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Reply to: Andrew Cleaves at GBSLEP (as above)

By email Connectivity.paper@airports.gsi.gov.uk

19th April 2013

Dear Sir Howard,

The Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP), Black Country LEP and Birmingham Chamber Commerce collectively note the Commissions request for submissions and evidence in response to Discussion Paper 2: Aviation Connectivity & the Economy.

As we have previously informed the Commission, we are supporting Birmingham Airport to illustrate how the potential expansion of capacity at the Airport delivers the Government's existing strategies to rebalance the UK economy. This assists the UK in meeting forecasted growth in aviation passenger demand in the short, medium and long-term.

It is not our intention to issue a separate detailed submission, but instead highlight the evidence being put forward by Birmingham Airport themselves as this provides a powerful case that improving aviation connectivity unlocks the economic growth potential of the wider West Midlands. However, we would like to reinforce a number of the key messages from the Airport's evidence.

It is our view that the Airports Commission's definition of connectivity is too narrow. A more relative approach would demonstrate that the UK currently suffers an acute regional 'connectivity gap'. Far too much of the UK's aviation connectivity is concentrated in the South East. This creates various problems and undermines the Government's desire to rebalance the UK economy.

Maintaining and further developing the UK's aviation connectivity is vital for the economy if it is to remain competitive in an increasingly globalised economy. Improving links with the BRIC economies (Brazil, Russia, India and China) will be important as these economies and other emerging markets in Asia and South America are increasingly major players in the global economy.

Birmingham Airport is a substantial asset for the regional economy and has the potential to create up to 31,000 direct and 212,000 indirect jobs. It is well located to take advantage of the large and fast-growing Indian, Pakistani and Chinese communities in the area by maximising inward investment opportunities.

Improving connectivity with these economies will not only provide opportunities for regional businesses with better access to large markets that are growing and becoming more affluent, it will also make the UK a more attractive proposition for inward investment from these growing markets. This movement and investment is facilitated by removing the barriers currently faced as a result of the concentration airport capacity in the South East.

Many indices that rank cities as locations for business cite international connectivity as a key component of a city's competitiveness and attractiveness as a location for business.

Evidence shows that the current alignment of UK connectivity and productive sectors is not maximising economic activity. To make the best use of airports with spare capacity, the UK's great cities need great airports. Only by having their own long-haul international gateways can each significant (and often discrete) regional economy support business activity and prosperity. The UK desperately needs a network of major international gateways to empower businesses across the whole UK to attract investment and provide new markets for their goods and services.

There may be a perception that long-haul connectivity can only be delivered via a 'hub' airport. Research by the EEF and the Confederation of British Industry (CBI) challenges this belief. 'A network of international airports with links to high-growth markets increases consumer choice and competition, and reduces reliance upon a single hub, bolstering infrastructure resilience. These are all good for business.' Major airports around the country and other airport models have a role to play.

It is also our view that indices of connectivity should also include how accessible airports are from a passenger's origin or final destination. Therefore, surface connectivity also plays a critical role in the overall picture. Overcoming these gaps should be at the heart of the Commissions' short-term aviation strategy.

Enhancements to connectivity to Birmingham Airport are important for flagship initiatives within the GBSLEP Strategy for Growth – i.e. the development around the M42 corridor – as well as Birmingham Airport. These sites leverage the strength of GBSLEP's most significant economic assets, and will also benefit from the investment in the proposed new high speed rail stations.

GBSLEP is committed to ensuring that investment at these locations provide opportunities and economic stimulus and see high quality transport connectivity as essential to achieving this. Whilst improved connectivity is positive, there are other related improvements which should be made to enhance the attractiveness of the Birmingham Airport's offer.

Research by the West Midlands Economic Forum (WMEF) shows that Birmingham Airport's catchment area has the potential to become the UK's major international gateway for manufacturing exports. Case studies presented confirm that limited connectivity from Birmingham Airport and the relative difficulty of attracting large scale investment are impeding the development of a vibrant economy with the potential to unlock sustainable long-term economic growth for the region, and the UK.

A report into air freight by the WMEF demonstrates that there is a correlation between air freight connectivity in a specific economy and the rate of real output growth in that economy. But without effective access, regional economies in the UK are constrained by their capacity to exploit available and potential export opportunities and reduce costs by securing competitive imports.

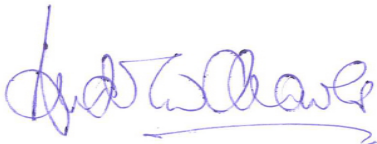
The expansion of Birmingham Airport's runway would lead to a potential step-change in freight volumes in the region. The extended runway will be operational in 2014, at which point the West Midlands Economic Forum (WMEF) estimates the Airport could handle around 800,000 tonnes of mostly long-haul freight. This represents 60% of Heathrow's current throughput and would give the UK an internationally competitive belly-hold freight airport located in close proximity to the UK's production sectors.

Manufacturing output performance from the Midlands has been stronger than national levels, powered by the depreciation of Sterling and changes in global supply chain management by multinational manufacturers. Aviation connectivity is central to this.

However, poor integration of surface access connectivity with airport capacity and limited connectivity from Birmingham Airport, the Midlands' international gateway, is restricting market access and constraining the ability of companies to capitalise on this further. It is hindering growth and restraining the rebalancing of the UK economy

Collectively the GBSLEP, Black Country LEP and Birmingham Chamber Commerce agree that a key benefit of aviation is its role in helping to deliver connectivity and that with increasing globalisation the future of the area and the wider UK will continue to be shaped by the effectiveness of international transport links and the redistributing that aviation connectivity away from the South East and redistributing it more effectively around the UK to the benefit of the economy as a whole.

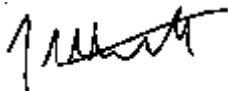
Yours sincerely,



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