

BAA Scotland
Consultation response to the Scottish Climate Change Bill
April 2008

BAA Scotland welcomes the opportunity to contribute as part of the Scottish Government's Climate Change Bill consultation. We have been a consistent advocate of the need for a strong policy framework that creates a long-term value for carbon emissions reductions and which consistently supports and incentivises the development of new technologies. As such, we welcome the Scottish Government's commitment to creating a clear, credible and long-term domestic framework.

Context

BAA Scotland owns and operates Scotland's three largest airports – Edinburgh, Glasgow and Aberdeen, welcoming over 21 million passengers a year. The people of Scotland can now travel to an unprecedented number of international destinations across Europe, the Gulf, North Africa, the Caribbean, Canada and the United States, thanks to the BAA Scotland Route Development Fund, which has invested over £100 million in expanding the number of direct international services to and from Scotland. Indeed, Scotland is better connected today than at any time in its history, and consequently, international traffic to and from Scotland has flourished, up 114% in the past decade. These new air links have opened up new financial and trading markets, and has created new opportunities for Scotland's vitally important tourism industry.

BAA Scotland has published 25 year masterplans for each of its Scottish airports, creating long term, sustainable blueprints for growth, investment and service standards. However, we recognise that with growth comes responsibility, both to the environment and to the communities around each of the airports. Each airport masterplan detailed how BAA would respond to both the local and global environmental challenges that exist.

BAA Scotland has also continued to be active participants in the Climate Change Business Delivery Group, which brings together leading Scottish businesses in the sharing of best practice and to challenge Scottish industry to further reduce carbon emissions. We believe this group represents a opportunity for the Scottish government to actively and productively engage with business.

Climate change

The recent Stern report, commissioned by the UK Government, found that aviation accounts for 6% of the UK's total CO₂ emissions, and just 1.6% of global emissions. Even taking into account likely growth patterns, the industry will, according to Stern, account for just 5% of global CO₂ emissions by 2050. To put those figures into context, shipping represents 5% of current global emissions, three times more than aviation, while in the UK, road transport accounts for 24% of CO₂ emissions - four times the figure for aviation.

As a country on the periphery of Europe, Scotland's economy depends on a successful aviation industry to compete successfully in global markets. However, we cannot – and should not – use our isolated geography as an excuse for inaction. But, equally, we should resist unilateral actions that disadvantage Scotland and damage the future prosperity – not only of the travel and tourism industry – but of our society as a whole.

Emissions trading

BAA Scotland is committed to supporting the EU's plan to bring aviation greenhouse gas emissions within the EU Emissions Trading Scheme (ETS) as soon as practicable. Indeed, it was BAA that led the way in ensuring that many of the airlines, initially hostile to the ETS, have since signed up to the scheme.

The ETS requires companies to either invest in emissions reductions themselves, or pay for others to make those reductions. Carbon trading creates a market place for carbon and the inclusion of aviation will financially incentivise airlines to lower emissions by forcing them to buy credits for exceeding set carbon limits.

In such a marginal business this uses the market place to drive behavioural change quickly and ensures a level playing across the EU. The principle of carbon trading was recognised in the Stern Report as the most effective way of reducing carbon emissions, including those from aviation.

We believe that any cap should be environmentally credible as well as economically efficient and efforts should be focussed on this. Although BAA has pushed for earlier inclusion, the Commission has indicated that the aviation industry will join the ETS in 2011.

But action at a European level can only be the start, a first step towards a global agreement on climate change. BAA is determined to play its part in this important debate.

Targets

In light of the considerable progress made in including aviation in the ETS and the clear potential for the scheme to ensure aviation meets its environmental obligations, BAA Scotland believes that domestic aviation should not be included in Scottish Climate Change Bill targets.

Additional targets set at a Scottish level could potentially distort an EU wide market and place Scotland at a distinct competitive disadvantage.

UK domestic aviation will be included in the EU wide scheme and given the ability of airlines to easily relocate from less competitive markets, we believe that any unilateral action taken in Scotland could potentially harm this vital industry and Scotland's competitive position.

Additionally, we believe that five year carbon budgets, set on a rolling basis for 15 years, are a sensible way to achieve the balance between certainty and flexibility. Any targets should be able to allow for natural short-term variations in emissions from year to year, while creating the certainty required for longer-term investment decisions.

Private sector

BAA Scotland supports the ambition and direction of the Scottish Government's targets and stands ready to work constructively with the Scottish Government in taking effective action to reduce carbon emissions in a way that does not disadvantage the competitiveness of the Scottish economy.

A number of initiatives have already been undertaken. In autumn 2007, Climate Change Scotland, a new industry led, voluntary initiative was unveiled to encourage industry players in Scotland to reduce their emissions and to offset those emissions that are unavoidable. The launch of the project followed seed funding provided wholly by BAA Scotland.

The private sector is critical to the success or otherwise of meeting the Scottish Government's target. BAA believes there is a willingness amongst the Scottish business community to work closely with the Scottish Government in delivering its target. We believe there is an opportunity to harness this willingness and engage with business directly and openly regarding its role. Without a consistent set of voluntary guidelines and a process of continuous engagement and assessment, the targets will become increasingly challenging to meet.

Summary

BAA Scotland both welcomes and supports the Scottish Government's Bill and subscribes to the views expressed both by the SCDI and the Climate Change and Business Delivery group of which we are members.

Aviation and connectivity are critical to Scotland's economy, to jobs and sustainable growth. We would urge against any measures in the Scottish Climate Change Bill which seek to take unilateral action and which would put one of Scotland's key industries at a distinct competitive disadvantage.

We would also encourage any Bill to include a structured framework and clear guidance to assist and direct business in Scotland to do what they can in helping to meet the targets.