

AIRPORT
OPERATORS
ASSOCIATION

**SCOTTISH
ELECTION
MANIFESTO**

FOREWORD

Aviation was one of our success stories. Before Covid-19, the UK had the largest aviation market in the EU and the third largest aviation market in the world, after the USA and China. Nearly 300 million passengers travelled through UK airports in 2019 – a record number. 28.9m of those passengers travelled through Scottish airports, of whom 92% flew through Aberdeen, Edinburgh and Glasgow.

As a sector, aviation contributed more than £66 billion to the economy (3.2% of the UK's GDP) and supported 1.1 million jobs. Aviation is also a crucial enabler for the Scottish economy. For example, Scotland's time-sensitive food exports, such as salmon, fly to reach their destinations quickly. The tourism sector, which employs 218,000 people in Scotland, relies on the 3.3m international visitors that travelled to Scotland in 2018, with the vast majority travelling by air. Aviation thus supports jobs right across Scotland, from the Highlands & Islands to internationally recognised cities, like Edinburgh and Glasgow.

Finally, aviation is crucial to ensuring the Highlands & Islands have the connectivity they need to thrive. Lifeline services help ensure people have access to medical care, for example. 5% of the passenger traffic in Scotland in 2019 was within Scotland.

The Covid-19 pandemic has challenged this all to the core. Passenger numbers declined by more than 75% in Scotland across the whole of 2020, with two-thirds of 2020's 7m passengers travelling between January and March. Between April and December 2020, passenger numbers were down nearly 90%. This has led to job losses at Scottish airports and in the industries relying on aviation.

Reconnecting Scotland to the wider world

must be a priority for the new Scottish Government. There is an opportunity here to build back better, both from a connectivity perspective but also when it comes to sustainability.

Even before Covid, Scotland's international connectivity underperformed compared to countries of a similar size. A study for ABTA and Airlines UK showed that, compared to ten northern and western European countries of similar size, Scotland ranked 10th in terms of connectivity. Other countries, like Ireland and Norway are smaller in terms of population but had measurably greater connectivity. Scotland's weakest area was in direct long-haul connectivity, where it ranked last in terms of the number of destinations served. As a result, opportunities for tourism and growth are lost that can and must be seized in the recovery from the pandemic.

Secondly, there is great scope to generate jobs and growth through investing in sustainable aviation technologies, like sustainable aviation fuels, in which Scotland should be a world leader. Not only will this accelerate decarbonisation efforts, but it will create green aviation jobs and export opportunities. It will also ensure we can meet future aviation demand while staying on course to hit our net zero target by 2050.

Government has a crucial role to play to help Scotland's aviation sector fully recover. Inaction risks Scotland falling behind other parts of the UK, as analysis for the AOA's Airports Recovery Plan showed. This manifesto sets out an ambitious recovery agenda for the next Scottish Government and we look forward to working with Ministers and officials to deliver on this, enabling aviation to play its full part in helping to secure Scotland's re-emerging prosperity.



MEANINGFUL RESTART AND RECOVERY

International connectivity is the cornerstone of a global trading nation

The COVID-19 pandemic is the worst crisis in aviation's history. Passenger numbers travelling through Scottish airports last year were down 75% to just over seven million. Most of those passengers travelled before the pandemic hit, with passenger numbers declining nearly 90% between April to December 2020. This has had some major economic impacts, including a reduction by 89% of economic output for the UK's air transport sector between February to December 2020¹ and 860,000 UK aviation, travel and tourism jobs having been lost or sustained only due to government furlough schemes².

While support from the Scottish Government on business rates and policing costs has been more significant than from the UK Government, it has still paled in comparison to both airports' losses and the support given by other countries to their respective aviation sectors, largely through non-repayable grants: USA £23.3bn; Germany £7.8bn; France £6.5bn; the Netherlands £3.2bn.

This leaves Scottish airports at a serious competitive disadvantage.

The AOA's Airport Recover Plan, published in February, included forecasts by business consultancy Steer on possible recovery scenarios, based on potential global vaccine roll-out. Using data from before the UK and Scotland's current set of

restrictions, passenger numbers are not estimated to return to 2019 levels any earlier than 2025 in the most optimistic scenario. Increased restrictions that have continued long into 2021 mean a full traffic recovery by 2025 is now highly unlikely.

Connectivity recovery will be slower than the recovery in passenger numbers, as airlines priorities high-yield, short-haul routes. The slowest recovery is expected in the UK devolved nations, including Scotland.

Airlines will also look for routes from airports that can offer them favourable cost reductions. With European airports having received significantly more support, they are better placed to compete for those airlines than Scottish airports. If a new Scottish Government wants to prevent Scotland from being left behind, they will need to address this swiftly.

The best way to do so would be through an Aviation Recovery Package, ideally on a four-nation basis due to the different reserved and devolved responsibilities. In our Airport Recovery Plan, the AOA has set out measures the UK, Scottish and other devolved government should take together.

In addition to more significant financial support to compensate for the losses suffered by airports and to ensure they have fuel in the tank as they start the recovery, a recovery package must give

¹ Office for National Statistics, [Coronavirus and the impact on output in the UK economy: December 2020](#) (12 February 2021)

² International Air Transport Association (IATA), [PM Boris Johnson Must Include Air Transport in UK Economic Restart Plans](#) (18 February 2021)

aviation the green light to restart. The new Scottish Government should undertake work similar to the UK Government's Global Travel Taskforce and set out a comprehensive framework for international travel, including an ambitious and affordable testing regime.

Based on that framework, steps should then be taken to boost route recovery. Measures could include:

- A route development fund, which could take different forms:
 - o Reimbursing landing charges for key routes, as the Republic of Ireland has done
 - o More generous use of Public Service Obligations and/or route start-up funding
 - o Additional marketing funds to attract visitors to Scotland
- Investment in surface access to create better access to airports – not only would this reduce the impact of journeys to and from the airport, but it would also widen

catchment areas and thus increase an airport's ability to attract airlines.

The new Scottish Government should also work with the UK Government on UK-wide measures. For example, pending the implementation of Air Departure Tax in Scotland, only the UK Government can implement a twelve-month Air Passenger Duty holiday to increase airports' ability to compete for the return of vital routes. Another important area is airside VAT-free shopping. This was withdrawn on 1 January 2021, making the UK the only developed country without VAT-free shopping in airports. With EU airports able to offer this to Scotland-bound travellers, they again have a competitive advantage unless the UK Government reverses its course.

Putting the new Scottish Government's full weight behind Scotland's connectivity recovery will boost the wider Scottish economy. It is vital for Scotland's prosperity recovery that they get that right, with the outlined measures in the AOA Airport Recovery Plan a crucial first step to achieving this.



SUSTAINABILITY

While the COVID-19 pandemic has been a major rupture for our sector, it is also an opportunity to build back better. We want to see aviation returning for all communities in Scotland, not just those in the economic hotspots of the country, but with an environmental impact that is lower than it was in 2019.

The UK was the first country to see an industry-wide commitment to net zero emissions by 2050, which UK aviation proudly stands by despite the impact of the pandemic. Much like the COVID-19 recovery, there is a long road ahead. It will require government and industry to work together to make it a reality and see the benefits from the opportunities around green aviation jobs accrue to Scotland.

The Scottish Government's commitment on net-zero flights to the Highlands & Islands communities is a world-leading commitment. It is now time for the right levels of investment and policies to facilitate development of net-zero-enabling technologies for larger aircraft flying longer routes. These include sustainable aviation fuels and alternative fuel technologies, such as hydrogen, many of which could be developed in Scotland with the right funding and policy support from a new Scottish Government.

COP26 in Glasgow offers the ideal opportunity to showcase Scottish leadership. The international nature of aviation requires an international approach, through the International Civil Aviation

Organisation's (ICAO) within the framework of the UNFCCC's COP26. As part of an Aviation Recovery Package, the new Scottish Government could announce initiative to bring sustainable aviation fuel production to Scotland and make Scotland a prime location for R&D into sustainable aviation technologies, utilising the presence of aerospace hubs around Scottish airports like Glasgow Prestwick Airport.

To reduce airport-specific emissions, the Scottish Government could look at a Green Airports Fund. This is particularly important as airports are expected to have limited, if any, funds for capital investment as they recover from the major losses suffered due to COVID-19. This lack of funds must not lead to "lost years" for sustainability. A Green Airports Fund could step in to prevent that, through grants and funding for sustainable power and heat generation, electric vehicle charging infrastructure, low-emissions airside vehicle uptake and sustainable aviation fuel infrastructure.

Airspace modernisation will also be an important part of this picture, as it will upgrade our airspace and reduce emissions and noise impacts as a result. The UK Government has ensured that all UK airports can get to the next stage of the modernisation process, through £5.5m funding through the Airspace Change Organising Group - the body that is coordinating a masterplan for UK airspace.



BORDERS FIT FOR AN OUTWARD-LOOKING SCOTLAND



While the UK's border management is a reserved matter for the UK Government, the Scottish Government could play a vital role in ensuring the UK Government lives up to its commitments to have a world-leading border experience. With passenger numbers likely to return only slowly, there is a risk that the lack of pressure from a worsening passenger experience will see the Home Office and Border Force reduce efforts to improve the border's functioning.

Around 75% of visitors to the UK arrive by air, meaning that providing a safe, secure and seamless journey through immigration is vital for Scotland to be seen as a welcoming place for tourists and trusted by businesses. It is therefore in the national interest to better harness technology and have a well-

resourced Border Force that can cope with increased passenger flows.

Airports have done what they can to improve facilities at the border. There has been significant investment to adapt border halls to manage queues better, to provide the infrastructure necessary for e-passport gates and to purchase additional e-passport gates beyond what the Government is able to provide.

Despite this investment by airports, queue lengths at passport control have grown at all airports prior to the pandemic. This is often hidden in official statistics because these peak queues are averaged out by the quiet times. Passengers have, however, felt the impact as complaint logs at airports and media coverage of queues at the border has shown.

To ensure that the border is fit for purpose when passenger numbers return to 2019 levels, the new Scottish Government should work closely with the UK Government and hold them to account on:

- Additional resources for Border Force to ensure that it is better equipped to deal with passenger volumes, particularly at peak travel times.
- Working together with industry to implement the recently published 2025 UK Border Strategy, ensuring that it takes account of the passenger experience, genuinely harnesses technology and works collaboratively with industry on the necessary smart solutions.
- Working with industry to adapt current performance measurement to better reflect actual passenger experience at the border. This should focus on reviewing the current Service Level Agreements, taking more of a risk-based approach to ensure they are robust and better balance security and service at the border.





ABOUT THE AOA

The Airport Operators Association (AOA) is the trade association that represents UK airports. Its mission is to see UK airports grow sustainably. The AOA represents the views of UK airports to Government, Parliament and regulators to secure policy outcomes that help deliver its mission. It represents more than 50 UK airports in the UK.

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