

Transport and growth update

Statement made on 29 January 2025

Statement UIN HLWS392

Statement made by

**Lord HENDY of Richmond Hill**

Minister of State for Transport

Labour

Life peer

Lords



Statement

My Right Honourable friend, the Secretary of State for Transport (Heidi Alexander), has made the following Ministerial Statement.

I wish to update the House on the Government's position regarding airport expansion and the transition to greener aviation.

The Government recognises that air connectivity plays a vital role in supporting economic growth across the country, contributing £14bn to our GDP in 2023 and over 140,000 jobs across the UK in 2022.

However, capacity constraints are hindering the country's ability to reap the growth benefits of aviation. There is a particular capacity challenge in the South East of England. Heathrow Airport, the largest airport in Europe by passenger traffic, the most internationally connected airport in the world and the UK's only hub airport, plays a critical role in enabling international connectivity for both passengers and freight. This supports productivity and economic growth. Around 75% of UK long haul flights go from Heathrow and 60% of UK air freight goes through Heathrow. But Heathrow is running at nearly full capacity, which is limiting our potential to compete with major European hubs and holding back growth.

Tackling capacity constraints at Heathrow Airport could unlock growth benefits that a world-class aviation sector can provide. That's why the Government supports and is inviting proposals for a third runway at Heathrow, to be brought forward by the summer.

Expansion could inject billions into our economy, create over 100,000 extra jobs, strengthen Heathrow's status as a global passenger and air freight hub, and deliver major benefits for passengers, including lower fares and reduced delays.

Once proposals have been received, the Government will move at speed to review the Airports National Policy Statement (ANPS), which provides the basis for decision making on granting development consent for a new runway at Heathrow. Any scheme must be delivered in line with the UK's legal, climate, and environmental obligations.

The Government is committed to ensuring that the economic benefits of airport expansions are delivered in a way that considers and addresses environmental and social responsibilities. We are already making great strides in transitioning to greener aviation. Earlier this month, the SAF Mandate became law, requiring 2% of this year's aviation fuel supply to be from sustainable sources, with the targets reaching 10% in 2030 and 22% in 2040. SAF is one of the key measures required to reach net zero emissions from aviation by 2050: it reduces GHG emissions by around 70% on average when replacing fossil kerosene (jet fuel).

Today, I am pleased to announce that we will invest £63m over the next year for the Advanced Fuels Fund, supporting Sustainable Aviation Fuel (SAF) producers across the UK including in areas like Teesside. We have also published today the Government's response to the consultation on a Revenue Certainty Mechanism (RCM), which, once implemented, will encourage investment into

the nascent UK SAF industry. Next steps on the RCM will be set out imminently.

Taken together, our SAF commitments will support thousands of jobs, bring down our transport emissions, support our energy security and make the UK a clean energy superpower.

Statement from

Department for Transport

Linked statements

This statement has also been made in the House of Commons

Department for Transport

Transport and growth update



[Heidi Alexander](#)
Secretary of State for Transport
Labour, Swindon South

Statement made 29 January 2025

HCWS397
Commons