

It is always a challenge to speak at the end of a conference, and especially following the impressive line-up of speakers this conference has heard today.

Jonathan Porritt has just outlined to you his view of what is wrong with air transport and where he thinks we are failing to be sustainable.

I don't fundamentally disagree with him about a lot of his analysis. But I should say at the outset that I firmly believe in sustainable air transport, and I believe that air transport can continue to grow, and that it can grow sustainably.

Sustainable development is one of the seven guiding principles of the Freedom to Fly Coalition, and it is these principles which underpin BAA's membership of the coalition.

BAA is also a member of Forum for the Future. Because we also agree with their positive, solutions-based approach to sustainability. And because we think that it is important for business to work in partnership, rather than conflict, with environmental interests, in an effort to seek common understanding and agreement on how to tackle the core environmental issues.

The core environmental issues on which air transport has to engage, which are well rehearsed, are climate change, noise, local air quality, surface access and the use of natural resources.

By and large, airports are the catalysts for these environmental impacts, rather than the causes of them.

We provide the infrastructure for aircraft and passengers, but we don't fly the planes.

But this gives us an important role as a catalyst for sustainability – lobbying, persuading, cajoling, influencing and in some cases directing the users of our infrastructure.

And it gives us the responsibility to lead by example.

This is a role which we at BAA, and airports generally, take very seriously, and which does deliver genuine improvements in environmental performance.

Of course, the real challenge is to ensure that the incremental improvements in environmental performance keep pace with the growth of the industry.

And that challenge is the focus for my comments this afternoon.

The biggest environmental issue is clearly climate change and most human activity contributes to this problem.

I'd like to put these human activities into context.

A quarter of man-made carbon emissions come from the power stations which provide us with electricity. Almost a quarter come from private consumers and households.

A fifth comes from industry.

15% comes from combustion.

10% comes from road traffic.

4% comes from trains, trams, ships and other modes of transport.

Only around 2% comes from air traffic.

Now that doesn't mean that the contribution to global warming from air transport is therefore insignificant. Far from it. But it does mean that air transport's contribution should be seen within a global context.

Globally, CO₂ emissions from aircraft are forecast to grow to about six per cent of emissions by 2050, according to the IPCC's mid-range projections.

By any measure, that is still only a very small proportion. Yet the core issue should not be about how much air transport, or cars, or power stations are emitting.

It should be about the total level of carbon emissions this planet can sustain, and how these permitted emissions are allocated between activities.

I don't think the answer to climate change is to stop growth.

While every effort should be made to improve efficiency, in order to cut global emissions to an acceptable level, this does not mean that every human activity therefore has to be cut.

Some activities and some industries can reduce their emissions much more easily and cheaply than others. Some things are blindingly obvious. Western society is profligate with its use of energy. Lights are left on in homes and offices. Computers are left on. Hi-fi equipment, televisions and videos are left on standby.

At BAA, as our contribution to meeting the UK's Kyoto targets, we aim to cut absolute CO₂ emissions by 5% of 1990 levels – which is equivalent to a CO₂ reduction per passenger of 60 per cent – and to source ten per cent of our energy from renewable sources by 2010.

One of our initiatives is to run our airports two degrees colder in the winter and two degrees warmer in the summer to save on the energy used for air conditioning. Passengers don't notice any difference, but it cuts electricity use, it cuts our share of emissions and, coincidentally, it cuts our energy bills.

But the absolute levels of emissions from aircraft in flight cannot easily be cut, as the air transport industry is growing. That isn't to say that the industry is doing nothing about the problem.

Improvements are constantly being made to aircraft and engine design to increase fuel efficiency and reduce emissions. These technological advances mean that modern aircraft are 70 per cent more fuel efficient, in terms of fuel burn per seat, than they were 40 years ago.

Some of this improvement has had a downside by increasing nitrogen oxide emissions, which weren't seen as a major problem in the past.

But Rolls Royce, for instance, aims for a 50 per cent reduction in nitrogen oxide emissions by 2010, relative to the current standards.

But the fact is that there are many more aircraft in flight, and the incremental benefits of technological improvements are being outstripped by incremental growth in aircraft movements.

I should also say, quite starkly, that there is simply no credible alternative aviation fuel to kerosene, and there isn't likely to be one in the next 50 years. But this doesn't mean we do nothing. Business as usual is not a growth option.

So if technological improvements can't offer a medium-term solution, then we need to consider more innovative environmental solutions which will enable air transport to fulfil its social and economic potential.

As I have already said, I don't think the solution is to stop growth or to stop airports from being developed.

And I don't think the answer is to slap a tax on kerosene to try to price people out of flying either. Because I think a crude tax is a blunt and inefficient instrument, which won't tackle global emissions, however attractive it might appear as a revenue raiser.

What the UK air transport industry and the Freedom to Fly Coalition think is that if aviation can't cut its own emissions sufficiently, then it needs to pay other industries which can cut their emissions more cost-effectively.

This is the fundamental basis for emissions trading, which we believe is the best way to tackle this global issue.

Total emissions are contained within internationally-agreed ceilings, but an open, international trading of allowances can permit emissions to be reduced between sectors and between countries, where the cost of that reduction is lowest.

So a firm which cuts its emissions below a target level can sell allowances for its excess reductions to firms which are either unable to reduce, or wish to increase, emissions.

This means that a British airline could buy an allowance from, say, a Russian power company which replaces an older, inefficient coal-fired power station with more efficient technologies. Or from a Swedish electricity company which improves domestic energy efficiency by distributing cheap low-watt light bulbs to its customers.

What trading does is concentrate resources and effort where they are most effective. The revenue from the sale of the allowances may in part be used to cover the cost of the new technology, making it a win-win solution.

It is a genuinely innovative solution to the problem of how air transport can grow sustainably and still contribute to cutting global greenhouse gas emissions.

This isn't pie in the sky.

The US Government already has a long-standing and very successful sulphur emissions trading scheme, which has cut sulphur emissions by 40 per cent of 1980 levels.

This scheme has cut sulphur emissions further, faster and more cheaply than the Government ever expected, and as a result the US is well on the way to achieving its target 50 per cent reduction by 2010.

The UK Government too has accepted the principle of national carbon emissions trading, and has a pilot scheme in which British Airways is participating.

We, in BAA are also considering our own internal emissions trading scheme, to help us meet our emissions targets.

And the Institute for Public Policy Research has long endorsed this approach as, and I quote: "the most economically-efficient way to reduce greenhouse gases from aviation". So there is a solid body of opinion which says this is the right way to go.

The UK air transport has shown real leadership and responsibility in embracing the principle of emissions trading. Our airline partners are actively lobbying the UK Government, and internationally, to support the establishment of such a scheme. And the international aviation community, through ICAO, is expected to commission consultants soon to work up the detailed design of such a scheme.

I would like to give credit to the UK Government for its part in this initiative.

In turn, I hope due credit and support is given to the industry for supporting this work and taking on the necessary commitments to ensure that its objectives are realised.

I have taken some time on this issue because it is so important. It may not be our direct responsibility as airport operators, but as a company committed to sustainable development, we have a stake in ensuring that sustainable solutions are found to these global problems.

But locally, other issues are of more immediate concern to airport communities.

Aircraft noise is the number one local issue. Aircraft are 20 decibels quieter today than their predecessors of 30 years ago. Improvements to engine, wing and fuselage design, improved operating procedures and higher technical standards have all contributed to this reduction in noise. For instance, in April this year, Chapter 2 aircraft – the noisiest in the skies – were banned from EU airports. The results of these efforts have been dramatic.

Since 1980, the number of people affected by aircraft noise above 57 decibels – what the Department for Transport measures as 57dB Leq – shrank at Heathrow from 944,000 to 275,000, and at Gatwick from 38,000 to 8,700. But while each aircraft is individually much quieter, the growing number of aircraft flying has presented a new noise challenge.

Also, over the years, concern has switched from noise at take-off to noise from arriving aircraft.

Airports have taken a three-pronged approach to tackling noise. First, rigorous monitoring and enforcement of noise and track-keeping, to identify and fine aircraft which breach limits.

Second, working with airlines and air traffic control on improved procedures. An example is continuous descent approach. Pilots come in on a smooth, three degree glide path, rather than the traditional stepped approach, thereby reducing the noise from thrust and deceleration.

Third, lobbying for improved technical standards – a faster phase-out of noisy aircraft and higher noise standards for new aircraft.

In fact, local airport standards also have their own important part to play. The night noise rules at Heathrow, for instance, provide the benchmark for the design of the new Airbus A380 super jumbo.

I strongly believe that if air transport is to be allowed to continue to grow, then aircraft just have to keep on getting quieter. This is going to have to be part of the deal between aviation and communities.

The third core local issue is air quality. This is interlinked with surface access, because the main cause of local air pollutants around airports is road traffic.

Airports have invested and will continue to invest in improvements to public transport access, to provide an alternative to the car for passengers and staff.

BAA can point to the £500 million investment in the Heathrow Express, to the free bus zone around Heathrow, to staff car sharing and many other initiatives as examples of our commitment to cutting road congestion.

Clearly, if airports are to grow, more will still need to be done.

But I think it is fair to point out that while airports will pay their fair share – more than their fair share perhaps – they are not milch cows for funding local, regional or national government transport schemes.

At Heathrow, for instance, only 15 per cent of peak traffic on the M4 and M25 is going to or from Heathrow. The majority is local traffic or commuter traffic.

So investment in public transport to reduce M4 and M25 congestion must be done in partnership with other agents – local, regional and national government, the Strategic Rail Authority, Railtrack, rail companies, and the other local businesses who will benefit, and so on.

But while roads are the main source of local air pollutants, airports are responsible for some others.

Emissions from landing and departing aircraft, from aircraft ground movements and from vehicles operating in the airport all contribute to air quality problems.

BAA works with airlines and air traffic control to cut aircraft taxiing time to reduce fuel burn on the ground. We have installed fixed ground power units to reduce aircraft engine running time. We have invested in low emissions and alternative fuelled vehicles for our own fleets, offering a £50 a month incentive to staff with LPG fuelled company cars.

And at Heathrow, we have launched a clean vehicles charter and issued a challenge for all operators at the airport to adopt low emissions technology vehicles by 2005.

Such initiatives form part of comprehensive air quality strategies which our airports develop. These are practical and effective solutions.

Combined with higher emissions standards for road vehicles, there is the real prospect that pollution from roads will decline dramatically in coming years, which will help airports to manage their local air quality environments.

Finally, I want to comment on how we use natural resources – water, land, what we do with waste, and how we support biodiversity.

These are not issues peculiar to aviation though. They are issues for all society, all businesses and communities, and part of our approach to good corporate citizenship.

Airports do have a good record in this area.

BAA's airports have more than doubled the amount of waste which is recycled in the last four years, cut the amount of waste sent to landfill by 40 per cent and trebled the amount of energy recovery from waste.

Despite passenger growth, we have cut total water consumption, and water consumption per passenger has therefore been cut by a quarter since 1996.

And all significant developments at BAA's airports undergo a full environmental assessment.

Our approach is one of responsible stewardship, using natural resources sparingly and seeking to enhance, rather than degrade, the local environment.

As I said earlier, I do believe that we are an industry which can grow sustainably. Though sustainability is not just about the environment. The social and economic strands are also important, and if I haven't mentioned these before, it is because they have been discussed by earlier speakers. But it is important that there is a balance between all three factors. None has priority over any other: we need to make progress on all fronts.

The debate which has been opened by the Government's consultation on future airport capacity is, as has been said before, a once-in-a-generation opportunity to plan properly for our air transport needs. But it is also an opportunity for stakeholders to reassess how they are going to engage in the coming years.

I believe the air transport industry has a responsibility to improve its environmental performance, especially on noise and local emissions, as well as delivering the appropriate solutions to its impact on climate change.

But I also believe that those who express their concerns about the environmental impact of air travel have a responsibility to forge a new relationship with the industry, as partners not opponents.

It must surely be better to seek common ground, common objectives and common solutions to sustainability issues than argue across an unbridgeable divide.

I hope that what I have said today makes clear that I am not making a gesture to sustainability, but that I have a strong belief and commitment to sustainable aviation.

But I have an equally strong belief and commitment to this industry because of the opportunities it creates, because of the jobs, the investment, the tourism and the benefits to society.

We must find the balance and we must achieve the greater understanding and shared vision of an achievable, sustainable future, where air transport can continue to flourish and can do so responsibly.