Call for Evidence: Airport Expansion and Climate and Nature Targets

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About Logistics UK

Logistics UK is one of the country's largest business groups, and the only trade association which represents all of logistics. Our mission is to support, shape and stand up for a safe, sustainable and efficient logistics sector. Our membership of more than 20,000 includes global, national and regional businesses and SMEs spanning road, rail, inland waterways, sea and air as well as the customers of freight services, such as retailers and manufacturers. We deliver services, representation and thought leadership, helping members and policymakers to seize new opportunities for the sector and the economy as a whole.

The Logistics Sector

Logistics underpins our economy and is fundamental to our way of life. It supplies our hospitals, schools, factories, construction sites, shops and homes with everything they need, everywhere, every day – nothing moves without it.

The efficiency of logistics and the productivity of the economy are completely intertwined. Due to this relationship, Oxford Economics found in 2023 that getting the policy and infrastructure environment right for logistics would unlock up to £8 billion a year in productivity-led growth.

However, we are not currently going in the right direction. The UK fell from 4th to 19th place in the World Bank Logistics Performance Index over the past decade, largely as a result of border friction and underinvestment in transport corridors.

Logistics is a major sector in its own right. It contributes £185 billion to the economy each year (12% of UK non-financial GVA), is one of the UK's largest employers, providing good jobs with strong career progression – 2.7 million people (8% of the UK workforce) are employed in logistics roles, and its key hubs provide a catalyst for further growth and investment, helping places to thrive[1].

Summary

Heathrow expansion, along with other airport expansions, is critical to delivering the government's economic growth mission. Where the government can support an increase in airport capacity, it will enhance connectivity, create jobs, boost local economies, strengthen global competitiveness and generate new trade opportunities. More direct, agile and available routes for trade will boost the UK economy and support employment opportunities.

The UK government has legislated to be net zero by 2050 and the Sustainable Aviation Roadmap[2] demonstrates how net zero ambition and growth can be complementary. Logistics UK's view is that there does not need to be a choice between economic growth and the environment – given the need for flexibility around trade, we must deliver for both. We advocate for responsible growth within clear environmental limits, and Logistics UK supports the view that any airport expansion project should only be approved if it complies with rules on noise, air quality and carbon standards set out by the government in the Airports National Policy Statement.

The Climate Change Committee's (CCC) projected pathway sees emissions from aviation fall by 36% relative to 2023 levels as part of an economy-wide transition to net zero by 2050.[3] Significant technological advancements and policy measures will help deliver this, most notably increased use of sustainable aviation fuel (SAF) through the SAF mandate, which took effect this year. The increasing use of SAF is critical for the government's net zero ambitions and reflects the fast pace with which climate-smart aviation technologies are developing. New aircraft designs and more operational efficiencies are also becoming the norm, and Logistics UK members are keen to support the UK's net zero ambition, especially as it works in conjunction with economic growth and prosperity.

[1] Logistics Report 2024, Logistics UK
[2] Sustainable Aviation, *Net Zero Carbon Road Map: Enabling delivery of a UK-led zero carbon aviation revolution,* (2023).
[3] Climate Change Committee, *The Seventh Carbon Budget*, Table 3.4, pg.73.

The Economic Significance of Air Freight

Air freight is a cornerstone of the UK economy, facilitating high-value trade, supporting regional industries, and underpinning national economic growth. While representing less than 1% of UK trade by volume, air freight accounts for approximately 40% of the UK's imports and exports by value.[4] As the UK navigates its commitments to climate and environmental targets, it is imperative to recognise the indispensable role of air freight and ensure that policies balance economic imperatives with sustainability goals.

Air freight enables the rapid movement of time-sensitive and high-value goods, including pharmaceuticals, electronics, and perishable items. For instance, in 2017, air freight accounted for over £180 billion of the UK's trade outside the EU.[5]

The air freight sector contributes £7.2 billion annually to the UK economy and supports over 151,000 jobs. Additionally, industries reliant on air freight contribute £87.3 billion in Gross Value Added (GVA), representing about 5% of the UK's total GVA.[6]

The Role of Heathrow and Airport Capacity

Heathrow Airport serves as the UK's primary air freight hub, handling approximately 86% of the UK's belly-hold air freight. In 2021, over £153 billion of non-EU trade passed through Heathrow, underscoring its status as the UK's most valuable port. However, Heathrow operates at 98% capacity, limiting the potential for growth and efficiency.

Balancing Environmental Targets with Economic Needs

While the environmental impact of aviation cannot be overlooked, it's essential to consider:

- Technological Advancements: Investments in sustainable aviation fuels, more efficient aircraft, and improved logistics can mitigate environmental impacts.
- Policy Measures: Implementing carbon offset programs and incentivising greener practices within the industry can align economic activities with environmental goals.
- Sustainable Aviation Fuel (SAF) Adoption
    - SAF can reduce lifecycle emissions by up to 80%.
    - Freight carriers and integrated logistics companies (like DHL and FedEx) are already pioneering SAF usage in trials and select commercial routes.
    - Policy support – such as SAF blending mandates, production incentives and demand-side subsidies – is essential to scale adoption.
- Operational Efficiency and Airspace Modernisation
    - Improved air traffic management and direct routing can cut fuel burn by 6-10%
    - Technologies like continuous descent operations and single-engine taxiing are being adopted by cargo operators to reduce emissions on the ground and in the air.
- Fleet Modernisation
    - New-generation freighters (e.g., Boeing 777F, Airbus A350F) offer 20-25% fuel efficiency improvements over older aircraft.
    - Investment in fleet renewal can be incentivised through green financing schemes or carbon credits for operators who retire older, less efficient aircraft.
- Electrification of Ground Operations
    - Transitioning airport ground handling equipment (tugs, loaders, etc.) to electric models significantly cuts local air pollution and carbon emissions.
    - Cargo facilities can lead the way by adopting electric vehicle fleets and renewable-powered warehousing.

[4] *Assessment of the value of air freight services to the UK economy*, Steer, October 2018
[5] *Assessment of the value of air freight services to the UK economy*, Steer, October 2018
[6] *Assessment of the value of air freight services to the UK economy*, Steer, October 2018

Air freight is vital to growth, for the UK's economic health and global trade position. As the government considers airport expansions, it is crucial to adopt a balanced approach that supports economic growth while meeting environmental commitments.

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