

Aviation & Environment Summit

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INTRODUCTION

Ladies and Gentlemen,

I'm delighted to take part in this session today to offer you a brief airline perspective of this crucial issue of how the industry responds to increasing levels of public and political concern about our impact on climate change.

Airlines are in the front line here. We are the highest-profile, public-facing section of the industry. We don't make the airframes or the engines, but we operate them. The aircraft that emit CO₂ are our aircraft in our liveries.

So it is not surprising that we are at the centre of public debate about aviation and global warming, and sometimes the target for environmental activists.

Debate on this issue in the UK is probably more intense than in any other country. Barely a week goes by without some media coverage of a survey trying to show that airlines are the worst culprits on climate change, or a newspaper columnist urging that everyone should fly less for the good of the planet.

Airlines are routinely accused of being selfish or even sinful organisations with little concern for their environmental impact.

The tone of this coverage is perhaps not quite so hysterical as it was 12 or 18 months ago – as we and others have succeeded in improving media understanding of aviation’s relative share of global greenhouse gases.

But the issue remains very high on the political and media agenda. Which underlines the absolute necessity of maintaining our focus on improving our environmental performance – and on being less reticent in talking about it.

BRITISH AIRWAYS’ RECORD

At British Airways, we have been taking climate change issues seriously for a long time. A decade ago, we became the first airline to recognise the importance of environmental performance by publishing fuel efficiency targets.

We set a target to achieve a 30 per cent improvement in fuel efficiency by 2010, compared with 1990.

By the end of last year, we had achieved a 28 per cent improvement, preventing the release into the atmosphere of an additional 60 million tonnes of CO₂.

We have now set a fresh target - to improve fuel efficiency by a further 25 per cent by 2025, compared with 2005.

We have achieved greater fuel efficiency through investing in new aircraft – a process we are continuing with our recent order for 12 Airbus A380s and 24 Boeing 787 Dreamliners, which are between 17 and 30 per cent more fuel efficient per seat than the aircraft they will replace.

In addition, we have worked to reduce emissions through modifying operational procedures for our aircraft.

These include:

- A flight planning system that calculates optimum routings and optimum fuel loads.
- Procedures to increase the rate of climb, allowing a quicker ascent to altitude where engines are at their most efficient.
- ‘Push and hold’ – for aircraft with slot delays, a new procedure has been developed at Gatwick to push the aircraft to a remote holding position and start engines only when it is time to go, rather than pushing back from the gate and waiting with engines running.
- Route shortening – we continually work with governments around the world to shorten flight routings, saving fuel and emissions. Over the last two years we have saved over 50,000 tonnes of CO₂, including flying shorter routes over Kazakhstan, China and Brazil.

- Reduced weight – the heavier the aircraft the more fuel it burns, so we have a dedicated team developing initiatives to make weight savings. For example, we now load less catering equipment and crockery.
- Continuous descent – rather than a traditional ‘step down’ approach to landing, CDA involves flying a continuous steady descent from 6,000ft or higher, reducing fuel burn and noise. We have pioneered this technique at Heathrow.
- Inbound speed reduction trial - we have driven an initiative to reduce average time spent in holding patterns prior to landing at Heathrow. If successful, this initiative could save 20,000 tonnes of CO₂ per year.
- Single engine taxi – after landing, where possible, pilots shut down an engine while taxiing to the terminal. This provides further fuel and emissions savings.

We continue to work on further operational measures, and we have also developed our carbon offset scheme under which customers can offset the emissions from their flight by paying for equivalent emissions reductions in clean energy projects elsewhere in the world.

In 2005, we became the first airline to set up an offset scheme. Like many venturers into new territory, we discovered that some aspects of our scheme did not work as effectively as we had expected.

The scheme was not clearly signposted on our ba.com website and customers who had just booked a flight had to click through to a third-party website, and key in their details again, to buy an offset. This proved a considerable deterrent.

We also found the climate of opinion becoming increasingly sceptical about whether offset schemes actually delivered the emissions reductions they promised.

Our customers told us all this – as did one or two policymakers. We took stock, conducted a thorough review of the scheme in the latter part of last year, and launched a brand new version in January.

Our scheme is now frequently advertised on the home page of ba.com, and enables customers to make their booking and buy their offset in one transaction. The offset payments support hydro-electric and wind power projects in China and Brazil, producing emissions reductions that are monitored and certified under the UN Kyoto Protocol.

This is a highly effective scheme – and, though it is too early to give figures, the signs are that it is proving much more popular with customers both in the UK and worldwide.

I believe there is considerable scope for airline offset schemes. Not only because they are environmentally beneficial in themselves, but also because they raise awareness of the principles underlying emissions trading – which remains the policy instrument most likely to be effective in dealing with aviation's climate change impact.

CARBON TRADING

Ultimately, the key to achieving absolute reductions in aviation emissions lies in technological breakthroughs. But these are unlikely to occur in the short term.

So in the near future, if aviation is to meet the rising demand for travel from our globalised economy and its increasingly mobile workforce, emissions growth from increasing volumes of flights will outweigh emissions savings generated by technical improvement.

Which is why we need workable systems of carbon trading.

At British Airways, we have taken part in emissions trading. And we have long advocated the inclusion of aviation in the EU's trading scheme. This is now scheduled to occur from 2012.

It is hard to exaggerate the importance of this project – for the EU, for aviation and for the planet.

For the EU, this is an opportunity to show the rest of the world:

- that carbon trading can work;
- that it is the most effective mechanism for ensuring that reduction of greenhouse emissions and promotion of economic growth can go hand-in-hand;
- and that it is particularly appropriate for industries such as aviation, where the practical potential for absolute emissions reduction is limited in the short-term.

For aviation, it is also an opportunity to demonstrate that those of us who have publicly supported emissions trading have argued the case from genuine conviction that it is the best

environmental solution, not from disingenuous belief that it would never actually happen, or that it would prove a soft option.

If we can show emissions trading works within Europe, we have a much greater chance of persuading carriers in the US, Asia and elsewhere that it is the right policy for their regions too.

For the planet, this would be the best outcome: aviation growth taking place in a carbon-neutral way, while work continues on new airframe, engine and fuel technologies that could bring absolute reductions in aviation emissions in the longer-term.

So that is the great prize that is available to us – and that is why it is so important that this scheme, on which so much depends, gets off to the right start.

Over the next few months, a number of decisions will be taken by the European Parliament which may have a strong influence on the final shape of the scheme.

As the legislative process unfolds, I hope policymakers will remember that proposals that may be regarded as perfect by environmental purists will achieve nothing for the environment if, in practice, they lead to delay because of legal challenges or retaliatory action by non-EU states.

On the other hand, we must also be careful to avoid making the scheme so burdensome for airlines based in Europe that we give away business to competitors from the rest of the world.

In particular, we should oppose the recent proposal that emissions permits should be allocated by auctioning.

Auctioning is just another tax. Auctioning brings no direct environmental benefit whatsoever. Many airlines already pay environmental taxes. In the UK, Air Passenger Duty generates €500 million in revenue from British Airways flights alone. That revenue is not spent on any environmental project. If it were spent on carbon offsets, it could offset the emissions of the entire British Airways fleet twice over.

Taxation is a very blunt instrument for dealing with aviation's impact on climate change.

The reason emissions trading has steadily gained support in the last few years is because it is a smarter, more environmentally effective policy instrument that focuses explicitly on emissions reduction. Let us not forget this as we move toward the final ETS proposals.

CONCLUSION

Finally, let me recap:

In the debate on aviation and the environment, airlines are very much in the front line.

There are things we can do – operationally as well as technically – to control our carbon footprint; and British Airways is at the forefront of these efforts.

But operational and technical changes can take us only so far in the short term. If the industry wants to expand, it must find a sustainable basis for doing so – and carbon trading gives us that opportunity.

The cost of carbon trading (which will be significant for any airline wanting to grow) should become part of the furniture – a cost that has to be managed like any other long-term cost, and one that is inevitably reflected in the price to the consumer.

In that way, the cost of funding emissions reductions will be priced into the aviation marketplace. Being green and pursuing growth will go hand-in-hand.

As the cost of funding emissions reductions is priced into the aviation marketplace, I believe consumer understanding of how airlines are meeting their full environmental obligations will improve – helping to undermine some of the more extreme perceptions about flying I touched on earlier.

The goal must be to reduce total global emissions at the least cost to global society. Carbon trading can achieve this. That is why it is so important that we get the details right.

Thank you all very much.

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