



THE BRITISH  
CHAMBERS OF  
COMMERCE

June 2003

# The Future Development of Air Transport in the United Kingdom

## BCC Submission

### Introduction

- 1.1 The British Chambers of Commerce (BCC) represents more than 135,000 businesses in all sectors of the economy and of all sizes through a quality assured, UK network of Accredited Chambers of Commerce. The BCC recognises the importance of air transport to the UK economy and welcomes the opportunity to respond to this crucial consultation on air transport policy.
- 1.2 The South East region is an economic and social gateway to and from the rest of the country therefore, development in this region has implications for the rest of the country. It is for this reason that we have chosen to respond to the South East regional consultation.
- 1.3 We would also like to emphasise that in addition to expansion at strategic national airports in the South East, as a national organisation, we support expanding capacity in the regions. Regional Chambers and associations of chambers who have local knowledge of the transport needs of businesses in their respective areas will convey views specific to the Regional Air Services Studies for their regions. From a national perspective it would be prudent for regional airports to have expansion plans in place to meet the regional increase in demand and to facilitate the introduction of new services where demand would support them. Expanding the use of existing regional airports in addition to national airports will go some way towards meeting increasing local demand.
- 1.4 Businesses need a reliable, accessible and cost effective transport network to move products, people and services efficiently. The enhanced accessibility that expanding air capacity brings is an important factor in attracting inward investment on both a national and regional level.

### The Case for Increased capacity

- 2.1 Air transport is one of the UK's most efficiently run forms of public transport. Over half a million people are employed in aviation and it adds £10billion to GDP. It is crucial to UK competitiveness and tourism. 180 million passengers use UK airports each year. Every million passengers sustain about 1,000 jobs at airports and another 2,000 jobs in the supply chain. A fifth of UK exports are transported by air.
- 2.2 The importance of the UK's transport system to the national economy cannot be overstated. We remain firmly convinced that air capacity must be increased to respond to current and future demands. If this challenge is not met, there is a huge risk that Britain's reputation as an attractive and accessible place for businesses to locate and thrive could be seriously undermined. We must respond to the need for increased demand for aviation, or other countries will. Businesses are more likely to locate and move to where capacity is provided. It is of some note that even since the launch of the SERAS consultation an

additional runway has opened at Amsterdam's Schipol Airport and that both this airport and Paris' Charles De Gaulle have publicly stated their desire to replace London's position as the European and transcontinental aviation hub.

- 2.3 Internationally owned companies in the UK account for 28% of UK output and 33% of all fixed capital investment, in addition to this over 20% of UK manufacturing is owned by foreign based companies<sup>1</sup>. Long distance travel for businesses such as these is an everyday current reality. Effective transport links are among the core considerations of inward investors and are a principle concern of all businesses. This fact was driven home in our recently published Productivity Survey (BCC, 2003), where the high cost or inadequacy of transport was highlighted as a leading concern for medium and large firms.
- 2.4 We recognise that the delay in proceeding with the aviation White paper was as a result of the legal challenge by Essex County Council, Kent County Council and Medway District Council. We urge the government to take all measures necessary to ensure that there are no further delays in producing the White Paper on aviation, as any further delay risks further denting the confidence of businesses.

### **How much capacity should be provided and where?**

- 3.1 Increased air capacity must be provided in order to meet realistic demand. Regional air capacity should be maximised to support spatial strategies for economic development and for sustainability in order to minimise extent of travel to South Eastern airports.
- 3.2 We support realistic national capacity forecasts. 2020 targets need to be provided for and 2030 forecasts need provisional planning. The 2020 forecast is realistic in that it assumes a lower trend rate of growth in future than in the past. If there is a justification for amending the forecast it may be that there is greater market maturity.
- 3.3 The BCC's view is that planning processes should expedite major projects and avoid pre-empting agreed provision of capacity. It should also provide for fast tracking of major infrastructure projects.
- 3.4 Demand for air travel is increasing and present capacity will not be sufficient to cope with expected demand in the next 20 to 30 years. Increasing present air capacity will bring substantial economic benefits to the UK. The BCC believes that the Government should ensure that capacity is provided in a sustainable way to cope with rising consumer demand for air travel.
- 3.5 A wide range of economic activities and employment opportunities have an external environmental impact; air transport is one such activity. Developing in a more sustainable manner means achieving a workable balance between environmental and economic impacts. If measures are not taken to increase capacity in the UK, demand, business and employment opportunity will move overseas and there will be an impact on the UK economy. The net environmental impacts will also move overseas.
- 3.6 If South East airports are to be required to meet demand approaching 300 mppa (million passengers per annum) by 2030 then it appears that this is inconsistent with fewer than

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<sup>1</sup> The Importance of Domestic Air Services to the National Economy, BCC Policy Unit, 1994

three new runways. Meeting forecast demand to 2020 could be accommodated with two additional runways. If levels of demand growth fall substantially below current forecast levels it would be undesirable to have planned for or constructed three runways in the South East. The cost, environmental impacts and stimulus to excess demand of over provision need to be avoided; in particular the consequent diversion of air travel from regional airports would have serious and undesirable effects on regional economic development and impose unnecessary costs and strains on transport infrastructure. In practical terms therefore this may point to the desirability of planning in relation to forecast levels of demand in 2020 and in 2030 whilst employing a 'plan, monitor and manage approach' which enables the option of a third new runway in the South East to be considered on the basis of updated air traffic forecasts in or around 2015. In so far as it is desirable to minimise 'planning blight' it would be possible to identify now a third runway option so as to rule out blight at other locations, to safeguard the chosen option against inappropriate development and to facilitate the acquisition of land.

3.7 As regards a second hub located in the South East we have not seen evidence to suggest that two hub airports close to London would be a plausible scenario. Our members have indicated that they see a persuasive case for expansion at Heathrow and for Heathrow itself to retain 'hub' status in the UK.

3.8 BCC favours an incremental option as a solution to the question of air capacity. This 'incremental' solution builds on current capacity, starting with Heathrow as the UK 'hub'.

i.e. by        2011 - Heathrow 'short' runway  
                  2011 - a realigned runway at Luton  
                  2018 - a further runway at Gatwick  
                  2024 - a new parallel runway at Stansted by 2024

This would offer a capacity of 291 mppa by 2030.

3.9 We have found no support amongst our members for a proposed new airport at Cliffe, Kent. This option would have a significant impact on the local environment and would require vast investment in transport infrastructure. Expansion at existing airports is more viable and will have a lower net impact on the external environment.

## **Transport Infrastructure**

4.1 Increases in airport capacity must be buttressed by further investment in the surrounding transport infrastructure. The gains to businesses of increasing airport capacity will not be realised if hurdles such as inefficient trains and congested roads prevent new capacity from being accessed efficiently. We therefore welcome the inclusion of surface airport access considerations into this consultation.

4.2 There are already considerable shortfalls in transport routes connecting major airports which need to be addressed in their own-right, however, expansion to airport capacity will invariably place further pressure on existing transport routes. It is vital that additional surface access provision is put in place in tandem with the expansion of capacity.

- 4.2.1 Action must be taken to ease road congestion near Heathrow airport. Congestion in this area affects businesses in the vicinity as well as those attempting to access the airport.
- 4.2.2 There is already a strong case for the Crossrail project to proceed, however, if as suspected the lack of capacity at St Pancras rules out an extension of the Heathrow Express this makes the case for Crossrail even more compelling.
- 4.2.3 Airtrack (new rail line) linking Heathrow from the west and south-west London would go some way towards easing road congestion entering the airport. Passengers currently travelling from these areas to the airport currently have little alternative to using the car to access the airport.
- 4.2.4 South Coast rail links – Rail links from the Portsmouth region to both Heathrow and Gatwick take so long that the majority of passengers do not view rail links to the airport as a viable alternative to the car.
- 4.2.5 Luton airport access – Current congestion on routes accessing this airport have resulted in passengers missing their flights. Planned improvements for Luton's Eastern Corridor will go some way towards addressing these specific problems. We support the proposed Eastern bypass for Luton linking the A505 near Lilley to the airport and then on to the Eastern Corridor. Indeed we see this as an essential development if the airport is to expand.
- 4.2.6 Improvements to the East-West Rail Link between Cambridge and Oxford will provide the ability for greater numbers of passengers to access Luton airport by rail. While this project is many years away it is as vital as the road improvements and is also important to the Oxford to Cambridge Technology Arc.
- 4.2.7 The upgrade work recently undertaken on the M11 around Stansted is very welcome. However, with expansion at Stansted there is a need for further road infrastructure developments in this area. For example, in the very near future the motorway should be upgraded to at least three lanes from its current two (from the M25 to the airport) and this upgrade should be extended North as the airport expands.
- 4.2.8 The rail link to Stansted from London and the South East is expensive, unreliable and slow. If congestion is to be avoided and pollution from travel to the airport kept to a minimum then public transport alternatives have to be affordable, reliable and free from delay.

## **Planning Deficiencies**

- 5.1 The principle of planning ahead and projecting forecasts is to be commended. However, we must recognise that there are deficiencies in our current planning system which prevent projects of national significance from advancing in a flexible and responsive manner.
- 5.2 To ensure that the transport infrastructure can respond to future needs, it is important that land is protected so that adequate surface access links can be provided.

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