

# Civil Aviation Authority's response to the Commission on Travel Demand's call for evidence on understanding travel demand

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## Summary

1. The CAA welcomes the opportunity to respond to the Call for Evidence in January 2017 by the Commission on Travel Demand who is exploring “the changing demand for transport, the reasons for it and to debate new approaches to planning for and shaping demand futures which support social and economic progress whilst being consistent with our environmental obligations”.
2. The CAA is the UK's specialist aviation regulator. Our regulatory activities range from making sure the aviation industry meets the highest technical and operational safety standards to preventing holidaymakers from being stranded abroad/losing money because a tour operator fails. We are also responsible for the Economic Regulation of Airports (Heathrow and Gatwick) and of Air Traffic Control.
3. While we are not in a position to fully contribute to all the questions raised in the consultation, we thought it would be appropriate to make a number of considerations from our perspective.
4. We are happy to engage further with the commission and wish that its work is fruitful. If you would like any other clarification and/or would like to discuss the contents of this submission please contact Pedro Lino Pinto.

## Domestic Aviation

5. The call for evidence discusses the evolution of emissions of domestic travel. Domestic travel accounts for a small proportion of total airport passengers in the UK. There are only about 2.2m passengers per year travelling between UK airports which compares with about 210m travelling between a UK and an International destination. Even then, a sizeable proportion of passengers travelling between UK airports are not making a domestic travel journey. Many are travelling on a domestic route to then connect to/from an international route.

6. One aspect of the domestic aviation that often attracts interest is the availability of air services between the UK nations and regions and hub / London airports, particularly Heathrow. Some of these routes are seen as important not only because they provide access to London but because they also provide the regions with access to onward travel options at the hub airport. In recent years, the development of domestic routes at Heathrow, in particular, have been under pressure given the well documented runway capacity constraints, which may have meant that scarce slots have been increasingly used by airlines to serve longer haul destinations. We have recently published a note on these issues that may be relevant to the Commission's work.<sup>1</sup>

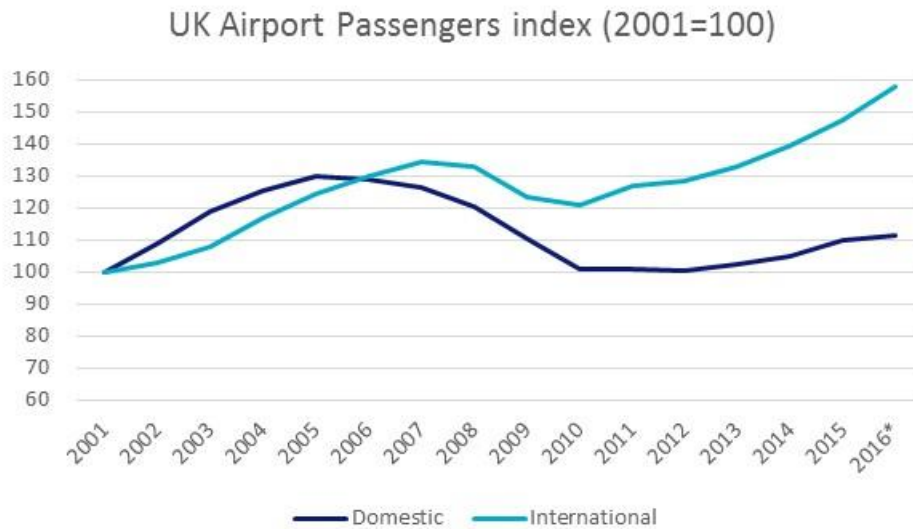
### **Recent developments in UK airport passenger numbers**

7. Overall passenger numbers at the UK's regional airports grew rapidly in the years leading up to 2007 by taking advantage of the growth of low-cost airlines increasing their connections to European destinations.<sup>2</sup> However, airports outside London were generally more affected by the economic downturn of 2008, but since then passenger numbers have recovered so by 2015 they were just a little below their pre-2008 peak.
8. As shown in the figure below, domestic travel in 2016 was only about 11 per cent higher than 2001 levels, while International Air passengers were about 58 per cent more. In addition domestic passengers have consecutively declined between 2005 and 2012 and have grown at a slower pace or fallen faster than international aviation since 2004.

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<sup>1</sup> See [www.caa.co.uk/cap1413](http://www.caa.co.uk/cap1413).

<sup>2</sup> This growth in connectivity was described in-depth in [www.caa.co.uk/CAP754](http://www.caa.co.uk/CAP754) in 2005 and in [www.caa.co.uk/CAP775](http://www.caa.co.uk/CAP775) in 2007.



Note: 2016 data is for January to October

Source: CAA Airport Statistics

### Capacity Constraints in the Southeast of England

9. We agree with the Airports Commission conclusion that new runway capacity in the South-East of England is important to unlocking a greater number of both domestic and international connections and the economic benefits they bring. We would also stress the importance of airspace modernisation.
10. That said, airlines and airports have responded to the commercial incentives posed by the increasing runway capacity constraints. For example:
  - Airlines have continued to adapt their networks to serve the most profitable routes, with increased aircraft size and sector lengths.
  - Airlines have been able to trade slots in such a way that they end up being operated by those airlines who are willing to pay the most for such slots.
  - Airport operators have structured their charges to encourage a higher utilisation of their scarce runway capacity.

## Market Maturity

11. Historically, air travel tends to grow faster than GDP, but has matured over the years. In the recent years, UK air passengers have grown at about 1.5x GDP growth. Domestic travel particularly is particularly mature, with average growth in domestic air travel being typically lower than GDP growth.

## Aviation contribution to meeting carbon targets

12. Aviation contributes around 6% of UK carbon emissions, with domestic aviation responsible for just a small fraction of it.<sup>3</sup> Aviation is different to other sectors of the economy since while there are already some technologies that would allow for significant shift of energy sources, in aviation, jet fuel is likely to remain the predominant source of aircraft energy.<sup>4</sup> Therefore aviation contribution to carbon reduction is likely to come from increased engine efficiency, air traffic improvements and, crucially, carbon offsetting in other industries.
13. As the CCC, we agree that policy approaches to aviation emissions should be primarily decided at the global or EU level, given the international nature of the industry.
14. Finally we note the conclusion of the Airports Commission that “one new runway [at Heathrow], even fully utilised, is compatible with continued progress towards reducing carbon emissions”. It also notes that “[the runway] will provide the capacity we need until 2040 at least. Beyond that, the position is uncertain, and will be strongly dependent on the international policy approach to climate change”.<sup>5</sup>

## Air – rail substitution

15. A way of reducing aviation use is obviously to increase the share of rail travel on very short air routes. Improvements in rail services have the potential to reduce aviation emissions at the margin. Research shows that

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<sup>3</sup> See <https://www.theccc.org.uk/charts-data/ukemissions-by-sector/aviation/>.

<sup>4</sup> Even though some research and testing has been done for the use of biofuels in aviation.

<sup>5</sup> See [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/440316/airports-commission-final-report.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/440316/airports-commission-final-report.pdf)

when rail travel times fall to less than about 3-5 hours rail becomes the predominant way of point-to-point travel.

16. We've observed reductions in air travel in domestic aviation and on aviation services to Paris and Brussels from the Southeast of England when rail improvements occurred.<sup>6</sup>

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<sup>6</sup> See, for example, slide 9 of [https://www.caa.co.uk/uploadedFiles/CAA/Content/Standard\\_Content/Data\\_and\\_analysis/Analysis\\_reports/Aviation\\_trends/AviationTrends\\_2008\\_Q2.pdf](https://www.caa.co.uk/uploadedFiles/CAA/Content/Standard_Content/Data_and_analysis/Analysis_reports/Aviation_trends/AviationTrends_2008_Q2.pdf).