

## **INTRODUCTION**

Thank you.

It's an honour to continue the tradition of Transport Secretaries addressing the Aviation Club Lunch.

Following Patrick Mcloughlin in 2014

And Philip Hammond in 2011.

There's a reason why, when a Secretary of State for Transport is invited to this occasion, the answer tends to be yes.

And it's not just because of the *haute cuisine*.

It's because if you want to speak to the broadest possible cross-section of the aviation community...

...this is the occasion to do it.

Airlines and airports, yes.

But also aviation finance houses.

Aerospace manufacturers, air traffic controllers, air travel agents, freight shippers and aviation consultancies of all kinds.

And that in itself tells a story.

Very few countries could convene such a depth of aviation expertise and experience.

We remain one of the world's leading aviation nations.

And that is, in large part, because we are heirs to a great aviation legacy.

A legacy in which this industry has pioneered new technologies and new business models.

The UK was at the forefront of the expansion of international air services in the 1920s.

In the wake of the Second World War we shaped the international civil aviation framework, and developed the first commercial jets.

Later, UK aviation led the way to the liberalisation of the global air travel market and to low cost travel.

So this industry has made a colossal contribution to this country, and indeed the world.

And that is something in which we should take pride.

But we must not take it for granted.

This industry will thrive into the future only if it continues to focus on its customers, to receive investment, to adapt, and to pioneer new technologies and new business models.

This afternoon I'd like to set out some of the things we are doing to support the industry, and your customers, as you do just that.

## **HEATHROW**

First, let me talk about Heathrow.

In recent weeks there's been speculation about why the third runway wasn't included in the Queen's Speech.

So let me clear that up.

The Queen's Speech sets out the government's proposed legislation for the session ahead.

And there's a basic reason why the third runway wasn't included.

Not because it's been dropped.

Not because parliament doesn't support it.

But simply because *getting it built doesn't require any new primary legislation.*

Our commitment to the third runway is as strong as ever.

Right now, we are reviewing the many responses to the consultation on the draft Airports National Policy Statement.

Of course it needs to be done right.

We're not interested in expansion at any cost.

But the right scheme at the right price

We want a plan that keeps landing charges as close as possible to current levels.

And we would expect passengers' fares to come down, even after taking into account the cost of construction, thanks to the increased competition a new runway would allow.

Once the final National Policy Statement has been published, Heathrow will follow the set legal process for obtaining planning permission.

And there is wide support across parliament.

Yes - because of the new domestic links the runway can provide.

But also because of what it means for the future of our country.

Consider that great aviation legacy I was talking about just now.

It would all too be easy to sit and watch our big airports slide down the international rankings as flights and investment head elsewhere.

Yet what starts as a slow trickle can quickly become a haemorrhage.

We haven't reached that stage yet.

But to ensure we never do we must progress with our programme to expand Heathrow – and so provide room for the industry to grow for decades to come.

## **AVIATION STRATEGY**

Of course, we also need to make progress in other areas.

It's been four years since the government published its Aviation Policy Framework.

Perhaps the most important legacy of that framework is that it set the principles the Davies' Commission took into account in working up its recommendations.

But things have moved on.

So we will shortly publish a new Aviation Strategy.

It's an opportunity to look at what the government can do for the sector and, above all, its customers.

It will set the long-term direction for aviation policy to 2050.

It will look at the challenges facing the industry.

And the opportunities.

But its overriding aim will be to put the customer at the centre of aviation policy.

That's because if this industry is getting customer service right, you're likely to be getting much else right too.

So it will be an aviation strategy that puts the customer first.

But we're also going to look at:

- Safety and security.
- Growing our global connections
- Encouraging competition.
- Embracing new technology
- Building a skilled workforce.
- And supporting growth while reducing aviation's negative effects, including on our airports' neighbours and the wider environment.

We will shortly publish a green paper setting out our Aviation Strategy in draft.

The aim is to stimulate debate.

And we want to hear from airlines, airports, the aerospace sector, freight customers, passengers and the public...

...about how we can support this industry, those it serves, and those who are affected by it.

In 2018 we will publish a final white paper setting out our plans.

Of course, that doesn't mean no decisions will be made until then.

Where something is clearly the right thing to do we will get on with it.

## **AIRSPACE MODERNISATION**

A case in point is our drive to modernise the way we manage our airspace.

Earlier this year we held a consultation on how we can make better use of this critical piece of national infrastructure.

Like much of the rest of our infrastructure, it is increasingly congested.

Our aircraft are fitted with the latest satellite navigation technology, but our airspace arrangements are half a century old.

Without action, by 2030 total delays due to inefficient use of airspace capacity could be 70 times more than in 2015.

We'd be looking at 1 in 3 UK flights departing over 30 minutes late.

This wouldn't just be damaging for passengers.

But also for local residents – as noisy waiting planes will continue to be held needlessly in stacks above urban areas.

So I am glad that our proposals for the modernisation of the way we use our airspace have received a strong response.

We are currently reviewing those responses, and are on track to publish our final plans in the autumn.

## **BREXIT**

That's a broad overview of what this government is doing to support the industry and its customers.

Holding the course on Heathrow.



Shaping a new customer-focused aviation strategy.

And modernising our airspace.

But I couldn't finish today without touching on the political issue of the moment.

Our plans for exiting the European Union, and what they could mean for the future of this industry.

Now, I know that the aviation industry wants certainty, and quickly.

So does the government.

So does the rest of the EU.

It'll be some time yet before we can deliver that certainty.

The formal negotiations have only just begun.

But one of our priorities is to secure the best possible access to European aviation markets.

We are also working hard to deliver another priority – the quick replacement of the EU-based third country agreements, with countries such as the US and Canada.

And although – just as for the rest of the economy – we have to wait until these various negotiations are concluded, we ought to be confident.

Our aviation market is the biggest in Europe.

It serves millions of EU nationals and every year carries millions of UK holidaymakers to EU destinations.

It's in the interests of all countries, and all who travel between them, that we seek open, liberal arrangements for aviation.

## **LONG-TERM PROSPECTS FOR AVIATION**

Yet even if we have entered what we might call a pocket of turbulence...

...the prospects for this industry remain strong.

Earlier this year, PWC published a detailed report, looking at how the global economic order will change by 2050<sup>1</sup>.

They forecast that:

- Over the period to 2050, the UK will be the fastest growing economy of the G7.
- In that time, we should grow faster than the EU average.
- and that we should do better than other big economies, such as France and Germany.

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<sup>1</sup> <https://www.pwc.com/gx/en/issues/economy/the-world-in-2050.html>

Clearly, that growth is going to create new demand for international travel.

But it is also predicated on more international travel.

As PWC's report makes clear...

....this future growth requires deeper links with the world's other fast-growing economies, many of which are not on our doorstep.

That's why in the years ahead the aviation industry will be so important.

And why it will remain central to the government's plans for our country.

## **CONCLUSION**

So in conclusion...

The government has sought to end the decades of dithering and delay in aviation policy.

We have addressed the capacity question.

We are changing how we manage our airspace.

There may be challenges ahead, and obstacles to overcome.

But we will join you in meeting those challenges.

Just as we have met the challenges of the past – and come out stronger as a result.

Thank you.