

Sir Howard Davies  
Chair, Airports Commission  
6<sup>th</sup> Floor, Sanctuary Buildings  
20 Great Smith Street  
LONDON  
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30<sup>th</sup> October 2014

Dear Sir Howard

**Consultation: Aviation capacity in the UK: emerging thinking**

The Royal Aeronautical Society (RAeS) thanks you for the opportunity to provide comments on your Commission's emerging thinking.

**1. Response**

The RAeS agrees generally with the Commission's emerging thinking that was published in early October.

- Pressure on the UK's busiest airports is likely to continue to grow even if we take a more conservative view of future aviation demand than the DfT has in the past. This is likely to see levels of future demand in excess of capacity in the south east (SE) of England airport system.

***Comment:*** *In the time since Heathrow commenced operations, there have been several periods of economic turbulence affecting the UK and the world. Nevertheless, whatever such short-term variations may have in forecasts, the number of flights and passengers have consistently increased..*

- Importantly, this appears to be the case even if future aviation demand is constrained in order to meet the government's legislated climate change objectives.

***Comment:*** *Apropos our comments above, there is absolutely no reason to expect the demand for flights and passenger numbers to stop growing. The rate of growth may be slower in the mature markets of Europe and North America, but this should be offset by expansion in the Far East and Asia. This will, however, require the UK to increase connectivity with those regions.*

- It is difficult to see how the market alone could resolve the capacity / demand imbalance in the south east. Regional airports are already serving their local markets effectively but it is difficult to see how they can absorb all the excess demand. The tools available to government to influence the location of flights are also very limited.

**Comment:** *This is a vital point. Government does not determine the particular airports to which airlines will fly. This is a distinct function of markets in general, not least the passengers themselves and consequently drives commercial decisions taken by the airlines.*

*Regional airports already play a significant role in competing for airline business. However, with so much spare capacity at those airports, it highlights that they do not have enough local business, nor are they necessarily able to satisfy the demands placed on the South East. Nevertheless, the government could do more through deregulation to increase the incentives for foreign airlines to serve UK regional airports.*

*Improvements in transport infrastructure, notably High Speed rail, might improve their ability to absorb some of the SE traffic, but even if HS2 is built, this will not have an impact on the problem until well into the next decade.*

## **2. Additional comments and feedback - Aviation capacity in the UK**

### **2.1 UK airport capacity**

The RAeS contends that, outside of SE England, there is no shortage of aviation capacity.

### **2.2 The SE England debate**

Within the context of SE England, the RAeS advises that the debate should not be a dispute between Heathrow and Gatwick, but how their capacities should be considered collectively, and in a competitive manner.

### **2.3 The concept of a hub airport for the nation**

The concept of a hub nation for the airport underpins the whole debate, but must be carefully explained.

- a) Heathrow is a hub airport for the UK, and not just for London.
- b) Transfer passengers generate huge economic benefits for the UK. For example, 40% of passengers using LHR Terminal 5 transfer to other flights, so generating enormous employment opportunities, and other economic benefits, within the UK.
- c) That the ratio of Heathrow transfer passengers may have declined in recent years is a direct function of the lack of runway slots, and the ensuing increased landing charges. These are, understandably, slanted towards larger and larger aircraft, to the detriment of smaller ones that were previously operated to fly passengers transferring from the regions. The demise of BMI is an obvious example where landing charges made short-haul connecting flights simply unviable to operate.

- d) There are 90+ non-UK airlines, that operate to the Heathrow, most of whom hub with other airlines. For them, the lack of additional runway slots is a barrier to expansion. Aircraft are very mobile economic assets, so when these airlines plan their schedules, they often decide to operate it to another country instead due to slot constraints. Such decisions are quietly made abroad, and the UK government is often not even aware of the fact. Their new business is simply lost to other countries, many of whom compete with the UK.

*Note: If not already in dialogue with the International Air Transport Association (IATA) and the Board of Airline Representatives in the UK (BAR UK), which represents scheduled airline interests, we respectively suggest that such contact is made.*

- e) The rate of growth of point-to-point air travel outside of London notwithstanding, the demand for additional capacity at the UK's hub airport, Heathrow, remains buoyant. The two scenarios of expanding regional growth and continued London/SE England grow are not mutually exclusive.

For Heathrow to operate on a satisfactory basis, and with a good margin of resilience as well, without any additional capacity, its current levels of activity would not only need to plateau, but also need to decline by a very substantial amount.

Such a scenario does not exist, and will not exist.

The success of hub airport models is well-proven, not least by overseas states that continue to take the opportunity to leech business away from the UK.

This is why the RAeS calls for an early and defined hub airport policy so that such competition is resisted by the UK with modern and capable infrastructure.

## **2.4 General points about airports in the SE of England**

- a) **Heathrow:** this airport is unique in the UK airport operating system because its customers are scheduled airlines only. Because this airport is so constrained, it has very little resilience in its systems. Consequently, whenever any obstruction to normal operations is encountered, flights and passenger experiences tend to be adversely affected. Despite its very high charges, and capacity limitations, it is still the airport of choice for its existing airline customers, and also for new entrants to the UK marketplace. This is because it offers the hubbing opportunities (transferring passengers and freight) that contribute so valuably to route profitability.

- b) **Gatwick:** whilst not yet operating to maximum capacity, it is uncomfortably full and relies on one runway. Since the ownership was changed from BAA, it is now seen as competing with Heathrow.
- c) **Stansted;** this is London's third largest airport. However, Stansted has struggled to maintain airline and passenger customers, which have both declined in recent years. Some Heathrow airlines have experimented with trans-Atlantic and Middle East services from this airport, all of which have failed.
- d) **Others** Luton, City and Southend also provide a good range of passenger services but are not seen as contenders to provide the large-scale additional capacity that is required in SE England.

## 2.5 Recommendations

In broad terms, we also make the following comments about recommendations that the Commission could potentially make:

- a) Recommending an additional runway at Gatwick, but not at Heathrow.  
Such a recommendation would not address the shortage of hub airport capacity. Simply put, there would be two major London airports, each with two runways, but of which, whilst in competition, neither would have the ability to become the nation's hub airport with the added capacity that is required.
- b) Recommending additional runway/s at Heathrow.  
Such a recommendation would provide the much-needed capacity that has been called for over the last twenty years or so, and would enable major step changes in capability and resilience. However, such a decision might also be seen as killing off competition from Gatwick.
- c) Recommending additional runway/s at Heathrow and also at Gatwick.  
Such a recommendation would enable the provision of much-needed capacity at the UK's hub airport. Additionally, it would allow Gatwick the additional runway capacity it will soon need, as well as the capability to compete with Heathrow.
- d) Recommending a new hub airport site and no additional capacity elsewhere  
Such a recommendation would take the debate into uncharted territory, including financing capabilities, as well as issues concerning planning and legal timescales, airspace planning, and the demise of current operations/operators of airports adversely affected by a new hub airport site. The planning and installation of extensive new aviation fuel pipelines between fuel refineries and airport fuel infrastructure needs expert consideration. It may also involve involvement from Government organisations

including the MoD. Issues such as airline transferring Heathrow and air traffic management also need to be resolved. In general, a more detailed cost/benefit analysis of a new build and Heathrow closure will need to be performed.

Nevertheless, should the Commission make such a recommendation, then the RAeS contends that any of the proposed sites, to merit serious consideration, must provide major rail integration, and ensure they are well-placed to serve some of the UK's regions as well as London.

The RAeS reiterates its thanks for the opportunity to provide our comments to your Commission, and remains available to provide any further information that may be required.

Yours sincerely,

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