

18th April 2013

Airports Commission

Aviation, Connectivity & the Economy Consultation

Written evidence from Thames Valley Chamber of Commerce

About Thames Valley Chamber of Commerce

The Thames Valley Chamber of Commerce is one of the largest Chambers accredited by the British Chambers of Commerce and is recognised as the leading voice of business, representing micro to major multinational organisations; a 'centre for excellence' providing international trade services and global representation; committed to long-term relationships with members, and providing them with relevant, value added services that assist, support and protect regional, national and international business.

Indeed, the Thames Valley Group represents some 10,000 customers as part of its wider membership, and works with many economic organisations across the region.

Overview

We welcome the opportunity to submit evidence to The Airports Commission and we look forward to working constructively with the Commission during its lifetime. Notwithstanding, we consider it unfortunate that a decision on aviation capacity has become a political plaything and we were disappointed that the government decided to prolong the uncertainty around future capacity until after the next General Election.

However, we welcome the calibre of the appointees to the Airports Commission and we believe they have the required expertise and experience to advise the government on such a vital issue for the future well-being of the UK economy.

There is a need to create a new model UK economy, powered by a growth in the exports of goods and services. If exports are to grow then businesses require access to a world-class transport network. And no form of transport is as vital for exporting businesses as aviation.

It is our view that the UK requires increased capacity in the South East, stronger regional airports, and the development of more connections to emerging markets.

Importance of Aviation to the business community

For a business to grow and expand it is important that they have access to a high quality and reliable aviation network in order to access markets and secure more trade in goods and services.

Research conducted by the British Chambers of Commerce (BCC) in January 2012 found that nine out of 10 (92%) of these business leaders say direct flights influence their inward investment decisions, while eight in ten (80%) say they would trade more with the UK if flight connections were improved to their home markets.

In a worrying development, while 82% of the overseas business respondents see Heathrow, the UK's hub airport, as being a major contributor to the UK economy, 64% believe the UK will miss out on economic growth because of London's declining flight connections to growth markets. A similar proportion (67%) feel that better air connections with France, Germany and Holland mean they are more likely to do more business with those countries rather than the UK; 62% will only consider trading with the UK in future if flight connections to their home markets are strengthened.

Short term solutions

Given the slow pace at which major infrastructure projects are decided and completed in the UK it is unlikely that extra capacity will be made available before the end of this decade. Therefore it is important to make the best use of capacity that exists today as part of the short-term solution.

Also, while we are strong supporters of the creation of a national high speed rail network, we believe that high speed rail should be viewed as a supplement, rather than an alternative, to any airport capacity expansion plan. Especially since no new line will be in place until the middle of the next decade. BCC research conducted in 2009 found that on its own, use of high speed rail would do little to alleviate the current capacity constraints at Heathrow, as eliminating current UK flights (except to and from Belfast) would only free up around 6% of slots.

Medium & long term solutions

We believe that pragmatic expansion at all four major London airports may offer a solution that gets lost amid talk of new hubs either in the Thames Estuary or to the west of London.

But we do believe it would be damaging to the UK economy if the country was not to maintain a hub airport in the South East. For businesses to have access to a hub airport in their own country brings considerable benefits. Not least it provides air links to locations that could not be justified by local demand alone; it makes it easier for businesses to attract global talent; and the host country becomes an attractive location for international businesses.

Pragmatic plans for expansion of existing South East airports must be pursued, even if a wholly new hub airport is seen as a priority for the long term.

Specifics from Thames Valley Chamber of Commerce

Microsoft have stated that the reason for Microsoft (and many other international companies) locating in the Thames Valley was the proximity to a world class hub airport.

Aviation expansion is needed to attract more global HQs, get to new markets and be competitive for inward investment. We have the quality of connectivity now but it is declining.

Air freight services are vital to the UK as an island nation, and make a crucial contribution to our economy. While this accounts for only 0.5 per cent of the UK's international goods movements by weight; by value, 25 per cent of our international goods movements are made by air. Our ability to transport freight by air should be a focus in any discussion over aviation capacity that we have.

Indeed, the users of air freight services are usually those with high value goods that need to be moved in small quantities, perishable goods or medicines that would not be able to survive the time taken for a sea voyage. These include businesses in the technology, business service and pharmaceutical sectors. In these industries, air freight provides the flexibility and speed of delivery needed to respond to customers' needs in today's global free trade environment.

In these ways, cargo facilities like BA's allow the UK to function as an international centre of business and high value manufacturing. Ensuring that these services are readily available will be vital to supporting the growth sectors that are so important to the UK's future economic success, high-tech companies and financial and business services.

Additional [attributable] comments to Heathrow related questions:

Why are international transport links an essential factor when locating business in Europe:

- Emerging markets are increasing in importance.
- Increases the requirement of UK business advice specialists (especially in the Thames Valley).
- Essential for increasing education and research.
- International logistics, UK overnight deliveries, international mail and imports.
- Goods are bought internationally and having frequent freight shipments cuts down lead times.
- Worldwide courier firm operating in Colnbrook and Heathrow has direct impacts.
- Staff are often sent to many countries for assignment so a local airport with good connections is a must.

Comments on the breadth & depth of services:

- Helps with business links internally and recruiting of international students.
- Worldwide daily cargo, second branch in Singapore.
- Frequency helps delivery lead times.
- Daily service, domestic service and international to all countries is essential.
- Breadth is key. Business goes to “far flung” places.

Supply chain statistics

- Critical to the business.
- It’s important that there are customers and suppliers locally.
- **Vital.** Without necessary infrastructure, operations would hamper ability to operate.

Conclusion

While it will be up to the government of the day to strike the right balance between the economic, environmental and social impacts of additional capacity, it is important that the government takes into account the critical role aviation has to play in supporting economic growth. The Commission must keep this in mind when making their recommendations.

We hope that the points raised in the above response are useful. If you would like to discuss any of our views please do not hesitate to contact me.

Yours faithfully

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