health issue with a regulatory target, with a legislative target in place, we do need to understand the sources quickly and we need then to address them.

So onto the global issues and of course global warming is coming through as the most important environmental issue, maybe not the most important political issue but the most important environmental one (slide 9). Both the Royal Commission and the government's own economic instruments paper identified that and we do need to do a lot of things on this. We need to continue our good record of technology development but we recognise there are trade offs approaching and we also recognise that technology will not develop fast enough to cover the expected growth in demand. Operating procedures have some potential – ATC, streamlining routes, etc is potential. Also airport capacity. Very many years now some of our most congested airports have been working at such high levels of utilisation capacity that automatic almost arrival delays are guaranteed through stacking. Some element of any future capacity enhancement could be used to trade off against that inefficient flying.

And last but by no means least we need to support the science community in their search for a better understanding of the atmospheric chemistry generally and the impact of aviation.

That's some of the work we need to do but it's obvious that those measures will not be enough or may not be enough so we need to look at other options. Market-based options as they're called including things such as voluntary agreements (slide 10). We in BATA are talking to government about voluntary agreements for the UK airlines and it's important that we take that initiative as far as we possibly can. Recognising, on the one hand, that the airlines in the UK in particular, operate a pretty young fleet and are therefore pretty efficient, pretty close to the optimum but we do recognise that we need to push that envelope as far as possible.

Carbon offsets. We recognise, and some airlines have actually started initiatives on this with their passengers, but we do recognise that not all carbon offsets are equal. We need to agree with the environmental experts which are the appropriate offsets and how we can as an industry work with those areas to ensure maximum environmental benefit and validated and verified one.

Taxes. Taxes are a blunt instrument. They don't really focus on the impact APD when it was introduced. It was introduced; it's alleged, as a surrogate for fuel taxation in aviation. It doesn't really have any direct impact on emissions so we're not really pro tax, Gordon and we also feel that many treasuries and exchequers around the world, once a tax is implemented, it's very difficult to reverse, it's very difficult to get that back when you find a better way of doing it. Charge is another way of approaching this. They could be recycled; they could be hypothecated. They are better but they'll still have the problem of taxes.

Trading we believe is the best way forward to the medium and long term certainly and this is accepted by not just governments but the industry and ICAO and the NGOs themselves feel this is the right way forward for the industry. Some of the benefits of trading, if it's done in an open and international way – it focuses on the environmental impact. There is a cost to it and it's uncertain. That's the risk the industry will be taking. It must be open to all sectors. It must be open wider than aviation and it must be international recognising the nature of aviation being an international business. It could be linked to carbon offsets but surely at the moment in all understanding it is the best way forward. That is though the best way forward in the medium to long term so what do we do in the short term (slide 11).

We are talking to government on that and carbon offsets will be something we'll be talking to people about as well. We need also to continually improve our operating procedures. We would like governments, not just in the UK, but across Europe to focus on ATC very clearly over the next few years to try and get those clear routings, get those most operating procedures that we can use. And just to remind people in the mean time air travellers are still paying close to £1bn in APD (slide 12). So today's message perhaps to Gordon should be don't do anything you can't reverse please (slide 13).

Just a summary then as I wrap up (slide 14). Aviation is a vital transport mode especially to the UK being a trading nation and we have a good record of improving our environmental impacts. But appropriate solutions need to be found. We recognise the impacts and we need appropriate solutions for each type of impact.

You've seen today – heard today and yesterday how the different impacts, what they are, how we need to take a fairly sophisticated approach to dealing with them and this is where I believe science, technology and Greener By Design, and its very wide and broad membership have a very vital role to play. Thank you very much.

Chairman: Thank you, Roger. Roger will be available this afternoon at the discussion session so we'll move onto our last speaker before lunch.