

# A briefing by VisitBritain for the Secretary of State for Energy and Climate Change ahead of the UN Climate Change Conference being held in Copenhagen 7 – 18 December 2009



## Introduction

The briefing provides an overview of the measures that UK tourism organisations and businesses are taking to tackle climate change and to embed sustainable development priorities within working practices, and provides an *aide memoire* for the Secretary of State for Energy and Climate Change ahead of the Copenhagen summit in December 2009. The paper highlights the importance of aviation to the UK tourism industry, and recommends that full consideration be given to the potential impact on jobs and businesses of actions to reduce emissions. The paper makes the case for active government support for the development of technological solutions to reducing emissions and for greener forms of transport such as rail. Given the importance of aviation to UK tourism, the paper restates the case for the further development of facilities in South-East England and highlights concerns about the possible impact of changes to Air Passenger Duty.

## Background

2009 is a crucial year in the international effort to address climate change. A series of UNFCCC meetings are taking place throughout the year, designed to culminate in an ambitious and effective international response to climate change, to be agreed at the United Nations Climate Change Conference (COP 15) in Copenhagen, 7-18 December.

The United Nations Secretary-General Ban Ki-moon has called for action by the international community on climate change to be taken in close coordination with action on poverty alleviation and the Millennium Development Goals. The Intergovernmental Panel on Climate Change (IPCC) further contends that there are significant synergies that can be exploited in bringing climate change to the development community and critical development issues to the climate change community.

There is an important opportunity for the tourism sector to show leadership in the development of a coherent policy agenda that integrates both development and climate change perspectives. In the UK, the tourism community, led and supported by the public sector is working collectively to address what must be considered the greatest challenge to the sustainability of tourism in the 21st century.

Tourism is the UK's fifth largest industry sector and one of the major contributors to our wealth and well-being. In 2008 it is estimated that tourism generated around £114 billion total revenue in the UK. It is the UK's third biggest export earner, generating some £19 billion in foreign exchange earnings. The tourism industry is approximately twice the size of the software and computer services sector – the largest of the 'creative industries' – and about four times the size of agriculture in terms of revenue generated. In terms of jobs, the tourism industry directly and indirectly accounts for the equivalent of 2.7 million full-time equivalent employees in the UK, or about 8.4 per cent of the workforce<sup>i</sup>. Closer inspection of this impressive figure reveals some significant variations. Tourism-related jobs in the Highlands of Scotland, for example, account for 14 per cent of all employment in the region<sup>ii</sup>.

## **1/ An overview of the measures the UK tourism industry is taking to tackle climate change and to embed sustainability within working practices**

Important progress has been made towards the integration of sustainable development priorities into tourism development plans and there are some excellent examples operating in the private sector. Across the UK, VisitBritain and national tourism organisations in Scotland, England, Northern Ireland and Wales are working with a range of partners to integrate sustainable development priorities into national, regional and local tourism development plans. These efforts ensure that the tourism industry actively contributes to sustainable development in all parts of the country. Partnership is central to the successful achievement of these aims and groups of public, private and voluntary organisations have already been established in each country to identify the challenges and work together on sustainable tourism initiatives.

## Sustainable tourism across Britain

As the UK's national tourism agency, VisitBritain aims to ensure that its inbound marketing activities are defined under the World Tourism Organisation VICE principles: visitor satisfaction, industry profitability, community acceptance and environmental protection. The organisation's aim is to promote sustainable businesses and encourage responsible visitors. In 2007 VisitBritain set up the Sustainable Tourism Action Group to provide support to tourism managers to improve their sustainable practice and to encourage a rapid, widespread and significant increase in the adoption of sustainable tourism principles by accommodation providers and attractions. Sustainable development - economic, environmental and social - is directly addressed in the British Tourism Framework Review and VisitBritain is fully committed to developing a policy agenda that encompasses all relevant sustainable tourism issues. To achieve this, VisitBritain is developing a strategy focused upon promoting sustainable businesses and encouraging responsible visitors. This strategy covers four main elements; greening VisitBritain's own operations, marketing to promote sustainable consumer activity, supporting government sustainable development plans and supporting businesses to help them grow sustainably.

The UK and Ireland sustainable tourism network brings together the UK and Ireland national tourism organisations to share and develop their knowledge and understanding of sustainable tourism challenges and solutions and to take forward the sustainable tourism agenda.

### in Scotland:

VisitScotland is committed to the Scottish Government ambition to grow tourism in Scotland in a sustainable way, both through its own activities and advice for the tourism industry in Scotland. Tourism will continue to be at the centre of the Scottish economy as we move further into the 21<sup>st</sup> century. VisitScotland and partners recognise that sustainability is central to achieving this, and integrates this philosophy into everything it does. This is increasingly important, as the Climate Change (Scotland) Act 2009 sets targets world-leading targets for reductions in greenhouse gas emissions of 42 per cent by 2020 and 80 per cent by 2050.

VisitScotland have developed the vision ... *"as an organisation, we aim to be recognised as a leader in sustainable tourism development, not just within Scotland but at a European and World level. We aim to make VisitScotland the sustainable national tourism organisation, recognised for our efforts to reduce the environmental impact, and maximise the economic and social benefits, of our own operations."* The actions required to achieve this are being addressed through the development of its own Sustainable Tourism Strategy. In essence, the strategy will address sustainability through:

- internal operations - the energy we use, the business miles we travel etc.
- engaging with visitors - through our marketing campaigns and visitor information centres
- engaging with tourism businesses - by providing quality assurance and business advice (for example, promoting the Green Tourism Business Scheme, which encourages tourism businesses in Scotland to reduce their impact on the environment. The scheme has c. 1000 members in Scotland and all members of the scheme are expected to reduce their energy use and subsequently their CO2 emissions).
- working in partnership with key tourism players.

Research has been undertaken (jointly funded by Scottish Natural Heritage and VisitScotland) to identify indicators for sustainable tourism in Scotland. These will be used to measure progress towards the goal of becoming Europe's most sustainable tourism destination.

Furthermore, VisitScotland is developing a Carbon Management Programme in partnership with the Carbon Trust. This will strengthen existing environmental reporting systems and deliver significant cost savings and reductions in greenhouse gas emissions and support the delivery of our Environmental Policy and Sustainable Tourism Strategy.

VisitScotland recognises that it has a hugely important role to play in encouraging businesses to become more sustainable and is committed to ensuring the industry continues to innovate, think and act in relation to sustainability. Through European Regional Development Funding, VisitScotland are developing a series of free business events that promote business growth through the encouragement of sustainable business practices. Fundamental to these events will be helping tourism businesses to instigate and participate in actions which mitigate and adapt to the changes brought on by climate change. All tourism businesses, are invited to attend the events which will take place across Scotland throughout 2010. To save money and reduce their environmental impact, more and more tourism businesses in Scotland are using renewable energy to heat and light their accommodation or visitor attraction. The Scottish Renewables Forum has produced a series of case studies that demonstrate what can be achieved.

#### Case study - The Scottish Seabird Centre, North Berwick

The Scottish Seabird Centre is a community inspired project that opened to the public in 2000. It has achieved the 'Gold Level' in the Green Business Tourism Scheme (GBTS). Since opening, the centre has grown to be a world leader in the real-time remote observation of wildlife in its natural habitat without disturbance. The centre was designed and built on strong ecological principles.

Materials were locally sourced where possible and environmentally friendly products used in its construction and refurbishment. Examples of specific initiatives include:

- recycling waste (for example bottles, cooking oil, paper);
- food and drink for the café are sourced from local producers and suppliers;
- using solar systems to power the Bass Rock and Isle of May cameras;
- encouraging use of public transport to the centre through the provision of joint travel and admission package with ScotRail.

#### **in England:**

VisitEngland, as the lead body for English tourism, is currently developing a strategy which aims to grow the value of tourism through promoting high quality, sustainable businesses and experiences. Within England there are many examples of best practice at local and regional level which have attracted international acclaim and public/private sector partnerships working in conjunction with sector groups around the world, such as UNWTO's Sustainability Council and Ireland's Greenbox, to ensure knowledge sharing.

VisitEngland has developed sustainable tourism initiatives for helping the industry adopt sustainable practices. These include Green Start - an entry level green accreditation programme, to be made widely available from March 2010. Green Start will operate both on and off line, encompassing training, business review process and a peer-to-peer network to help stimulate wider engagement of tourism businesses. Green Start training will be developed with Green Advantage, a classroom style training course that exists as part of the Welcome to Excellence suite of courses. The course is one of the few tourism-focused sustainability courses available in the market place. Green Start will provide a 'lite' version online with signposting to regionally available classroom sessions.

The number of services providers now operating in the “sustainability industry” can be somewhat overwhelming to the novice. VisitEngland therefore commissioned a review of English sustainable tourism stakeholders. This encompassed a review of the agencies that provide advice, guidance and training for SMEs on the broad topic of sustainable tourism. The review is helping VisitEngland determine key sustainable tourism priorities, in particular in the area of training provision.

As in Scotland, The Green Tourism Business Scheme is an important tool in efforts to drive English tourism towards greater sustainability. VisitEngland carried out a survey of all English members of the Green Tourism Business Scheme this year to determine benefits of participation. Overall a positive story was found with high levels of satisfaction with the scheme and the benefits were perceived to be increased cost savings from energy, waste and water.

The public sector funded tourism bodies are publicising the need for private sector industry to embrace sustainability in all their communications including their annual industry awards. In March this year VisitEngland launched a best practice publication designed to inspire businesses to work towards greater sustainability. It showcases the national finalists of the Enjoy England Awards for Excellence, Sustainable Tourism category. The overall winner, announced on 23<sup>rd</sup> April, was Venus Beach Café in the South West.

Monitoring energy use is a vital step towards understanding and reducing the CO2 emissions from tourism. South West Tourism is undertaking Sustainable Business Practice research. Working with University of Exeter on an ESRC (Economic & Social Research Council) funded project, it is looking at what businesses are currently doing (with a particular focus on energy/water monitoring), followed up by workshops and experiments with businesses on different techniques to make monitoring easier.

South West Tourism (SWT) is the strategic body for supporting the successful and sustainable development of tourism in the South West of England, working to ‘meet the needs of the visitor, industry and community within environmental and social limits’. SWT has been investigating how best to measure progress towards this aim and how to understand and develop tourism within environmental limits. Initial exploratory work using footprinting proved very useful and led to the development of a bespoke tourism footprinting tool in partnership with the Stockholm Environment Institute (SEI). The tool ‘REAP Tourism’ is being designed to look at the environmental consequences and impact associated with visitor and tourism activities.

Case Study - Cornwall Sustainable Tourism Project (CoaST) is a small social enterprise working to develop, support and encourage sustainable tourism across Cornwall and beyond. They operate across the three sectors (private, community and statutory) on the three pillars of sustainable development - environmental, social and economic. Their work comprises three strands: practical projects; research and strategic work; and business support, including offering training, workshops, face to face business support and a fast growing cross-sector online business network encouraging knowledge transfer, support and advice towards the end of a resilient and healthy Cornwall. They have over 1000 members, including many around the UK and the World. CoaST is a non-profit-distributing company limited by guarantee with a Board of Directors. The work of CoaST is being made available to other parts of England through a platform called “One Planet Tourism”.

VisitEngland now intends to provide much clearer leadership in this area by the development of a sustainable tourism framework as part of the England Tourism Strategy.

## in Northern Ireland:

The Northern Ireland Tourist Board (NITB) is committed to developing tourism in a manner that accords with the principles of sustainable development. NITB's approach to furthering the sustainable tourism model in NI has four key elements; Policy development; market research, green accreditation and a campaign of promotion and awareness.

In relation to policy development, NITB is focused on ensuring that the relevant policy documents (including the emerging Tourism Strategy for Northern Ireland and planning policy documents such as draft PPS 16 and local area plans) take into account the principles of sustainable development. The emerging Tourism Strategy Northern Ireland which will run to 2020 will incorporate sustainable development principles while an associated action plan will provide specific actions in relation to sustainable tourism.

In terms of market research, NITB is focused on building an evidence base on the market value of green tourism to highlight the importance of taking action to 'green' the tourism industry and to underpin marketing strategies. NITB has included a question on the demand for green accommodation within the most recent Visitor Attitudes Survey.

In relation to green accreditation, the Causeway Coast and Glens and Mourne Heritage Trusts ran a pilot green tourism scheme in 2005 to encourage tourism businesses to monitor and reduce their environmental impact. NITB is now committed to rolling out a green tourism scheme across Northern Ireland and is considering the various options for doing so.

NITB is developing a campaign of promotion and awareness to help tourism businesses be greener and to help visitors reduce their own impacts. The first stage of this campaign is to make information and resources on sustainable tourism available to visitors and tourism businesses through the NITB consumer and corporate websites.

The Mourne Area of Outstanding Natural Beauty recently became the first area in the UK to be successfully re-assessed for the European Charter for Sustainable Tourism, awarded by the Europarc Federation. The Charter is a practical management tool that enables high value landscape areas to develop tourism sustainably aiming for *'the protection of the natural and cultural heritage and the continuous improvement of tourism in the area in terms of the environmental sustainability and economic and social contribution to the local population and businesses'*.

The Greenbox cross border sustainable tourism initiative aims to reduce the environmental impact of tourism businesses while generating economic and social benefits. The project, which has been implemented across several counties including Fermanagh, promotes Ireland's first genuine ecotourism destination with a set of sound standards for tourism businesses, based on good environmental practice and highlighting all that the region has to offer.

Case Study - The Causeway Coast and Glens region contains Northern Ireland's only UNESCO World Heritage Site, the Giant's Causeway. The Causeway Coast and Glens Heritage Trust (CCGHT) was established in 2002 to promote and enhance the unique qualities of the Causeway Coast and Glens region. CCGHT identified sustainable tourism as a priority for action and has adopted sustainable development principles to guide its work. The Causeway Tourism Masterplan is a blueprint for the sustainable development of tourism in the area and sets out a ten year action plan which will ensure that the entire region benefits,

economically, environmentally and socially, from tourism. The area aims to set new standards in environmental management and sustainable tourism, while tourism businesses will work closely together to create a quality visitor experience.

#### **and in Wales:**

In 2007, Visit Wales (VW) set up the Wales Sustainable Tourism Forum and is working with partners in Wales to deliver the key aims of the Sustainable Tourism Framework and Action Plan. The Framework emphasises the need for the industry to reduce its environmental footprint and develop more economically, environmentally and socially sustainable business practices.

Under the auspices of the Forum a Sustainable Transport & Tourism Task and Finish group was set up earlier this year to identify ways in which the tourism and public transport sectors can work more closely together. A report was produced and published at a Sustainable Tourism and Transport conference in Cardiff on 4<sup>th</sup> November which outlines a number of ways in which the tourism industry can encourage people to use public transport when on holiday in Wales.

A study on the impact of climate change on tourism has been commissioned by VW into the potential impact that predicted changes in Wales' climate up to 2030 will have on the tourism industry in terms of threats and opportunities. The first phase of study will focus on whether the changes in the Welsh climate will have an impact on demand for holidays in Wales. Initial findings from this study were presented at a Climate Change and Tourism workshop in October which reported on how the Welsh visitor economy can adapt and develop its offering considering the levels of climate change expected in future.

Work is currently being done to improve our understanding of the scale of Tourism environmental impacts through the Wales Economic Research Unit development of the Tourism Satellite Account for Wales, to enable us to have a better understanding of the policy options to reduce these impacts.

On a programme level, VW is continuing to work through the Forum on a number of different sustainable tourism projects which include introducing best practice guidance in the Harmonised Grading scheme, a UK-wide validation programme with VisitBritain to assess green accreditation as well as improving communication to the industry on sustainable advice and guidance, introducing toolkits and case studies. To lead tourism businesses towards greater sustainability, VW uses the "Greening your Business" toolkit to showcase some of their best examples of sustainable tourism businesses in Wales and highlight the key stages to implementing sustainable business practices within a tourism business. Visit Wales also supports a number of sustainable tourism awards in Wales which highlight good environmental practice and reductions in energy, water and waste.

Visit Wales is working with partners in Wales' National Parks to develop sustainable transport initiatives for visitors, encouraging development and promotion of public and sustainable transport facilities. And Visit Wales is working with EU partners in the European Research Network on Sustainable Tourism (ERNEST) to promote sustainable tourism research in the areas of transport, energy, environment, food and agriculture as well as incorporating key sustainability-focused questions/themes into visitor and business surveys.

Recently, VW also received approval for two strategic EU projects, with a total value is £35m, on sustainable and coastal tourism. Both projects will develop strategic centres of tourism excellence in Wales, based on the built and natural environment.

Finally, the National Geographic's Traveler Magazine recently ranked Wales seventh as one of the best rated places "perceived to be in excellent shape, relatively unspoiled and likely to remain so".

The National Geographic team surveyed 133 destinations in its sixth annual survey of destination stewardship. The survey assesses how development, mass tourism, pollution and globalisation has affected some of the world's iconic destinations.

## **2/ An indication of the level of investment needed to help the industry overcome these challenges, and to proceed on a sustainable course**

Tourism organisations and businesses are taking action to reduce the environmental impact of their own activities. But a significant proportion of the CO<sub>2</sub> emissions from tourism are generated by the transport used to get to and around the UK. Government and transport operators have a key role to play in reducing those emissions, through investment in low emission alternatives to air travel and low emission air travel.

### **2.1/ Championing a high-speed rail link between London and Scotland**

Network Rail has proposed a new £34bn high-speed railway line linking London and Scotland by 2030. The line would serve Birmingham and Manchester, getting passengers from London to Glasgow in just two hours and 16 minutes. Detailed assessments of costs, and environmental issues notwithstanding, VisitBritain urges the Government to include the proposal in its planned rail network review.

High speed rail (HSR) would enhance the global connectivity of the UK's largest conurbations and link the UK's main centres of financial and business activity. Faster journey times could provide significant benefits to the whole economy, improving connections and opening up new opportunities. Cutting journey times between London and Scotland would offer direct competition with air travel and could result in substantial carbon emissions savings.

As well as being fast, rail travel has the added advantage that it is possible to work for a greater proportion of the journey time than in airports/aircraft, rendering the journey time itself more productive for business users.

There is clearly growing demand for rail services and for long-distance services in particular. Network Rail statistics show that, over the last ten years, passenger growth on the UK rail network has increased by 40 per cent, the fastest rate of growth in the EU. Long distance travel increased 65 per cent between 1994 and 2007. The last time such patronage was seen was in the early post-War period when the network was twice as large. Freight traffic has also increased, by 49 per cent over the same period.<sup>iii</sup>

High-speed trains require slightly more energy than current ones but resulting emissions per passenger kilometer are still much less than for aircraft. Furthermore, rail's electricity will increasingly be provided by low-carbon sources as renewable energy generation in the UK grows. The figures below show increasing gains to be made.

London-Paris return	kg CO <sub>2</sub> /passenger trip	g CO <sub>2</sub> /passenger km
Air (average) from Heathrow	122	168
Eurostar	10.9	11

*Carbon emissions from rail based on supply from British Energy<sup>iv</sup>*

In Spain, the new high speed rail line between Barcelona and Madrid has had a significant impact on the numbers of passengers flying. Passenger numbers on domestic flights fell by 20 per cent in the year to November 2008, and high-speed rail travel grew by 28 per cent over the same period, as commuters and tourists swapped airline seats for high-speed rail travel. During this time, about 400,000 travellers chose high-speed rail travel over air travel and the Spanish Railways Foundation has calculated that a passenger on the Madrid-Barcelona line accounts for only one-sixth of the carbon emissions of a plane passenger. Not only are the CO<sub>2</sub> savings impressive, but high-speed rail travel can often be cheaper than flying, adding to the overall benefits of HSR.<sup>v</sup>

### 3/ The importance of aviation to Britain's visitor economy

UK competitiveness as a visitor destination is closely correlated with the future of aviation and the extent to which growth can be accommodated within acceptable environmental limits.

Civil Aviation Authority (CAA) figures reveal that the number of nations with direct scheduled air links to Britain in 2004 stood at 118, with 350 individual worldwide cities enjoying a direct air link to Britain, this was up significantly on just 150 cities just 10 years before. This makes Britain one of the best internationally connected countries of its size in the world<sup>vi</sup>.

These connections are vital to UK tourism. In 2006 three-in-four of our 32.7 million inbound visitors used a plane to visit the UK, and those traveling by air accounted for 87 per cent of all inbound visitor spending – that is almost £14bn<sup>vii</sup>. And this importance is growing yearly, with almost four in every five outbound and inbound visits in 2007 made by air. In 2007, UK airports handled some 241 million terminal passengers representing a four-fold increase on the 1981 total of 58 million<sup>viii</sup>.

#### 3.1/ acknowledging the significance of the CO<sub>2</sub> emissions generated by visitors flying to Britain

Visitors flying to and from the UK generate significant CO<sub>2</sub> emissions. Friends of the Earth estimate that departing flights from Heathrow alone are responsible for 18 million tonnes of carbon dioxide per year, or about 3.5 per cent of tourism's share of aviation-related CO<sub>2</sub> emissions based on figures from the World Tourism Organisation<sup>ix</sup>. But if they are to make any sense, these figures must be viewed within a wider context. Forum for the Future estimate that aviation is responsible for just 5 – 6 per cent of total CO<sub>2</sub> emissions in the UK. And Oxford Economic Forecasting has calculated that if the entire UK aviation sector were to cease operating, global emissions would fall by just 0.2 per cent<sup>x</sup>.

That is not to say that these emissions can be ignored. The World Tourism Organisation finds that tourism is a non-negligible contributor to climate change and that emissions are expected to grow considerably over the next three decades with a 'business-as-usual' trajectory. This strong growth in emissions will stand in stark contrast with the objectives of the Kyoto and post-Kyoto Agreements and may jeopardize the ability of tourism to contribute fully to United Nation's Millennium Development Goals. As a consequence, a comprehensive strategy is required to decouple future tourism growth from increased energy consumption.

Tourism has the responsibility to minimise harmful GHG emissions and there are many technological, behavioural, managerial and policy initiatives that can bring tourism to a more sustainable emissions pathway.

Climate change mitigation policies within tourism will have to find a balance between potentially conflicting objectives. Clearly, decisions on climate change and tourism have implications for local, national and global, as well as inter-generational equity and all these aspects need to be taken into account to arrive at an effective policy mix. Policy options must be weighed carefully against the other socio-economic benefits of tourism, including the needs of developing countries in terms of poverty alleviation and other Millennium Development Goals, and the support of protected areas and biodiversity.

### **3.2/ championing advances in technology to create a new generation of fuel-efficient aircraft, developments in biofuels etc.**

The Intergovernmental Panel on Climate Change anticipates future emission reduction potential from combined improved engine and airframe technology in the order of 20 per cent between 1997 and 2015 and 30–50 per cent between 1997 and 2050<sup>xi</sup>.

Rising to this challenge, the Advisory Council for Aeronautics Research in Europe (ACARE) has set environmental goals for new aircraft entering into service in 2020 compared with their 2000 equivalents. The targets include reduced fuel burn by 50 per cent, reduced CO<sub>2</sub> emissions by 50 per cent and reduced NO<sub>x</sub> emissions of 80 per cent by 2020<sup>xii</sup>.

Airlines and aeroplane manufacturers have already made significant progress in reducing the 'per passenger' emissions from aircraft in the past decade with a new generation of aircraft about to become commonplace e.g. the Boeing 787 Dreamliner and Airbus A380. The Airbus A380 is redefining the environmental performance of large civil aircraft. The A380 produces 10 per cent less NO<sub>x</sub> per seat and burns 12 per cent less fuel per seat than other large aircraft currently in operation, requiring less than three litres of fuel per seat per 100km in a standard cabin configuration.<sup>xiii</sup>

Virgin Atlantic, in partnership with Boeing, aims to develop a biofuel suitable for aviation within the next five years. The production of biofuel can have huge implications for biodiversity and ecosystems in a wider sense (e.g. affecting global hydrological cycles). Sustainable land use for the production of biofuel crops must be considered carefully and strict criteria for these alternative fuels are being developed to avoid adverse impact on food-production, water-scarcity and competition for land.

The National Aerospace Technology Strategy (NATS) has identified the major research themes and related technology validation programmes critical to the success of UK industry. The Aerospace Technology Steering

Group, which includes representatives from industry, government and academia is leading the implementation of the strategy. The UK Government has already provided £153 million for NATS projects between April 2004 and April 2007<sup>xiv</sup>.

### **3.2.1/ a comparison with ICT industry emissions**

Clearly, the aviation industry is not alone in its efforts to reduce CO2 emissions. The Information and Communication Technologies (ICT) industry, recognising the impact that their activities have on global emissions, are working hard to reduce these emissions.

A 2008 report in the New Scientist claimed that the rate of growth of ICT energy consumption and commensurate CO2 emissions is doubling every five years. The ICT industry in Europe for example, is estimated by industry analysts to consume 8 per cent of electrical power used in the EU and be responsible for 2 per cent of CO2 emissions<sup>xv</sup>. It is estimated that this figure will rise to 3 per cent by 2020.<sup>xvi</sup> About 40 per cent of these emissions come from personal computers and mobile phones, while the balance of the output comes from businesses, network operators, and application providers. A recently published study by Global Action Plan claims that ICT industry CO2 emissions will soon exceed that of the aviation industry. Furthermore the growth in emissions from ICT - at six 6 per cent per annum - compares unfavourably with the 3 per cent attributable to aviation, but has until now attracted much less scrutiny and opprobrium.<sup>xvii</sup>

The industry has responded by establishing the Climate Savers Computing Initiative, bringing together computer and component manufacturers, consumers and organisations in an effort to reduce the environmental impact of computing products. By 2010, they seek to reduce global CO2 emissions from the operation of computers by 54 million tonnes per year by bringing about a 50 per cent reduction in power consumption by computers.

As well improving energy efficiency, the ICT industry aims to tap into the growth in renewable energy sources. Google believes that renewable energy can be a critical component of a clean energy future. As a result, they have launched an initiative to create utility-scale renewable electricity that is cheaper than coal. They aim to produce one gigawatt of renewable energy capacity – enough to power a city the size of San Francisco – within years, not decades.

### **3.3/ arguments for government to use its innovation policy to support the aviation industry to accelerate technological advances**

UK manufacturers remain at the forefront of delivering environmental improvements in aircraft design. These include the development of improved airframe technology and research into key technologies such as advanced composites and new metal alloys enabling benefits such as reduction in weight and aerodynamic drag reduction.

UK government is a strong supporter of the UK aviation industry and committed to helping manufacturers lead the way in the development of more efficient and lower-emission aircraft.

The Advisory Council for Aeronautics Research in Europe (ACARE) has set environmental goals for new aircraft entering into service in 2020 compared with their 2000 equivalents. The targets include reduced fuel

burn by 50 per cent, reduced CO<sub>2</sub> emissions by 50 per cent and reduced NO<sub>x</sub> emissions of 80 per cent by 2020<sup>xviii</sup>. The National Aerospace Technology Strategy (NATS) has identified the major research themes and related technology validation programmes critical to the success of UK industry. The Aerospace Technology Steering Group, which includes representatives from industry, government and academia is leading the implementation of the strategy. The Government has committed £232 million to NATS through the Technology Strategy Board, the regional development agencies and the devolved administrations.

The National Aerospace Technology Strategy (NATS) is the result of a partnership between industry, Government and academia to address UK competitiveness in aerospace technology. The aerospace industry bids NATS projects into the BIS-led Technology Programme for support. Through this process the Government is providing around £45m per year of civil aviation development funding from the Department of Business, Innovation and Skills, Regional Development Agencies and the Engineering and Physical Sciences Research Council - to be matched by a similar amount from industry. Many of the programmes in NATS have a direct bearing on environmental issues – most notable amongst these are the Environmentally Friendly Engine (EFE) Technology Validation Programme and the Integrated Wing Aerospace Technology Validation Programme.

UK Government is investing in next generation aircraft design and manufacture by supporting Airbus with up to £340 million repayable launch investment for the development of the A350 XWB. Through increased use of advanced composite materials in the construction of the wing and other parts of the aircraft, the A350XWB will be lighter – delivering significant environmental benefits, including around 15 per cent reductions in CO<sub>2</sub> emissions<sup>xix</sup>.

To ensure that environmentally sound technologies be widely employed in the aviation industry, it will be important to support a market-friendly, clear and predictable playing field for investors by; providing the aviation industry with frameworks and partnerships at the national and international level, making sure that aviation businesses know and understand the direction and the ultimate goal of national climate policies in order to invest with confidence, and providing aviation industry companies with incentives that are clear, predictable, long term and robust in order to reduce the perceived risk of the associated investment.

Specifically, the Government is encouraged to support technological advances that reduce aviation's overall environmental impact worldwide by;

- continuing to take a leading role in ensuring the delivery of the National Aerospace Technology Strategy,
- ensuring funding mechanisms are available to enable manufacturers to maintain the drive towards technological and operational targets, and
- commissioning research and promote collaboration with the scientific community into the non-CO<sub>2</sub> effects of aviation.

#### **4/ Acknowledging that airport capacity is stretched and supporting the development of additional airline capacity in South East England**

Congestion costs in the UK aviation industry have been rising over the past decade as passenger numbers have grown more rapidly than the capacity of the air transport system to handle them. A recent study for the

Air Transport Action Group estimates that congestion costs (to both airlines and passengers) nearly trebled from £600 million (in today's prices) a decade ago to more £1,700 million today. If these trends continue, congestion costs would exceed £5 billion a year (in today's prices) by 2015, and approach £20 billion a year by 2030<sup>xx</sup>.

*The Economic contribution of the aviation industry in the UK* published by Oxford Economics in 2006, used a detailed econometric model of the UK economy to assess the full impact of the development of new runways on the UK economy, allowing for direct, indirect, induced and catalytic effects. It estimates that if a third runway at Heathrow were to increase passenger movements by 31 million by 2030, this would raise UK GDP by over £7 billion a year (at today's prices) in the long term. The economic benefits of a third runway remain substantial even after allowance is made for the climate change costs of additional carbon emissions.

London is the point of entry into the UK for nearly two-thirds of all inbound visitors, with Heathrow alone bringing in nearly 10 million inbound visitors, or 30 per cent, of all inbound visitors to the UK. Heathrow accounts for just 17 per cent of outbound visits and accounts for 44 per cent of all inbound spending (25 per cent of outbound spending)<sup>xxi</sup>.

More than 200,000 planes touch down at Heathrow from overseas destinations during a typical year, and we can therefore deduce that each and every aircraft is set to generate an average £34,000-worth of revenue for the UK's inbound visitor economy, based on the fact that the average international visitor arriving through Heathrow spends £718 during their stay<sup>xxii</sup>.

Heathrow attracts a disproportionately high proportion of long-haul long-stay visitors compared with other ports of entry to the UK (57 per cent of inbound visitors using Heathrow are from beyond Europe, whereas only 16 per cent of visitors using other ports of entry are non-European). The airport is popular with high-spending business visitors, with one-in-three international arrivals being for business, whereas at Gatwick the equivalent figure is one-in-five and Stansted only around one-in-seven<sup>xxiii</sup>. But Heathrow operates at nearly 99 per cent capacity and accommodates more flights on just two runways than any other airport in the world. Amsterdam's Schiphol Airport boasts five runways, Paris' Charles de Gaulle has four.

As the range of destinations competing for visitors constantly increases for domestic and international tourists alike, the UK must make its voice heard in an ever more competitive marketplace. Britain faces competition from rival destinations around the world and in 2006 fell out of the top five destinations for tourism spending, overtaken by China. To maintain its share of the growing global travel industry, VisitBritain believes the UK must improve access to meet the rising expectations of all visitors.

A key barrier to access however is our transport infrastructure. Government policy should aim to address this. There have been no new runways in the South East of England for decades, whilst there has been at least one new runway per decade for European cities. Road and rail infrastructure is also of variable quality with bottlenecks restricting access to and from our key airports.

VisitBritain is committed to encouraging the dispersal of visitors to the UK around the rest of the country. There has been a marked expansion in the domestic air network over recent years through additional services offered by low-cost airlines. Primarily these routes have been between secondary airports and do not feed into key hub airports such as Heathrow and Manchester. This means that there has been little growth in the availability of domestic destinations easily accessible to visitors arriving or departing on long-haul flights – for

example there is just one daily flight from Heathrow to Inverness and no flights from Heathrow to the South West, Wales, Channel Islands or Liverpool.

The need for an efficient transport infrastructure to disperse visitors around the country from their point of arrival has gained increased importance with the trend towards shorter-stay visits. In 1979 the typical inbound visitor spent between 12 and 13 nights in the UK, whereas in 2004 the average length of stay had fallen to just 8 nights<sup>xxiv</sup>.

The United Nations World Tourism Organisation's (UNWTO) Tourism 2020 Vision forecasts that international arrivals are expected to reach nearly 1.6 billion by the year 2020 (a 130 per cent increase from current level of 694 million) despite the current economic situation. VisitBritain believes we must ensure that we meet the access and welcome expectations of these increasing numbers of visitors.

Such growth will deliver significant economic returns. One tourism job is created for every £40,000 spent in the UK's visitor economy. The money spent by domestic and international visitors supports high levels of SME formation, reaching parts of the country reached by few other industries, supporting 2.7 million jobs and over 200,000 SME's<sup>xxv</sup>. It helps fund the regeneration of the UK's cities and built heritage.

To capitalise on this projected growth, and to effectively compete on an equal footing with other visitor destinations, VisitBritain is in favour of airport expansion where it meets the needs of growth in inbound visitor numbers. In particular, we support – as an urgent priority – the development of an additional runway to serve the South East.

However, new airport infrastructure must be built responsibly and incorporating best environmental practice. In a resource-constrained world, 21st century tourism must be sustainable tourism, balancing economic and social benefits while minimising environmental costs. The Government is committed to ensuring that a third runway meets strict environmental standards and criteria.

## 5/ Tourism and international exchange as a social good

The benefits from investing in the sustainable growth of tourism are far wider than jobs and income for tourism and travel businesses. Domestic and international tourism continues to be among the foremost vehicles for cultural exchange. It is increasingly appreciated as a positive force for natural and cultural conservation. Tourism can capture the economic characteristics of the heritage and harness these for conservation by generating funding, educating the community and influencing policy. It is an essential part of many national and regional economies and can be an important factor in sustainable economic development, when managed successfully.

Tourism directly benefits communities which host tourists. Travellers can make a huge difference in the quality of life of the people and communities they visit. Tourism is a vehicle for development and a platform for peace and stability in the world, contributing to mutual understanding, goodwill and close relations among people. Tourism promotes economic and social development and is an effective tool for poverty alleviation. It can protect and enhance natural and cultural heritage, and provide the basis for real sustainable development. The wider socio-economic benefits of tourism include:

- economic and social inclusion,
- enterprise business formation,

- sustainable development benefits, and
- community regeneration.

We may measure the benefits of tourism in terms of income generated and jobs created, but tourism brings benefits far beyond these relatively-easily measured variables.

“If we were to turn a switch off tomorrow to the travel industry, far from saving the planet, we would be causing wholesale extinction of species. We would be losing vast areas of wilderness around the planet. [...] there would be no (economic) justification to protect it.”

Costas Christ, Senior Director for Ecotourism, Conservation International

### **5.1/ travel and tourism creates bonds between nations, furthers peace and reconciliation, secures family ties, advances trade and grows economies (particularly in the developing world)**

Although tourism to the Least Developed Countries (LDCs) collectively is still at a low level, WTO/UNCTAD note that in these countries tourism can make a substantial contribution to development and in combating poverty. In 1998, tourism was a leading export sector for 31 LDC countries, and it was the first source of export earnings in seven of them. Tourism receipts to LDCs more than doubled between 1992 and 1998, from \$1 billion to \$2.2 billion<sup>xxvi</sup>.

Tourism is a primary source of foreign exchange earnings for all LDCs (excepting those that export petroleum). Encontre (2001) argues that steady tourism development is likely to have a measurable socio-economic impact and can drive a Least Developed Country near the threshold of graduation out of LDC status. He argues that five ‘graduation’ cases in recent years (Botswana, Cape Verde, Maldives, Samoa and Vanuatu) show a close association between tourism development and the socio-economic progress that explains the context of proximity to, or realization of, graduation<sup>xxvii</sup>.

Key facts from Pro-Poor Tourism make clear the economic importance of tourism for developing countries<sup>xxviii</sup>:

- Tourism is a principal export earner for 83 per cent of developing countries and it is *the* principal export for one third of them.
- In 2000, tourism ranked third among the major merchandise export sectors for both developing countries and LDCs. If petroleum industry exports are discounted, tourism is the primary source of foreign exchange earnings in all 49 LDCs.
- Tourism is a much larger part of LDC economies (accounting for over 15 per cent of all goods and services exported) than it is in other developing countries, the EU or OECD countries.
- In countries that are most dependent on tourism (particularly small islands) tourism can account for 30-90 per cent of GDP and 50-90 per cent of exports.

Furthermore, air transport is an important facilitator of international trade, thereby promoting economic growth and development. Oxford Economics calculations for the Air Transport Action Group (ATAG) show that 40 per cent of the value of inter-regional trade in manufactured goods is transported by air.<sup>xxix</sup>

The air transport industry is vital to international trade in time-sensitive goods. Rapid delivery is particularly important to businesses whose customers are running streamlined production processes, or who need urgent delivery of spare parts for machinery and equipment, as well as for exporters of perishable products such as food and flowers (many of which are in developing countries).

Passenger air services are also vital for international trade: around two-thirds of companies consider air services to be vital or very important for sales and marketing, enabling them to meet potential customers. And air services are important for the growing trade in financial and business services globally, estimated to be worth \$1,380 billion in 2006.

The impact of the air transport industry is not just a result of the economic activity it generates or facilitates. Air transport also contributes to people's quality of life in a number of other ways that are not captured in standard economic indicators: for example, expanding the range of consumer choices and opportunities to visit other countries and to experience new cultures, contributing to sustainable development, supporting remote communities, providing humanitarian aid and widening consumer choice.

Air transport makes a major contribution to sustainable development by supporting and promoting international tourism. Tourism helps reduce poverty by generating economic growth, providing employment opportunities, increasing tax collection and fostering the development and conservation of protected areas and the environment. This is particularly important in Africa, which is home to nearly 15 per cent of the total protected areas worldwide, and where many countries are seeking to develop nature-based tourism for international visitors.

Air transport provides access to remote areas where other transport modes are limited. Many essential services, such as food deliveries, hospitals, education and post, would not be available for people in such locations without air services. And residents would be isolated from family, friends and business contacts.

Air services play an essential role in humanitarian assistance to countries facing natural disasters, famine and war – through cargo deliveries, refugee transfers or the evacuation of people trapped by natural disasters. They are particularly important in situations where access is a problem – for example, 'air drops' are among the first response of aid agencies to stem a humanitarian crisis. Air transport also plays a vital role in the rapid delivery of medical supplies and organs for transplantation worldwide.

Travel and tourism also provide substantial consumer welfare and social benefits:

- Making foreign travel and a wider range of holidays available – international air travel from China, India and other emerging markets is increasing particularly rapidly as their residents' living standards improve.
- Increasing understanding of different cultures and nationalities, which facilitates closer international integration.
- Supporting the development of multicultural societies – allowing immigrants to maintain contact with their friends and relatives at home.
- Meeting the needs of overseas visitors has also helped widen the range of leisure and cultural activities available in many countries.

While supporting valuable jobs here in the UK, it is clear that tourism and travel generate a far greater range of benefits at the international level.

## 5.2/ the right to travel brings responsibilities.

Freedom of movement, mobility or the right to travel is a human rights concept which is respected in the constitutions of numerous states. All people should have the freedom to travel regardless of race, creed, status, wealth and gender. A fair and just world is not one in which only the rich can afford to travel. But with that right comes responsibility. Responsibility to travel with consideration for others, and for the environment on which that travel has an impact. Balancing the right to travel, with the need to travel responsibly will help us develop a truly sustainable tourism industry which benefits people, animals and the environment on which we all depend.

## 6/ Changes to Air Passenger Duty and the anticipated impact on UK competitiveness

In an increasingly competitive world, more expensive destinations risk losing market share to exciting new destinations that offer quality visitor facilities at lower costs.

Air Passenger Duty was introduced in 1994 ostensibly as an environmental levy, although it is generally acknowledged that its primary purpose is to raise revenue rather than to reduce climate change. While there are a large number of countries that impose airport taxes, the UK is one of the few countries in the world to impose a pure revenue raising tax – ie where the revenue raised is not hypothecated to pay for the services and facilities provided to customers at the airport.

In 2006 three-in-four of our 32.7 million inbound visitors used a plane to visit the UK, and those traveling by air accounted for 87 per cent of all inbound visitor spending – that is almost £14bn. International visitors spend more on holiday than visitors from closer to home and there is a danger that taxes imposed on air travel will make the UK less and less appealing to these key markets. As the range of destinations constantly increases for domestic and international tourists alike, the UK must fight to make its voice heard in an increasingly competitive marketplace.

A 2002 study by the World Travel and Tourism Council (WTTC) indicated that visitors to the UK paid the second-highest amount of tax of any destination in the world. APD rates were initially low when the tax was first introduced - £5 for visitors from the EU and £20 for those travelling from destinations outside the UK in economy class, and twice this for other classes of travel. However, they have increased significantly since 2006, first doubling in 2007 and being replaced in 2009, by a new charging scheme based upon concentric 2000km bands from London. This new scheme will see the charges increase to £12 for European visitors and up to £85 for long-haul visitors in economy class and twice this for other classes by November 2010. This represents a 140 per cent increase for European visitors and an increase of up to 325 per cent for long-haul visitors in four years. Taken in tandem with the increases in visa charges this means that it costs a family of four from India £420 in APD and visa charges on top of the cost of their flights to the UK.

An aviation tax of this type has either been introduced or considered by a number of other European countries and, almost without fail, it has been abandoned after it was realised that such a tax is damaging to national aviation and tourism sectors. Denmark scrapped its flight tax in 2007, while in 2008 the Netherlands abolished its aviation tax after only six months, and Sweden and Belgium abandoned their plans to introduce a tax. Most

recently, the Irish Government's Tourism Renewal Group, in their September 2009 report, *New Horizons for Irish Tourism*, stated that one of the five measures that had to be implemented immediately for the tourism sector to survive was the scrapping of the Air Travel Tax.

The Government's Budget decision in April to proceed with its increases in Air Passenger Duty (APD) will see departure taxes on long-haul flights rise by as much as 112 per cent next year. APD changes are likely to have an impact on UK tourism, with foreign visitors forced to pay APD on the return leg of their journey as well as on any flights they take within the UK. ABTA, the Association of British Travel Agents, has raised concerns about the impact that APD will have on regional passengers who are forced to fly via London, forcing them to pay the tax twice when they are travelling with two different airlines.

Data from the Office for National Statistics Omnibus Survey in May 2006 indicates that a modest increase in the price of air travel would be unlikely to dissuade Britons from flying to take a foreign holiday, whereas any environmental levy on air travel that applied only to flights to/from the UK, but not other destinations, will make Britain a less competitive option for potential inbound visitors when compared with competitor destinations such as France, Italy or Spain. Evidence suggests that overseas visitors to the UK have a higher elasticity than UK residents, with the likely consequence of further worsening our £18.4bn international tourism balance of payments deficit.

It should be noted that in developing the new charging scheme, HM Customs and Revenue's statutory impact assessment did not consider the impact of APD charges on the UK's tourism industry<sup>xxx</sup>. However, preliminary research by OXERA for the Airport Operators' Association, calculates that this increase will amount to an average increase in airfares of two per cent, resulting in a one per cent fall in passenger numbers. Such a reduction represents 250,000 fewer visitors to the UK, reducing the UK's tourism revenue by approximately £125m and reducing tourism employment by almost 2,500 FTE positions.

APD may ultimately have little impact on CO2 emissions, while making it increasingly difficult for UK tourism businesses to compete on the international stage.

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