



House of Commons, London, SW1A 0AA

Chair: Steve Double MP | President: Sir Roger Gale MP | Ambassador: Carol Vorderman, MBE

The Rt Hon Rishi Sunak MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Road  
London, SW1A 2HQ

20 April 2020

Dear Rishi,

### **Preserving the UK's vital aviation sector**

I write to you on behalf of the 196 Parliamentarians who make up the membership of the All-Party Parliamentary Group on General Aviation. Members are extremely concerned that the UK's vital aviation industry faces an existential threat due to the Covid-19 Coronavirus pandemic.

The aviation industry normally contributes over £22 billion to the UK economy and employs over 230,000 people<sup>1</sup>. Yet aviation has been on the corporate front line of the current global crisis and was one of the first industries to be impacted by measures to tackle the virus.

Covid-19 has fundamentally undermined demand for global aviation, and aviation businesses have seen their income fall dramatically. Nevertheless, airports are obligated to remain open as part of the nation's critical infrastructure. As a result, many airports are experiencing heavy financial losses.

To continue operating and providing important jobs and growth to local areas in the future, airports and other aviation businesses will need direct support from Government. This support must primarily take the form of financial relief to get businesses through the crisis.

Whilst the employee furlough scheme has been a fantastic help in alleviating staffing costs, airports inevitably need some employees at work so they can stay open. What airports urgently need is assistance in securing their liquidity and relief from banking covenants.

A large cost burden on many airports is taxation in the form of Business Rates, Corporation Tax and Value Added Tax (VAT). Government has it within their gift to resolve these issues and relieve airports of their tax burden temporarily, which would be a great support for them during this difficult time. Therefore, we ask that HM Treasury takes serious action to reduce levels of taxation levied on airports during this time of national emergency.

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<sup>1</sup> According to Department for Transport's Aviation 2050, The Future of UK Aviation Green Paper:  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/769696/aviation-2050-print.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/769696/aviation-2050-print.pdf)

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Business rates are a particularly tricky issue because local authorities are often the freeholders of the land upon which an airport sits. Airports, knowing that councils rely on the income from their business rates to some extent, are concerned about asking for business rates relief for fear of effectively putting their landlords in financial difficulty. We hope that HM Treasury will be able to work with local authorities and issue guidance to encourage more of them to support their airfields through temporary relief from Business Rates.

Relief measures cannot just be focussed on big name airports and airlines themselves. Smaller supply chain businesses, such as those which provide ground-handling services, must also receive direct support if the whole commercial aviation ecosystem is to be preserved.

It took the global aviation industry four years to return to profit following the shock of the 9/11 terrorist attacks in 2001. It will take just as long if not longer for the industry to get back onto its feet after the disruption caused by Covid-19. Government therefore needs to commit to supporting the sector for the long term, not just until the danger of the virus has passed.

We recommend that the Government sets up a cross-departmental committee consisting of executives from important national airports and airlines to coordinate a programme of support for the industry in the years ahead. There is already great enthusiasm for such a project amongst affected businesses, who are simply worried about keeping their companies afloat and their thousands of employees in work.

I hope you will agree that the UK's world leading aviation industry is worth preserving through this crisis. It not only provides jobs and directly contributes to the economy; it is vital to the Government's vision of a globally connected Britain post-Brexit. Yet, without support now, the industry will struggle for many years to come.

Yours sincerely,



Lord Davies of Gower  
Co-Chair  
All-Party Parliamentary Group on General Aviation

Copied to:  
Secretary of State for Transport

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