

CAA Strategy and Policy



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Dear Daniel

Call for Input on Sustainability

As agreed, please find attached the CAA's response to the CMA's Call for Input on Sustainability.

Consumer protection law questions

70. We would welcome responses to the following questions:

- (a) Does the current consumer protection law framework constrain or frustrate initiatives that might support the UK's Net Zero and sustainability goals?
- (b) What changes to business-to-business protections are required, to address the current issues of supply chain transparency?
- (c) What other opportunities are there to develop the consumer protection law framework to help to achieve the UK's Net Zero and sustainability goals?
- (d) To what extent should the consumer protection law framework be prescriptive, for example, by mandating provision of particular forms of information, or by prohibiting particular types of conduct, in order to help to achieve the UK's Net Zero and sustainability goals?
- (e) How far should the consumer protection law framework go to address:
 - (i) the planned obsolescence of products; and/or
 - (ii) commercial practices which promote over-consumption

RESPONSE

The CAA welcomes the opportunity to respond to the CMA's Call for Input on this important topic. It is clear that decarbonising all the sectors, including aviation, is a vital strategic issue for government, regulators, and sector participants, including in the aviation sector. The CAA acknowledges that moving towards decarbonisation will require significant action, both domestically and internationally. As the aviation sector's regulator, the CAA expects to take a leading role in both enabling the delivery of decarbonisation of the aviation sector, and of monitoring and overseeing both sector-wide and individual actors' performance against the government's strategy and targets.

We have limited our response to question 70 of the Cfl, which relates to the consumer protection law framework. This response focuses on two aspects:

1. How the consumer protection law framework should be adapted, for the aviation sector, to better consider the interest of present and future consumers, and more effectively balance trade-offs between sustainability and competition, for example by linking consumer welfare with environmental impact – this would be in response to a) and c).
2. Two specific examples of where there are opportunities for change: the first in relation to environmental information provision to consumers, and the second, in relation to competition in sustainable aviation fuels. – these would be in response to a) and d).

1. The CAA's existing statutory duties for most of our regulatory activities centre around maintaining a safe and secure aviation system within an open and competitive market and

so, serving and protecting the interests of consumers. The challenges faced by the industry in working towards decarbonisation are vital for its long-term viability and health. These changes could have implications for access to the aviation market and competition within it, which would, in turn, affect the accessibility of services for consumers.

The CAA considers that its role is to regulate in consumers' interests, but the system-wide and long-term nature of the decarbonisation challenge leads us to consider our interpretations of "consumers' interests" and projects our responsibilities onto the future consumer and society. However, these interests may not always be aligned: present consumers may not be those of the future, in a market where most flights are taken by a minority of society.

There is an important factor to consider though: if we prioritise facilitating industry's decarbonisation efforts, consumers' access to services could be impacted. However, it could also be impacted if we select to prioritise protecting consumers' access to services at the expense of decarbonisation efforts. Eventually climate change events would affect travel to several holiday destinations because of, for example, desertification or convective weather events. This would impact both choice for consumers and existing flight routing and Air Traffic Management planning through delays due to bad weather, which would mean any efficiency gains through Performance Based Navigation and the modernisation of airspace would be lost. These scenarios would affect present and future consumers, albeit at slightly different pace.

We think that consumer protection law already has a number of effective mechanisms, however, we would like to suggest the following for consideration, based on the above thinking.

- The consumer protection law framework should be widened to include present and future consumers to help better consider the long-term implications of policy decisions on sustainability.
- A set of guidelines should be added to the framework, setting out, at a broad level, how trade-offs between different outcomes should be taken into account, particularly in relation to the examples given above. This would recognise that different stakeholder groups can have diverging interests that can't always be satisfied at the same time.
- And related to the above, the framework should have a sustainability lens to link consumer welfare with environmental impacts, giving more weight to the trade-offs between sustainability and competition.

2. Environmental information provision

An example of how the consumer protection law framework could be strengthened is in relation to environmental information provision to consumers. This supports the [research](#) work the CAA has recently undertaken about consumers' attitudes to carbon performance information in the aviation sector.

Providing consumers with transparent information regarding the environmental impact of a flight whilst making a booking is a useful nudge policy measure to start off the decarbonisation efforts and programme, while the long-to-medium term interventions are in the development phase. An increase in the provision of information to consumers at this stage, allows carbon performance to be taken into account by consumers. Moreover, the

mandatory provision of this information (which government indicated could be an option in its Jet Zero Aviation consultation) may further incentivise airline operators to bring forward the introduction of lower carbon technologies. CAA research has shown consumers believe that information should be available across the sectors and should be standardised and accurate. It also indicated that trust is an important factor for consumers, who would like information to be vetted by an independent entity or come from an airline certified to, for example, a B Corp model.

Strengthening the consumer protection law framework to encourage suppliers of environmental information to adhere to an accepted certification would assure consumers and improve trust. And the availability of standardised and accurate information would allow effective enforcement of consumer protection law by enabling enforcers to judge when a claim is misleading.

Ultimately, a standardised metric, available at the point of purchase, and across different modes and sectors, is likely to have the most benefit for consumers and is commensurate with what the research highlighted.

Sustainable aviation fuels

The other area where the trade-off between competition and sustainability may need to be considered is that of sustainable aviation fuels (SAF). However, some aspects of this topic – such as the feasibility of a flight powered by SAF-only fuel - are still at the very early stages of exploration so it might be too early to say that amendments to competition law may be required to ensure its success. We would therefore limit our response to encouraging collaboration between all the aviation sectors, the UK government, the CMA and the CAA to drive forward the development of a comprehensive global regulatory standard and sustainability criteria for SAF, ensuring it is stronger than the current ICAO standard (as it allows for land crop-based feedstocks) and aligns with international emission mechanisms, such as CORSIA.

We would also like to encourage a consistent, clear and transparent approach by airlines on the use of SAF by their fleet, to ensure consumers can make informed decisions. Environmental information provision at the point of flight booking should include a clear reference to the percentage of SAF utilised for that specific journey (subject to availability) so that consumers could make a choice based on this information. We would not wish to stymie a carrier's ability to adopt SAF into their existing operations, but this must not be at the cost of green washing consumers into thinking a flight is "greener" than it is.

Looking further into the future, other novel technologies, which could be vital to decarbonise aviation (for example hydrogen fuel cells), will have similar cross-sectoral and potential competition issues which will require analogous government and regulatory cooperation as they are developed.