

The Rt Hon Sajid Javid MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

10 February 2020

Dear Chancellor,

Following recent announcements concerning the future of Flybe, including confirmation of two Government reviews into regional connectivity, I am writing to share ABTA's view on Air Passenger Duty (APD) reform.

ABTA is the largest travel trade association in the UK, with around 1,100 members in 4,500 locations across the UK. Our members range from small, specialist tour operators and independent travel agencies specialising in business and leisure travel, to publicly listed companies and household names. ABTA's priority is ensuring that Members can operate their businesses in a sustainable and successful manner, enabling their customers to travel with confidence.

We welcome confirmation that the Government is open to reviewing the relationship between APD and regional connectivity across the UK. Domestic connectivity is critical to the success of the UK economy, and we welcome anything that can be done to ensure vital regional links are maintained. However, ABTA strongly urges the Government not to participate in trade-offs between internal and international connectivity. We agree with the sentiments that the Prime Minister expressed in his recent speech at Greenwich, on 3 February, that the UK has an opportunity to go out into the world and engage with other countries as a champion of free trade. An increase in APD would send the opposite signal, and would also increase the cost of hard-earned annual holidays for UK residents, right across the country.

ABTA has long called for a fair tax take from the UK travel industry. We are sympathetic to the UK Government's commitment to achieving net zero carbon emissions by 2050, and recognise the important role that aviation must play in helping achieve this target. It is for this reason that it is important to reiterate that APD, in its current form, is not, and has never been an environmental tax. Air Passenger Duty does not incentivise cleaner, greener, practices by airlines or their passengers, and the revenues collected do not support the UK's transition away from carbon.

For this reason, ABTA believes the announced review should be the start of a wider reform process, acting as the catalyst for constructive discussions between industry and government about a more comprehensive overhaul of the structure of APD. We believe that industry and government should work together with the aim of designing a progressive, competitive tax

regime, which supports UK business, while also supporting the UK Government's commitment to global leadership on reducing carbon emissions. As a member of Sustainable Aviation (SA), ABTA also asks the Government to establish a Joint Aviation Net Zero Board to enable greater engagement with Government to build the policy framework that will be necessary to support our commitment to reach net zero emissions by 2050. It is vitally important to keep in mind that carbon – rather than travel or aviation - is our common enemy.

The UK already has the highest level of international departure taxes in Europe by quite some distance. Simply increasing APD without wider reforms aimed at making the tax more carbon efficient, would only serve to undermine the UK's international competitiveness and cause holiday prices to rise for hard working families, whilst failing to address the legitimate concerns expressed by environmental activists. In contrast, meaningful reform, delivered in partnership with the industry, can maintain the UK's global competitiveness and support the de-carbonisation of the UK aviation sector. Reform of APD can also provide much needed investment in a rapidly emerging industry, the development of sustainable aviation fuels, where the UK, as a leading aviation-dependent economy, is well positioned to be a global leader.

I hope this is the start of a constructive conversation with you, your Ministerial colleagues, and government officials.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Mark Tanzer'.

Mark Tanzer
CHIEF EXECUTIVE

CC: Mr Simon Clarke MP, Exchequer Secretary