

Industrial Profile

Employment

Aviation is a major UK industry which dealt with 213,701,408 terminations and 586,296 transferring passengers in 2010 (down 3.42% and up 0.06% respectively on 2009) together with 2,330,561.63 tonnes of freight in 2010 and 214,057.51 tonnes of mail (up 13.4% and down 0.62% respectively on 2009) through the 505 operational airports in the UK. As a result of the recession during 2008/9 both the number of passengers and volume of freight declined but the volumes of freight have now bounced back to previous levels. Competition for transferring passengers from Paris Charles De Gaul, Frankfurt, Amsterdam, Madrid and now Dubai airports together with increases in Aviation Duty during in late 2009 and again in 2010 have exacerbated this situation in driving down the numbers flying.

In 2010 Heathrow carried 1,472,988.06 tonnes of cargo (up 15.29% on 2009 63.20% of all UK air cargo) and 65,881,660 passengers (down 0.24%). Gatwick was also down on passenger numbers carrying 31,375,290 passengers (down 3.14%) but increased its total freight volume by 39.30% to 104,031.96 tonnes. Stansted handled with 18,573,803 passengers (down a further -6.93% on 2009) but also increased the volume of freight to 202,238.30 tonnes (up 10.63%) and Manchester with 18,630,394 passengers (down 11.5%) and 102,543.31 tonnes of freight (down 28%).

April's closure of all European Airspace due to the Eyjafjalla Volcano ash cloud has hit airlines hard as they were, under European Legislation responsible for not just a refund of the ticket but also the expense of passenger accommodation etc until it was safe for them to fly home.

Due to the recession, the path towards further airlines operational mergers has continued.

Air travel remains crucial to our economy with well over 200,000 jobs directly and some 700,000 jobs indirectly dependent on it. Heathrow alone contributed over £5 billion into the economy last year.

Although a third of the goods exported by value go by air, 96% of cargo by weight are still sent by sea or travel to the UK via the road/rail network.

Trade Unions

Unite has approximately 80,000 members in the sector. Other unions within the sector include GMB, BALPA and Prospect. The vast majority of engineers, ground handling staff and cabin crew are represented by Unite.

Current Issues and Activities

In March 2009 ABTA announced that over 40 of its member companies had stopped trading as a result of the decline in passenger numbers. Globally the total number flying has declined as the recession has forced many families to stay at home.

Despite this HM Treasury increased air passenger duty (APD). The general trend with the EU is to cut taxation to assist the industry in its recovery and promote tourism. The UK already has the highest level of passenger taxation in Europe but in addition now charges £75 for a visitor's visa compared to a €60 European wide visa which covers visitors if they wish to travel anywhere within Europe outside of the UK. In addition to APD and the cost of a visa, the aviation industry is preparing to enter the European Emissions Trading Scheme (EU ETS) in 2012 which will capture flights. Unlike other nations the UK government has no plans to abolish APD on its introduction or even reduce the level of tax burden. The November APD tax increase now aims to raise over £3 billion pa by 2018 which is more than is paid in Capital Gains Tax or by the Banks representing a 55% increase in taxes on some routes. The Dutch APD scheme lasted just one year 2008/9 aimed to raise aimed at raising €364 million. The resultant loss of an estimated 900,000 tourists lost the country's economy in excess of €1.3 billion.

The election and subsequent alliance between the Conservative and Liberal Democrats has led to a series of policy decisions which are clearly anti aviation. The ConDem alliance first announcement upon reaching office was to cancel any airport expansion plan in the South East aiming for a better not bigger airport strategy.

The coalition pledged to replace APD with a per plane tax based on the departing aircraft rather than the number of passengers on the flight. Such a move would have captured freight only operations for the first time, making it far more costly to bring cargo into the country by air, potentially resulting in a marked increase in road haulage from airports outside the country. Additionally as there would be no way to differentiate between transferring passengers and those commencing their journey from a hub airport, hub transfer passengers will be charged, potentially resulting in the loss of revenue from customers to support routes and a subsequent decline in flight frequency and destinations served. In March there came the announcement that given the legal problems that would be caused by a Per Plane tax that this plan has now been shelved.

Unite has been campaigning for some time to reduce the maximum allowable bag weights to 23 kg as a result of the number of back injuries suffered by handlers. In a typical shift a single handler will on average manually move of 9 tonnes of luggage. That's the equivalent of two elephants. In addition some airlines are now allowing unlimited hand luggage weight providing the bag fits into a set size and shape. This has the potential to cause injury to cabin crew and passengers seated next to the isles should these bags break loose from overhead lockers during flights and among security staff. Additionally Unite is concerned that the combined additional weight could exceed the maximum design weight limits for these compartments. Unite is therefore trying to introduce a limit on the weight these bags should be allowed to carry.

The understanding of the environmental impact of aviation continues to grow significantly. The down turn in the economy has led to orders for these newer cleaner aircraft to be cancelled or significantly delayed as airlines tighten their belts.

The final challenge facing aviation are plans by the EU to harmonise the application of VAT or all transport ticket prices at 20%. Currently no transport mode charges VAT on the cost of a ticket. If this was added to the cost of APD and the EUETS on UK flights it would turn flying into the preserve of the very rich.