

AICES Response: Airports Commission Discussion Paper 05: Aviation Noise

Executive Summary

The Association of International Courier and Express Services (AICES)

- AICES is the UK trade organisation for companies handling international express documents and package shipments. Our members provide door-to-door transport and deliveries of tracked next-day or time-definite shipments, including documents, parcels and merchandise goods. AICES members – including DHL, FedEx, TNT and UPS – directly employ around 38,000 people and indirectly support a total of almost 82,000 UK jobs and are responsible for over 95% of the international courier and express shipments moved through the UK every day. AICES welcomes this opportunity to respond to the Airports Commission Discussion Paper 05: Aviation Noise.

Economic Contribution of Express and Night flights

- AICES supports the UK Government's Aviation Policy Framework basic principle that a fair balance needs to be struck between the "the negative impacts of noise and the positive economic impacts of flights". AICES supports the Commission's intention to follow this principle and the "balanced approach" on aviation noise, agreed in October 2001 at the International Civil Aviation Organisation General Assembly. However, the discussion paper as whole does not appear to examine the economic imperatives that require the use of night flights in order to properly assess the costs/benefits of night flight restrictions.
- Night flights are essential to the operations of the express services sector and to the competitiveness of UK business. In 2010, the express sector contributed £2.3 billion to UK GDP, and the sector facilitated £11 billion of UK exports a year. Operating services at precise times during the night quota period allows for the timely delivery of business-essential goods and documents to our customers across the UK. Night flights are required to transport packages in time for next day deliveries. Later arrival would not allow a sustainable business model and would have a severe impact on UK companies.
- A recent survey of UK companies¹ found over 80 per cent of UK businesses stated that their businesses would be badly affected if international next-day delivery services were no longer available. The 2011 Oxford Economics report estimated that restrictions that led to next-day delivery services no longer being available in the UK could cut UK GDP by £3 billion a year at 2010 prices. This reduction in GDP comes through the negative impact that the loss of next-day delivery services would have on average productivity across the whole economy, including the relocation of around 5% of firms.
- Restrictions on night time flights would also threaten transshipment activity in the UK, which would have a direct impact on jobs and the UK's connectivity and therefore competitiveness.

The impact of Noise

- AICES believes that the literature review undertaken by the Commission demonstrates how difficult it is to assess the impact of aviation noise and, in particular, night noise. Our members act to ensure that air movements during the night are kept to a minimum and all apply noise

¹ 'The Economic Impact of Express Carriers in Europe, Country Report: United Kingdom', 2011, Oxford Economics.

abatement operational measures. However, it should not always be assumed that noise is the overriding consideration issue for local communities (for example, survey evidence from East Midlands Airport demonstrates significant support for the economic necessity of night flights) and any such assumption would be contrary to the Balanced Approach.

The Balanced Approach

- AICES supports the Balanced Approach and Members have introduced quieter aircraft and adopted operational measures to reduce noise such as the continuous descent approach. However, fleet replacement has to take place over time because of the costs involved. The Commission should avoid assuming that commercial companies can afford to purchase new aircraft as the solution to reducing emissions or noise while maintaining or increasing movements. Such a large investment in newer aircraft needs to be paid for by economic growth. A 2013 report by Oxford Economics commissioned by AICES demonstrates that to bring the replacement date forward for a 747 alone would cost the cargo airline almost £58 million, with the cost increasing by a further £10 million each year the replacement is brought forward².
- Additional landing fees at night or based on noise discriminate against the express industry which has no alternative but to operate at night using wide-bodied intercontinental freighters.
- Additional restrictions on night flights or a night time curfew, even for a short period of time, at an airport with express operations such as Stansted imposes significant costs by removing the operational flexibility required by express services; and could prevent important transshipment connections and multi-leg flights with next-day delivery requirements at each stop.
- The 2013 Oxford Economics report shows that the Stansted 12,000 aircraft movements limit (the combined quota over a winter and summer season) is reached in two to five years hence, depending on the timing and strength of the UK's economic recovery. As Oxford Economics state: ***"Applying this prediction to Oxford Economics' published forecasts for future GDP growth indicates that the current movement limits will become a constraint on growth at the airport within the next two to four years."*** To cut the existing quota would therefore increase the risk that Stansted might not have sufficient night time capacity to meet demand while the recovery is still in its early stages. Imposing a curfew at Stansted could not be justified under the balanced approach
- Inbound passenger aircraft that arrive at Heathrow during the night period quota also transport crucial bellyhold freight to the UK. Some 93% of all flown cargo moving at night at Heathrow is belly cargo on passenger aircraft, amounting to 212,000 tonnes a year, 98% of it long haul, including significant transfer traffic. Bellyhold offers a valuable addition to freight only flights, providing flexibility and efficiency; and ensuring the viability of some passenger flights. Key competitive markets for the UK economy such as Hong Kong, Singapore and Malaysia are serviced by these flights and their loss would have a direct impact on UK business.
- AICES would not support making the voluntary curfew at Heathrow mandatory or extending the hours. It is very difficult to predict future demand and circumstances and the voluntary nature of the scheme allows the airport to balance local demands with the needs of airlines, express services and passengers. In fact, AICES would support greater flexibility in the times of the curfew for environmental and operational reasons, for example allowing later flights in extreme weather conditions.

² 'Response to the Department for Transport's Night Flights Consultation' Oxford Economics April 2013. Please see attached.

- The 2013 Oxford Economics report concludes: ***“If the express industry is to meet increased demand when the economy recovers, it is very important that (1) the current movement limits and noise quotas are not reduced, or that (2) additional costs are not imposed on the industry, for example through higher landing fees and requirements for new aircraft.”***

Independent Noise Regulator

- AICES believes that the establishment of an independent noise regulator would be an unnecessary bureaucratic burden. The CAA already has statutory responsibility for information on noise and there is no evidence that further regulation is necessary given that current systems in place at airports operate effectively and efficiently. Local Consultative Committees provide local accountability and transparency and AICES can see no reason for a new independent noise regulator to also have a role in individual airports’ noise management.

Compensation

- AICES believes that the current compensation schemes in operation at EMA, Heathrow and Stansted are both reasonable and proportionate.

Chapter 1: Introduction

AICES welcomes this opportunity to respond to the Airports Commission Discussion Paper 05: Aviation Noise. AICES supports the Commission's intention as set out in Paragraph 1.3 to follow the principle in the Aviation Policy Framework (APF) of striking a fair balance between "the negative impacts of noise and the positive economic impacts of flights". However, the discussion paper as whole does not appear to examine the economic benefits of night flights. AICES believes that the Commission should take into account the economic imperatives that require the use of night flights in order to properly assess the costs/benefits of night flight restrictions.

- **Economic Contribution of Express Services**

Express services are used primarily to achieve the next-day delivery of goods and documents allowing UK businesses to compete in the global market. They reduce the high cost of warehousing and enable businesses to achieve rapid, time-definite delivery of high value goods and documents to customers throughout the world. Packages are collected towards the end of the business day for delivery early the following day. The only way for this schedule to succeed is for the main part of the delivery process to take place during the night. Generally, this overnight delivery is only achievable if the goods are transported by air, although goods will always be trucked if timely delivery can be assured for cost and environmental reasons.

One of the most important contributions that the express delivery industry makes to the UK economy is to help firms compete in an increasingly global market. Out of a total of 59 million cross-border express shipments sent from the UK, 29 million shipments are sent to destinations outside the EU27.³ Road and rail options that meet customers service expectations (next day morning delivery) are not available other than to relatively close locations such as Brussels, Charles de Gaulle and Amsterdam and then only from the South of England. Night flights will therefore always be vital to express services.

In 2010, the express sector contributed £2.3 billion to UK GDP, and the sector facilitated £11 billion of UK exports a year.⁴ However, although this figure is substantial, it underestimates the 'true value' of these goods to the recipients. For customs purposes the goods might be shown as being of low economic value as standalone items (ie the cost to manufacture a single unit), whilst the value that they add to the economy may be many times higher. For example a £10 widget manufactured in the US may be required the next day to fix broken equipment in a car manufacturing plant in Wales where every day of lost production costs many £1000s. The value-add of the widget not only to the car manufacturing company, but also to the UK economy and the Exchequer is many times higher than the actual physical cost of the widget being transported. It is extremely difficult therefore for AICES to provide a true value of the goods that they are transporting as clearly the value is only fully known by the recipient of the goods, but the impact of the Icelandic ash cloud on UK manufacturing is a relatively recent example of the need for international express services.

- **Importance of next day delivery to UK business**

The October 2011 British Chambers of Commerce report *'Flying in the face of Jobs and Growth: How aviation policy needs to change to support UK business'* includes a number of case studies which demonstrate the importance of air freight to UK businesses. In addition, a recent survey of UK

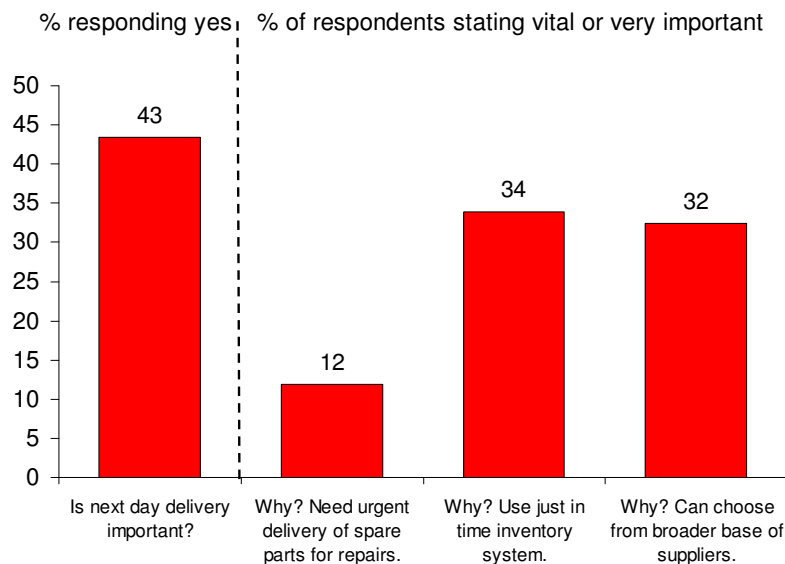
³ 'The Economic Impact of Express Carriers in Europe, Country Report: United Kingdom', 2011, Oxford Economics

⁴ 'The Economic Impact of Express Carriers in Europe, Country Report: United Kingdom', 2011, Oxford Economics

companies⁵ conducted in June 2011 by an independent research group, NSM Research, asked 71 UK companies about their use of express delivery services. Of the 71 businesses covered by the survey, 43 per cent reported that next-day delivery is an important factor in their decision to use express delivery services. Companies gave a number of reasons for why next-day delivery is so important for them (see Chart 5 below). It enables firms to:

- provide a better after-sales service, such as a next-day delivery of urgent spare parts or a quick turnaround of repairs (12 per cent);
- operate just-in-time inventory management, reducing storage costs, losses due to stock-outages and disruption caused by the failure of production machinery (34 per cent); and
- reduce purchasing costs, by increasing the area from which inputs can be sourced and facilitating sourcing from cheaper suppliers (32 per cent).

Chart 5: Reason why next day delivery is important to its business users



Source : Oxford Economics, NMS survey

Over 80 per cent of UK businesses surveyed stated that their businesses would be badly affected if international next-day delivery services were no longer available. UK-based businesses are more dependent on express services than businesses based in continental Europe. Oxford Economics identified one possible explanation for this as being the UK's success at attracting inward investment, with many leading international manufacturing firms choosing to base their European operations in the UK. Such companies have international supply chains and often operate just-in-time inventory systems that rely heavily on express services.

The 2011 Oxford Economics report estimated that restrictions that led to next-day delivery services no longer being available in the UK could cut UK GDP by £3 billion a year at 2010 prices. That figure takes into account the impact on UK companies' sales revenues, costs, and investment decisions, including the importance of maintaining production lines. This reduction in GDP comes through the negative impact that the loss of next-day delivery services would have on average productivity across the whole economy, including the relocation of around 5% of firms.

⁵ 'The Economic Impact of Express Carriers in Europe, Country Report: United Kingdom', 2011, Oxford Economics

Oxford Economics has conducted further research into the impact of the loss of next day delivery on UK business⁶. In the 2013 report, Oxford Economics explored two potential measurements for the 'catalytic' effects of next day deliveries: loss of the reductions in transport costs that express enables; and the increased cost of holding inventory should just-in-time inventory management not be possible. In both cases, Oxford Economics found a cost increase of around £1-1.5 billion a year. This is in line with the previous research. Oxford Economics concluded:

"Should next-day delivery services no longer be available in the UK, we estimate this would reduce UK GDP by around £3 billion. Half of this impact reflects the disruption to logistical networks, while the remainder mostly reflects its adverse effect on investment."

- **Employment impact of express services**

The 2011 study by Oxford Economics shows that the express industry supported 82,000 full-time equivalent jobs in 2010. Of this total, 38,000 people are directly employed in the express industry, while the express industry supports more than 43,000 jobs in other sectors of the economy. Night flights are a core component of the express industry and any restrictions would inevitably impact on jobs which in the current climate would be extremely difficult to replace.

As stated by Oxford Economics in their 2013 report⁷:

"Restricting night flights is likely to have a negative employment impact that could persist for several years, harming employment tax revenues and the wider economy."

- **Transshipments**

When considering the impact on business of restrictions in night flights it is also important to take into account the impact on transshipments. A key feature of the express industry is the use of the 'hub-and-spoke' distribution model. International packages are consolidated with packages from other countries for transportation on to their final destination, so called 'transshipments'. The UK is in a good geographical location to act as a hub between the EU and US but competes directly with continental EU airports for this role, for example, Charles de Gaulle in France and Schiphol in the Netherlands. This role has economic benefits to the UK directly because of the additional jobs and investment around hub airports.

Transshipments also help to sustain the range of destinations currently serviced in the UK and are needed to ensure that guaranteed next-day delivery is not limited to large 'point-to-point' routes. Independent research by Oxford Economics in 2010 commissioned by AICES found that the diversion of hub traffic to other European locations would particularly impact the number of flights to and from North America and would lead to a withdrawal of air services to Scotland and Northern Ireland. Such a loss in connectivity would damage the UK's competitiveness and have a disproportionate impact on the regions and SMEs.

The two key hub transshipment airports in the UK are Stansted and East Midlands (EMA). If further restrictions on night flights were introduced at Stansted there could be a direct impact on transshipment traffic with a direct negative impact on UK business.

⁶ Response to the Department for Transport's Night Flights Consultation' Oxford Economics April 2013, page 11

⁷ Response to the Department for Transport's Night Flights Consultation' Oxford Economics April 2013.

At Heathrow there could be major consequences if express customers could not receive traffic off the current 16 early morning arrivals. This could also influence decisions on where to locate, particularly considering that the 06.00 arrival into the UK, is a 07.00 arrival in continental Europe so because of the time difference the UK has a built in commercial disadvantage.

Chapter 2: How does noise affect people?

AICES welcomes the Commission's acknowledgement that people are affected by transport noise in general. In fact, as the discussion document acknowledges far more people are impacted by road noise (80%) of which 20% are moderately, very or extremely bothered by it. Whereas for aviation the corresponding figures are 70% affected and only 7% bothered by it.

AICES would recommend that the Commission examines a study on sleep disturbance, sponsored by the German Government. It is entitled "Effects of Nocturnal Aircraft Noise" (July, 2004) and was conducted by the German Aerospace Centre. The study showed that the impact of night flights upon sleep is minimal.⁸

However, AICES members do recognise that aviation has a social and environmental impact on the local community and that these impacts should be minimised, wherever possible, while still providing opportunities for strong economic growth. Our members act to ensure that air movements during the night are kept to a minimum and all apply noise abatement operational measures. However, AICES believes that it would not be appropriate to give weight to any one environmental factor over another. It cannot always be assumed that noise is the biggest issue for local communities and any such assumption would be contrary to the Balanced Approach.

In addition, it is important not to automatically assume that local residents cannot themselves balance the local economic benefits brought by an airport against any potential impact from aviation noise. In a 2011 opinion survey by Ipsos Mori of 1,208 residents living within a twelve mile radius of East Midlands Airport, 90% said they were not adversely affected by aircraft noise at night. Around two thirds of residents also believed it necessary to fly freight in and out of East Midlands Airport at night. 89% of residents felt it was important to use night flights for UK businesses to ensure next-day deliveries. East Midlands is not an isolated case and therefore it should not be assumed that in every case local residents consider noise as the most significant issue with a local airport.

Chapter 3: Measuring Aviation Noise

AICES supports the retention of the 57 dB LAeq,16h contour. All developments and planning obligations in proximity to an airport are based on this contour and therefore any change would jeopardise developments that have already been agreed. The 57 dB contour also has the advantage of being broadly consistent with the EU's Environmental Noise Directive.

The 57 dBA level is a globally recognised benchmark which is helpful to measure future improvements such as have been achieved by both East Midlands and Stansted airports.

⁸ German Aerospace Centre (DLR) (2004) – Effects of Nocturnal Aircraft Noise.

Chapter 4: Quantifying Noise Effects

AICES believes that the literature review undertaken by the Commission demonstrates how difficult it is to assess the impact of aviation noise and in particular night noise. The fact that to achieve the WHO Europe interim target in London would require the complete closure of the transport system between 23:00 to 07:00 (paragraph 4.22) only serves to demonstrate how public policy needs to operate within the bounds of what is reasonable and achievable.

Chapter 5: Mitigation

The Noise Mitigation Framework – ICAO Balanced Approach

AICES welcomes the fact that the Commission has framed the discussion around noise on the basis of the ICAO Balanced approach. AICES strongly supports this approach and believes that in relation to aviation noise there should not be a one-size-fits all approach to airports and there should not be an automatic assumption that there is a 'problem' that needs to be addressed with specific measures. As stated above, any restrictions also need to be considered against the background of the economic imperatives of night flights, as the Government acknowledged in the APF.

Reduction of noise at source through technological improvements

AICES members are committed to investment in more modern and efficient quieter aircraft. New 747-800s (QC1 arrival and QC2 departure) are replacing the older 747-400s (QC2 arrival and QC4 departure). As a result of this investment, at Stansted for example, 94% of night flights are by aircraft rated QC1 or below; flights rated QC 3 or above fell by 15 per cent between 2010 and 2012; and there was only 1 flight rated QC 4 in 2012, compared to 14 in 2010.

However, fleet replacement has to take place over time because of the costs involved. Cargo planes have fewer daily rotations than the average passenger plane and the fleets of cargo carriers worldwide are generally therefore on average between 15-20 years old. It is reasonable to assume just two rotations for cargo planes a day; compared with up to five for the average passenger aircraft. The Commission should avoid assuming that commercial companies can afford to purchase new aircraft as the solution to reducing emissions or noise. Such a large investment in newer aircraft needs to be paid for by economic growth.

The age of an aircraft does not necessary impact on fuel efficiency to any significant degree or indeed noise. For example, according to recent Boeing studies, although there is a slight deterioration in fuel efficiency over the first four years of operating the Boeing 767-300F, there is no further deterioration over the rest of the aircraft's life. This means that there is virtually no difference between the fuel efficiency of a 15 year old 767-300F and one that is 10 years younger. AICES concurs with the Commission's contention that ultimately a balance will need to be struck between reductions in emissions and noise.

Oxford Economics in its 2013 report⁹ found that if having recently undertaken investments to meet the current restrictions, the express industry had to again re-optimize its fleet to comply with a more restrictive night flying regime, the additional costs would represent a significant burden in the current economic climate.

⁹ 'Response to the Department for Transport's Night Flights Consultation' Oxford Economics April 2013.

On page 10, Paragraph 3.4, Oxford Economics state:

“For example, consider the situation where an existing freighter (a 747-400 for example) is five years from retirement, when it will be replaced by a new 747-800. The new 747-800 (QC1 arrival and QC2 departure) is quieter than the older 747-400, (QC2 arrival and QC4 departure). If it were necessary to replace the freighter now how much would this cost the airline? The current list price for a 747-800 is \$352 million (£220 million). Based on an independent estimate for the cost of capital,¹⁰ and assuming the old 747 has a minimal scrap value, then to bring the replacement forward five years would cost the airline almost £58 million, with the cost increasing by a further £10 million for each year the replacement is brought forward.....Given that the express flights need to operate overnight to provide a guaranteed international next-day delivery service, and that many of its customers have come to depend on this service, imposing additional costs of this magnitude and restrictions (such as a curfew/respite period) is likely to inflict serious harm on the industry, and sectors of the economy (such as manufacturing) that rely heavily on express services.”

It is also worth noting the potential pressure that will be put on bellyhold express freight at Heathrow as a result of the decision by passenger airlines to move to A380 - the largest, wide-bodied aircraft available. Some 93% of all flown cargo moving at night at Heathrow is belly cargo on passenger aircraft, amounting to 212,000 tonnes a year, 98% of it long haul, including significant transfer traffic. This represents 15% of the total cargo handled at Heathrow.

The Commission should take into account in forward planning the pressure that will be put on bellyhold express freight at Heathrow as a result of the move to A380 aircraft. These aircraft could actually restrict air freight movements and lead to movement of materials and associated jobs and infrastructure to other European airport hubs. Despite its significantly greater size and passenger carrying capacity, the A380 has around 50% less cargo carrying capacity than a Boeing 777-300 which is currently the optimum aircraft for carrying bellyhold freight. For example two 777-300 aircraft carry the same number of passengers as one A380, with up to 18 canisters of freight whilst the A380 carries only 4 of the same size cans.

Mitigation Through Land Use Planning

AICES welcomes the acknowledgement in Paragraph 5.15 that research shows that while less people are affected by the highest exposure to noise, a greater number are impacted by noise overall as a result of developments near airports. Clearly, proper land use planning around existing airports is one of the most effective methods to prevent any increases in those ‘highly’ annoyed by noise. The Government and local governments need to review the failure to prevent greater population exposure and ensure action is taken ensure that aviation noise is taken into account in all planning applications around airports.

Mitigation Through Operational Procedures

AICES Members have already introduced measures to minimise the potential noise impact of operations, for example by pioneering the Continuous Descent Approach. AICES supports further measures such as reducing stacking which causes completely unnecessary noise impact as well as additional emissions and varying the points of the final approach. AICES agrees with the Commission that developments in Flight Management System could bring further benefits.

¹⁰ 6.3% real cost of capital, taken from ‘2010 Cost of Capital Study – Air Transport’, Department of Revenue, Washington State.

AICES would be concerned about increasing the angle of descent in order to minimise noise impact. If an ILS glideslope is used then it will be expensive to add a second, steeper glideslope and this will have a minimum impact on noise reduction. At most, there would be a 100 foot-per-minute additional descent rate (with a little less power) and the aircraft would be about 500 feet higher at the beginning of the approach. A steeper glidepath provides a 1db noise reduction. A similar reduction can be achieved using crew procedures such as having the pilot extend the landing gear at a lower altitude of 2,000 feet above touchdown.

AICES completely supports the Commission's contention (paragraph 5.22) that communication with local communities is vital in minimising noise impact. As stated above, East Midlands Airport is a very good example of where local community engagement has resulted in fewer complaints and significant local support for the airport's operations because of benefits to the local and national economy.

Mitigation Through Operational Restrictions

AICES supports the Commission's emphasis that under the balanced approach operating restrictions should only be considered once all other options have been explored. It is also important to note that the balanced approach also means that there should not be generalised restrictive measures imposed on all airports. Each airport should be judged in terms of individual circumstances.

AICES also contends that under the Aviation Policy Framework it is also important to balance any restrictions against the overall impact on the UK economy. Analysis of economic impact is particularly vital in relation to express services in view of the direct connection to economic growth and UK competitiveness.

Landing charges

Additional landing fees at night or based on noise discriminate against the express industry which has no alternative but to operate at night using wide-bodied intercontinental freighters.

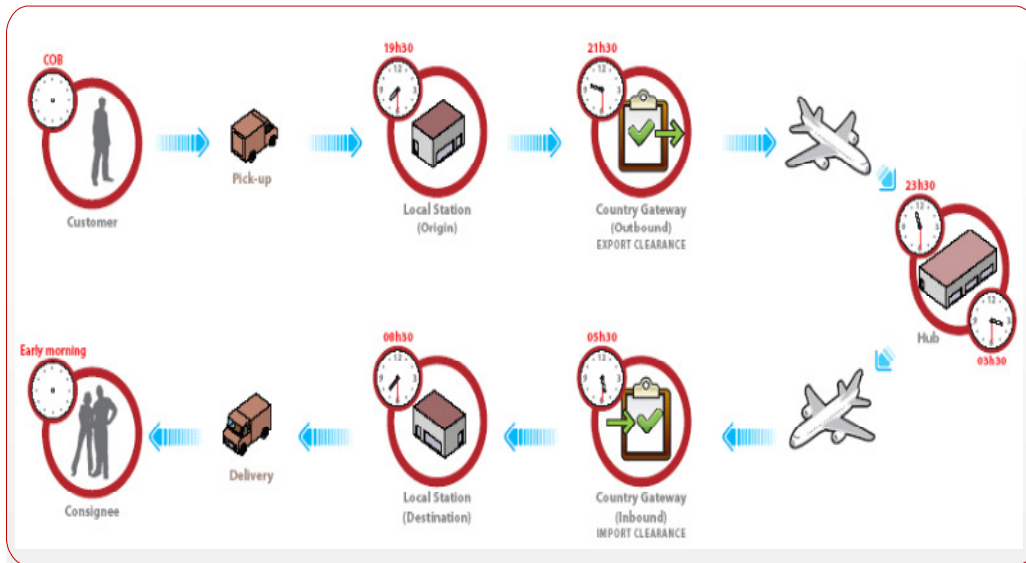
In relation to differential landing fees, AICES believes that any use of such fees has to be assessed carefully with three key factors taken into account:

- First, the operational reason for flying at night. In the case of express services, there is no option but to fly at night in order to meet customer demand for overnight collections and deliveries.
- Second, economic contribution. The ability of express services to meet customers' demand has a direct impact on the competitiveness of the UK and therefore this country's economy.
- Third, there should be no discrimination in any landing fees against larger aircraft such as the wide-bodied intercontinental freighters that express carriers have to operate.

Operating Restrictions

Night flights are essential to the operations of the express delivery sector, which provides a significant contribution to the economy (see comments under Chapter 1). Operating services at precise times during the night quota period allows for the timely delivery of business-essential goods and documents to our customers across the UK. In order to transport packages in time for next day deliveries, night flights are essential. The graphic below shows the process that express operators have to follow in order to meet business needs. Later arrival would not allow a sustainable business model and would have a severe impact on UK economic competitiveness.

The graphic below demonstrates why International next day delivery services rely on night flights:



Source: Oxford Economics 2011

AICES believes that additional restrictions on night flights potentially imposes significant costs on both express services and our customers with a resulting negative impact on the UK economy. A 2006 study by Oxford Economic Forecasting and Mott MacDonald found that comparing the use of scarce runway slots, a slot used by a single express service contributes about £63,000 in overall economic benefits to the UK through productivity and competitiveness, while a scheduled passenger service contributes about £22,000. The same study found that the closure at night of specific UK airports, with a strategic express freight function, including EMA and Stansted, could reduce UK GDP by about £6 billion a year by 2024. Over a twenty year period, the cumulative cost in terms of forgone GDP would be over £35 billion.

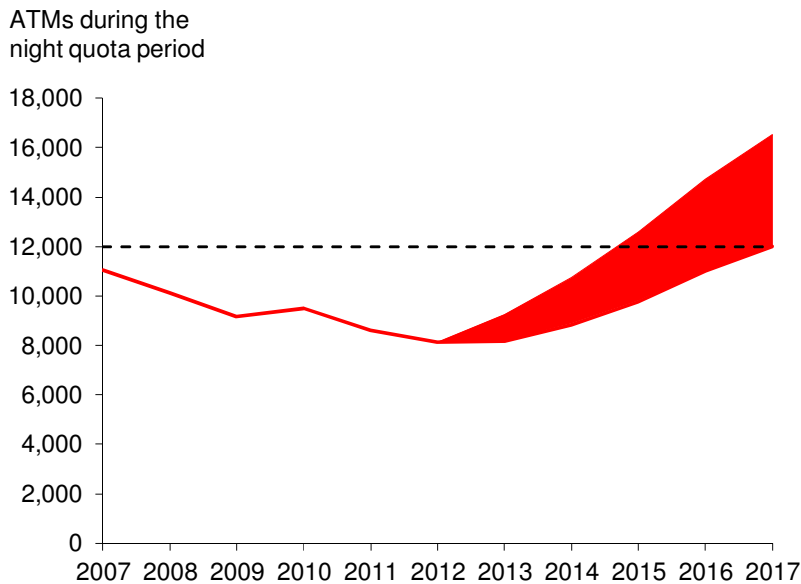
- **Noise Quotas**

In the 2013 report¹¹, Oxford Economics demonstrates that the use of express services is directly connected to economic growth. Oxford Economics demonstrate that demand for express services is very cyclical. During economic upswings the demand for express services typically grows much more strongly than GDP. On the other hand, demand can fall precipitously when the economy slows. Given this strong cyclical, express services need to be able to expand rapidly to meet rising demand and sustain economic growth.

¹¹ Response to the Department for Transport's Night Flights Consultation' Oxford Economics April 2013.

In the report, Oxford Economics has developed a regression model to predict when night period movement limits at Stansted will be fully utilised. The model predicts that the growth rate of freight volumes will be three times that of real GDP, once the recovery takes hold. The chart below shows a fan chart for aircraft movements during the night quota period.

Chart 3: Night quota fan chart



Source : Oxford Economics

Based on the Oxford Economics model the chart shows that the Stansted 12,000 aircraft movements limit (the combined quota over a winter and summer season) is reached in two to five years hence, depending on the timing and strength of the UK's economic recovery. For instance, in the event of a strong recovery aircraft movements during the combined Winter 2013/14 and Summer 2014 seasons would approach 11,000. **To cut the existing quota would therefore increase the risk that Stansted might not have sufficient night time capacity to meet demand while the recovery is still in its early stages.**

As Oxford Economics state, page 5:

"Applying this prediction to Oxford Economics' published forecasts for future GDP growth indicates that the current movement limits will become a constraint on growth at the airport within the next two to four years."

Oxford Economics also state, page 11:

"While our modelling has focused on Stansted, it seems reasonable to assume that a similar relationship between GDP growth and the demand for next-day express delivery services exists for the UK express industry as a whole, and that similar conclusions would apply to night flying restrictions in force at other UK airports."

Oxford Economics further demonstrate that imposing additional requirements on industry or costs such as higher landing fees will also have a detrimental impact not only on the express industry but also its customers. Financial 'incentives' or requirements for new aircraft impose particularly high capital costs. As stated above, to bring the replacement date forward for a 747 alone would cost the cargo airline

almost £58 million, with the cost increasing by a further £10 million each year the replacement is brought forward.

As Oxford Economics concludes, page 5

“If the express industry is to meet increased demand when the economy recovers, it is very important that (1) the current movement limits and noise quotas are not reduced, or that (2) additional costs are not imposed on the industry, for example through higher landing fees and requirements for new aircraft.”

- **Curfews and respite periods**

It is vital that capacity constraints at Heathrow do not end in restrictions on belly hold or negatively impact the UK's connectivity. Equally, express operators depend on having an airport in the South East – currently Stansted – which allows for 24 hour operations, 7 days a week. If restrictions on night flights were introduced at Stansted, its role as a hub could be compromised and there would be a severe and detrimental impact on express companies' ability to service their customer's needs for overnight deliveries which in turn impacts on the UK's competitiveness.

- **Stansted**

AICES would strongly object to the introduction of a curfew or respite period at Stansted. Any night time ban should only be imposed after the application of the balanced approach according to the UK's international commitments and it would have to be demonstrated that the benefits outweigh the significant costs to the UK economy. This is not the case at Stansted.

Stansted is an airport with a high number of low cost flights that operate during the day and into the shoulder period and which do not carry bellyhold cargo. Instead, Stansted has a pure freight operation with freight-only aircraft (UPS, FedEx and TNT) as well as a significant Royal Mail air operation. Express delivery companies require flexibility to continue to service UK business and as most of express service deliveries are time sensitive, curfew or respite periods would have a significant adverse impact on express operations. Loss of night flights means loss of connectivity which in turn would require express operators to utilise more stopovers and therefore more short haul flights to reach the same destinations in the UK. More stop overs increases costs and environmental impact. AICES believes that the introduction of a respite/curfew period at Stansted could act as a ceiling to future economic growth, particularly in the South East.

- **Heathrow**

The current flights that arrive in the night period into Heathrow are long haul aircraft coming from strategically important origins. Express services have freight on all these movements which get cleared and delivered into the UK same day of arrival. Some 93% of all flown cargo moving at night at Heathrow is belly cargo on passenger aircraft, amounting to 212,000 tonnes a year, 98% of it long haul, including significant transfer traffic. Bellyhold offers a valuable addition to freight only flights, providing flexibility and efficiency. The fact that a significant volume of air freight is bellyhold is important for understanding the knock on impact that restrictions on the freight market might have on passenger market; with the viability of some passenger flights dependent on the revenues generated by air cargo.

Key competitive markets for the UK economy such as Hong Kong, Singapore and Malaysia are serviced by these Night Period Quota flights and their loss would have a direct impact on UK business. For example,

under the current schedule it is possible for express services to collect goods at 17:30 in Hong Kong and achieve guaranteed next day delivery before 09:00 to London.

In examining additional night time restrictions, it is also important to consider the departure times from origins. In general, the passenger flights that land at Heathrow in the early hours of the morning are all late evening departures from origin i.e. 23.00 – 00.00. To arrive later in the UK one would have to inconvenience passengers at the origin who would then need to catch their aircraft at 01.00 – 02.00 and would also worsen the environmental impact at origin. In such an instance, in any case, such passengers could opt to go to a continental European destination instead. These are important flights for the UK economy and any reduction in connectivity would make the UK less competitive.

Heathrow provides express services with access to routes and countries that are not directly served by cargo aircraft. Capacity constraints at Heathrow that limit the frequency and diversity of destinations served can impact on express services' ability to move material around the world as quickly and efficiently as customers require. There is already evidence of the impact of capacity constraints at Heathrow with increased competition from European airports to import and export materials. Currently many imports are flown into Heathrow to be distributed by road to the rest of Europe. This has created jobs within the warehousing and distribution sectors as well as broader economic spread effects in the service sector around the airport. As other European airports grow their capacity, they are able to handle a greater air freight volume which is encouraging growth in the associated freight and logistics sectors. This poses a potential threat to the long-term viability of operations around Heathrow.

AICES would not support making the voluntary curfew at Heathrow mandatory or extending the hours. It is very difficult to predict future demand and circumstances and the voluntary nature of the scheme allows the airport to balance local demands with the needs of airlines, express services and passengers. In fact, AICES would support greater flexibility for environmental and operational reasons.

It is worth noting that night-flights may arrive at Heathrow earlier than scheduled as a result of the strong tail winds that frequently exist on the flight routes. In these cases, it seems sensible to expedite the landing of these aircraft so as to avoid unnecessary fuel burn which causes greater environmental impact and adds to the economic cost of the flight. In addition, for many years, AICES has argued that at Heathrow, under exceptional circumstances i.e. snow, or a major disruption, a more flexible approach should be adopted by allowing the night curfew to be modified to allow delayed aircraft to depart eg. by lifting the curfew from 23.30 to 00.00.

If there was a ban or restriction on current night-flight landing slots at Heathrow, the flights currently operating during the night period are commercially viable and would therefore want to continue to fly. In these circumstances, there would be a requirement for these flights to have an arrival slot in the 06:00 hour (ie as soon as possible after the end of the Night Quota Period). It is already known that the 06:00 operating hour is fully allocated for runway slots and that Heathrow operates at 100% capacity during the daytime period. In the event of a ban or restriction on night-flight landing slots, then accommodating the spillover of Night Quota flights would mean that flight arrivals currently scheduled for the 06:00 hour would need to move later in the morning. This could have knock-on effects to all flights during the daytime schedule at Heathrow.

This increase in daytime slot usage could threaten the resilience of the airport and its ability to respond to changes in circumstance such as bad weather, by forcing even more aircraft in to an already capacity constrained airport.

Noise envelope

A noise envelope as proposed in the APF could assist in dealing with noise issues at any new national hub airport or any other airport development. However, any noise envelope should be considered in the context of the Balanced Approach. There should not be a one-size-fits all approach and there should not be an automatic assumption that there is a 'problem' that needs to be addressed with specific measures. The Balanced Approach could lead to the application of a noise envelope but it would be contrary to the process to assume that this would be the inevitable outcome.

Independent Noise Regulator

AICES believes that the establishment of an independent noise regulator would be an unnecessary bureaucratic burden. The CAA already has statutory responsibility for information on noise and there is no evidence that further regulation is necessary.

AICES believes that the airports that our Members operate in already have excellent noise management systems in place.

The key hub airports for the freight industry, EMA and Stansted already review regularly noise impacts. At Stansted as a designated airport a night flights consultation is undertaken on average around every six years and there is in place already a transparent and effective enforcement regime. Any infringements are fined and reported publicly with information provided to the CAA.

East Midlands Airport has a review of its noise limits every five years, has trialled different descent approaches, published details of any infringements and introduced variable noise limits for different types of aircraft that operate from the airport. For large aircraft (MTOW>300t) the limit is 92 db, 87 db for medium sized aircraft (100t<MTOW>300t) and 83 for smaller aircraft (MTOW<100t).

East Midlands Airport has survey evidence which demonstrates that the majority of the local community are not adversely affected by noise; complaints have reduced (from 1064 in 2009 to just 425 in 2012); and EMA has reduced the noise contour of the number of people directly impacted. At East Midlands Airport the 57dB noise contour has shrunk 48 per cent since 1996 from 14.6 sq. km to 7.6 sq. km. EMA also has a scheme WebTrak which enables any visitor to the website to replay radar recordings tracking aircraft so there is transparency and data sharing with the local community.

Local Consultative Committees provide local accountability and transparency and AICES can see no reason for a new independent noise regulator to also have a role in individual airports' noise management.

As is already acknowledged in the Discussion document, Heathrow is already considering its own form of self-regulation for noise and has a very proactive programme of community engagement.

- **Compensation**

AICES believes that the current schemes at EMA, Heathrow and Stansted are both reasonable and proportionate. It is important that any scheme is sensitive to local needs and therefore a one-size-fits all approach is not appropriate.