

Aviation Connectivity and the Economy

This paper is the response of Thames Valley Berkshire Local Enterprise Partnership the Airports Commission consultation on Aviation Connectivity and the Economy

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Questions in Discussion Paper 02:	Response from Thames Valley Berkshire LEP
3.24 The Commission would welcome submissions explaining how these factors (breadth vs depth) affect business decisions and the wider issues which should be taken into account	<p>Heathrow currently provides very high connectivity at a global scale, covering most major markets. As the world economy shifts and changes, Heathrow's locational advantage will be eroded if the links (both in terms or breadth and depth) are incapable of flexing to meet these economic shifts. Our ambition should be to continue to provide breadth of connectivity above all else, so that we can continue to claim to be the best connected world city.</p> <p>To focus on depth of connectivity above breadth would be a specialising strategy which effectively acknowledged that the ambition of being simply the best connected world city could not be achieved.</p>
3.29 The Commission would be interested in evidence as to whether and to what extent capacity constraints at Heathrow are affecting the operation of these markets, as well as the air freight markets serving other emerging economies and major trade partners.	We are researching case studies from TVB located firms with direct experience of air-freight markets, and will send supplementary evidence as soon as it is available.
3.33 The Commission would be interested in receiving evidence in this area and case studies providing examples on where the availability of aviation links has directly influenced firms' supply chains.	We are researching case studies from TVB located firms with direct experience of aviation links and supply-chain decisions, and will send supplementary evidence as soon as it is available.
3.50 The Commission would be interested in receiving evidence and case studies in this area – for example, providing examples on where the availability of aviation links has directly influenced investment decisions or, conversely, where such investment has been made despite a lack of connectivity	We are researching case studies from TVB located firms with direct experience of aviation links and location decisions, and will send supplementary evidence as soon as it is available.

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5.4 Questions relating to the nature of connectivity in the UK and its drivers:	
●● Do you agree with the definition of connectivity presented in the paper? What other factors, if any, should we take into account and how do they impact connectivity?	We have no comment to make on the definition presented in the paper.
●● Do you agree with the assessment we have made of the UK's current aviation connectivity?	<p>We refer you to the work of:</p> <p>Professor Kathy Pain, ALDAR Professor of Real Estate Development, Director of Research, School of Real Estate & Planning, The University of Reading, Whiteknights, Reading. RG6 6UD</p> <p>Associate Director, Globalization and World Cities (GaWC) Research Network; Fellow, The Young Foundation London</p> <p>k.pain@reading.ac.uk Tel: 0118 378 8175</p> <p>http://centaur.reading.ac.uk/view/creators/90002557.html</p>
●● What factors do you think contribute to the fact that the UK is directly better connected to some regions of the world than others?	<p>The main factor is the success of London Heathrow as an International Hub Airport.</p> <p>The current capacity constraints at Heathrow mean that while we currently enjoy excellent connectivity to Europe, North America and other established destinations, other international hubs are better able to exploit links to emerging economies. For instance Paris has better connections to Africa; Madrid to South America; and Frankfurt and Amsterdam to Russia and China.</p> <p>TVB LEP is deeply concerned that whatever it was that allowed London to secure its current advantage from international connectivity, we will not be able sustain or develop this without a concerted intervention to develop the capacity of our Hub Airport.</p>
●● Given connectivity trends in the UK versus other European countries, how much scope is there for route network available to UK residents to radically change over the coming years?	Without further capacity, the existing route network cannot change positively. With neglect, there is a real risk that the existing route network will decline.
●● To what extent do you consider indirect connectivity to be an important part of presenting an accurate picture of the UK's nature of connectivity?	We have no comment to make on this question.

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5.5 Questions relating to the assessment of how aviation connectivity supports (1) trade in goods, (2) trade in services, (3) tourism, (4) business investment and innovation, and (5) productivity:	
●● To what extent do you agree with evidence that aviation connectivity supports the UK's economic growth through facilitating each of (1)-(5)?	Thames Valley Berkshire is a thriving economy that delivers a significant contribution to the Exchequer each year. It is in the top 3 performing local economies in the UK. The wealth of the area has been generated by our ability to attract and retain the world's leading businesses, and is an incubation area for high growth SMEs. Whilst all 5 of the identified segments of economic activity are important to our economy, 4 – business investment, especially the preferred location for EMEA, European or UK Headquarters of global enterprises, is the most important.
●● Are there other channels through which aviation connectivity might facilitate economic growth? What are they, and what evidence is there to support this?	The biggest issue for the Thames Valley Berkshire Local Enterprise Partnership is the threat of stagnation or decline in our economy consequent on a continued failure to address the capacity constraints at Heathrow.
●● How effective do you consider that the aviation connectivity of the UK may facilitate economic growth now and in the future? What risks and opportunities does it present?	<p>We consider that proximity to Heathrow is the single biggest locational advantage for the economy of Thames Valley Berkshire.</p> <p>The risk of failure to address the capacity constraints at Heathrow is that the strength of our local clustering of skilled labour and significant clustering of enterprises will jeopardise not just the future growth prospects, but also the ability to sustain the current levels of activity.</p> <p>The opportunity of facilitating more and better aviation links to the new and emerging markets of the world economy is to reinforce the tremendous locational advantage currently enjoyed by Thames Valley Berkshire, now, and for the foreseeable future.</p>
●● How important do you consider connectivity for each of (1)-(5)?	The Thames Valley Berkshire economy is characterised by the clustering of World, EMEA European and UK headquarters of, primarily high tech industries and services. Our advantage in this important competition for locational preference is entirely determined by the performance of Heathrow.
●● Are there other relevant policy issues which should be taken into account?	<p>The advantage of Heathrow as a premier International Aviation Hub is dependent on two further policy issues:</p> <ul style="list-style-type: none"> - Mitigation of the noise and pollution impacts of the aeroplanes

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	- Mitigation of the congestion caused by poor surface access arrangements
●● To what degree can causality between connectivity and (1)-(5) be established? Are there any particular research methods that we should be looking at and why?	We refer you to the work of Professor Kathy Pain and her colleagues (see above)
5.6 Questions relating to what the UK's objectives for the future aviation should be:	
●● What is the best approach to measuring the UK's aviation connectivity?	We refer you to the work of Professor Kathy Pain and her colleagues (see above)
●● Connectivity depends on many factors, such as number and frequency of flights and time and cost of travelling to passengers. Do you consider any of these factors to be of particular relevance to facilitating any of (1)-(5)?	Surface access is an important component of overall travelling time, and Thames Valley businesses have long campaigned for better arrangements for accessing Heathrow from the west.
●● We have outlined a few different measures of connectivity in the paper. What alternative measuring approaches that we have not mentioned should we take into account?	We have no comment to make on this question.
●● What kinds of impact do you consider capacity constraints to have on the frequency and number of destinations served by the UK? And, if any, are any particular kinds of routes or destinations likely to be more affected than others?	We observe that the capacity constraints on Heathrow airport have endowed the existing landing slots with a commercial transfer value which is a barometer of the excess of demand over supply. It discourages existing operators supplying established routes and destinations from taking risks opening up new routes at the same time as establishing high barriers to entry for those operators who have an appetite for these risks.
●● To what extent do you consider that the need for additional connectivity may support the argument that additional capacity may be required?	Completely

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