

London Biggin Hill Airport



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Response to the Airports Commission's Discussion Paper No.2 –
Aviation and Connectivity

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**RESPONSE TO THE AIRPORTS
COMMISSION'S DISCUSSION PAPER
NO.2: AVIATION AND
CONNECTIVITY**

BY LONDON BIGGIN HILL AIRPORT

19 APRIL 2013

Introduction

1. This response to the Airports Commission's Discussion Paper on Aviation and Connectivity has been prepared by London Biggin Hill Airport (LBHA) and its principal shareholder Regional Airports Ltd. It seeks to highlight to the Commission the importance of factoring Business Aviation into its thinking on connectivity, as we hope it will also do when considering other aspects of its remit, but most notably airport capacity.
2. Civil Aviation the world over is divided into two principal components:
 - (i) **Scheduled airline services** - which include both traditional IT/charter flights as well as network, regional and low cost carrier scheduled flights; and
 - (ii) **General Aviation (GA)** - which comprises Business Aviation (encompassing medical flights and small group travel charter alongside corporate jets and air taxis), private and recreational flying (including flying schools and flight training), and a number of other specialist niches such as emergency services, offshore activity and military movements.
3. In 2012 around 25% of all the aviation movements at airports providing reporting data to the CAA were non-scheduled (ie GA); for those in London that figure was closer to 12%, but that excluded data from a significant number of smaller airports in the South East of England that cater exclusively to the GA sector, which are not recorded by the CAA. When added in, this is likely to bring GA as a percentage of all flights from South East aerodromes closer to the overall UK figure. In other words non-scheduled flying is de facto a *significant* component of aviation activity in the UK.
4. **Business Aviation**, which represents its most economically valuable component, and the focus of this submission, makes up around 20% of that figure, equivalent to 135,000 air traffic movements across the UK in 2012. Of that number over half were from airports in London and the South East. When movements from aerodromes such as Farnborough, Northolt and Cambridge (none of which are recorded by CAA) are included, the figure rises to around 90,000 movements. In air traffic terms, this is the equivalent of an airport the size of Luton or of London City and Southend combined and must, therefore, be a material factor in the consideration of runway capacity issues in the region by the Commission.
5. But even more importantly, recent work by Oxford Economics for the European Business Aviation Association¹, found as a result of revealed preference analysis, that the *value of time* of those using Business Aviation to undertake their business travel was over nine times that of passengers paying business fares on scheduled flights. In other words it

¹ Oxford Economics: The Role of Business Aviation in the European Economy; for EBAA (2012)

offers connectivity, which although expensive is regarded by its users as essential to *“unlocking the highest value global economic opportunities for UK business²”*.

6. With the foregoing in mind, we are both surprised and a little concerned that the Commission’s Discussion Paper on Aviation and Connectivity makes no mention, either explicitly or implicitly, of Business Aviation that we could detect and we are anxious to ensure this omission is rectified.
7. Given that the structure of the Discussion Paper is so heavily orientated towards connectivity associated with scheduled passenger and freight services, we have not attempted to structure our reply in detail to the questions posed in paragraphs 5.5-5.7 of that document. Rather we have worked within the framework provided by the three key chapter headings to outline evidence which supports our contention that:
 - (a) Business Aviation makes a valuable contribution to the connectivity requirements of high value businesses in London and the South East of England, and that
 - (b) a clear policy framework is needed to ensure that as Business Aviation grows it does not suffer the same capacity constraints in the future that its scheduled and freight cousins are already experiencing.

Definitions of Connectivity

8. Turning first to the definition of connectivity, we both endorse the Commission’s view that aviation connectivity can be broadly defined “as the ability and ease with which passengers and/or freight can reach a given destination by air” and agree that with as people and goods travel more distant within an increasingly globalised economy and society, it is inevitable that connectivity has risen to take centre stage in the debate on the UK’s future global transportation needs. And, while we recognize the value of some of the connectivity measures the Discussion Paper outlines, we cannot support the relatively narrow assessment it presents based on simplistic (and probably misleading) frequency thresholds such as a weekly or daily scheduled service: First because no acknowledgement is made of the connectivity offered by non-scheduled aviation, and second because any true measurement of connectivity requires the use of more sophisticated (and probably multi-faceted) measures in relation to the appraisal of frequency thresholds and generalized costs associated with scheduled services.
9. To illustrate our concerns, Tables 1 and 2 below set out our analysis of the number of discrete destinations served by non-scheduled Business Aviation flights from LBHA in 2011 compared to the equivalent figures for services from London’s principal scheduled airports, by global region and EU country.

² AoA: Business Aviation Core Messages (March 2013)

Table 1: Destinations Served from LBHA by Global Region in 2011

Global Region	Biggin Hill Destination Links	London Airport Scheduled Destination Links
	2011	
UK	101	16
W Europe	310	192
E Europe	70	39
N America	50	34
Caribbean & Central America	5	24
S America	0	3
Near and Middle East	19	14
Far East / India / Australia	4	28
Africa	22	34

Sources: Biggin Hill ATC data and CAA

Table 2: Destinations Served from LBHA by EU Country in 2011

	London Scheduled links	Biggin Hill Links	Relative Connectivity Quotient
UK	28	101	3.6
France	49	82	1.7
Switzerland	6	12	2.0
Germany	25	50	2.0
Spain	34	28	0.8
Italy	33	36	1.1
Netherlands	4	12	3.0
Ireland	8	10	1.3
Belgium	3	6	2.0
Austria	5	7	1.4
Sweden	17	16	0.9
Portugal	8	4	0.5
Denmark	7	8	1.1
Norway	14	10	0.7
Greece	20	11	0.6
Finland	10	5	0.5

Sources: Biggin Hill ATC data and CAA

Note: All countries with a destination connectivity quotient for Business Aviation above 1:1 have a higher level of connectivity (ie have a greater range of destinations served) from Biggin Hill than by scheduled airline and are highlighted in red.

10. They indicate, that while the total number of flights from LBHA may be substantially smaller and less regular than the scheduled services on offer, the range of destinations to which direct aviation connections are being provided is materially greater. This reflects one of the axioms of Business Aviation, and one of the keys to its value in terms of connectivity on offer, notably that it is more flexible in terms of the places it can

access directly, and less constrained by the vagaries of scheduling and frequency, because it is available 'on-demand' for users whose value of time is significantly greater than business passengers for whom cost of travel is a more material consideration.

11. The UK ranks third in Europe (behind Germany and France), whereas in the USA its value is rather better acknowledged than has thus far been the case in the UK. And while demand for Business Aviation across Europe declined significantly after the onset of the economic downturn in 2008 (it is actually quite an accurate barometer of levels of activity in developed economies), taking a longer 10-15 year horizon it has shown significant growth and is anticipated to return to those longer term trends over the next two years. Figure 1 illustrates this analysis in terms of the London and South East market for Business Aviation, indicating a ten-year CAGR of 2.8%. Figure 2 shows year-by-year changes in growth rates over the same period

Figure 1: Ten Year Trends in Business Aviation Movements in London and the South East

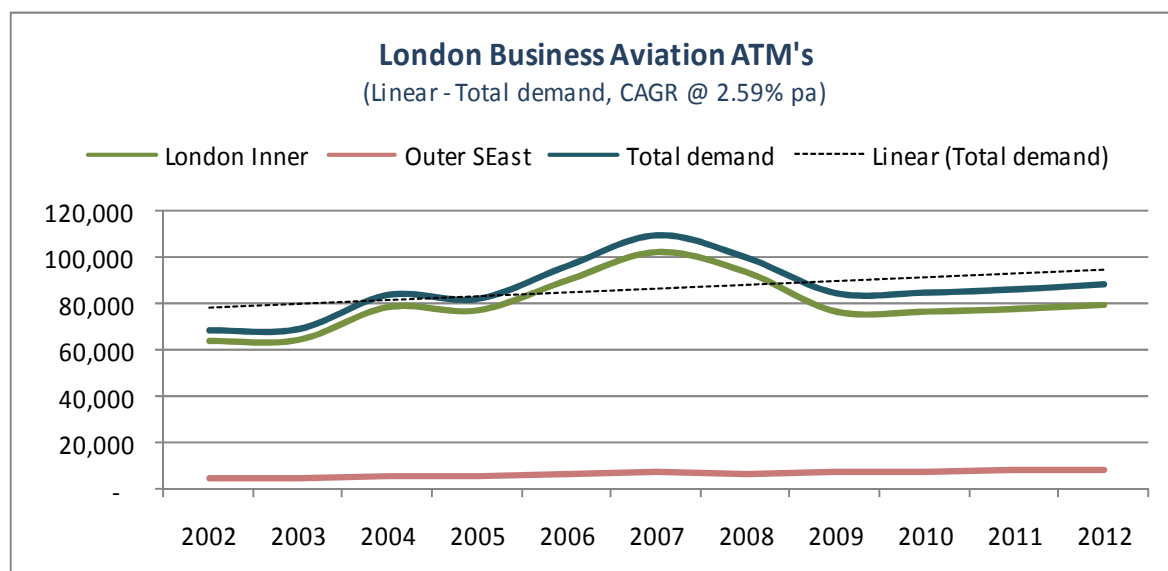
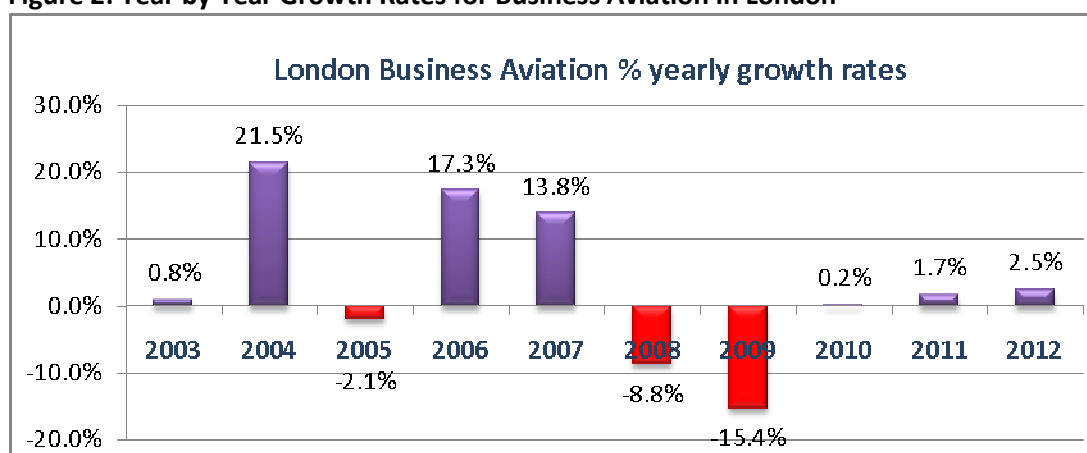
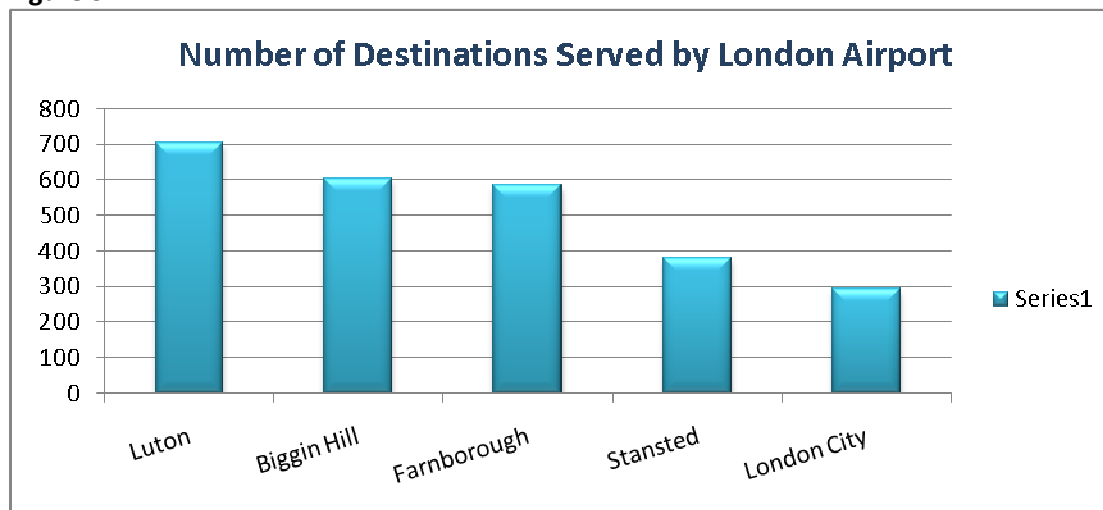


Figure 2: Year by Year Growth Rates for Business Aviation in London



12. Looking at Business Aviation flights from London as a whole (see Figure 3), the main five main Business Aviation airports (ie Luton, Farnborough, Biggin Hill, Stansted and London City), connected to over 700 discrete destinations – around double the number served by scheduled airlines from London airports.

Figure 3



Source: Eurocontrol Data

13. It needs to be kept firmly in mind, that Business Aviation is the preferred choice of air transport for global innovators, investors, entrepreneurs and world leaders. With the modern business jet now becoming technically very advanced, with the latest models able to fly non-stop from London to Shanghai, Beijing, Rio de Janeiro and Los Angeles Business Aviation is likely to be at the forefront of forging new trade links, especially into new markets where substantive scheduled services do not yet exist. Outside Europe, Business Aviation is growing particularly strongly in BRIC and Next Eleven economies like Brazil, Russia, China and Turkey (although admittedly from a lower base than in OECD countries where it is a much more mature market), with most of the orders for new business aircraft currently coming from these countries.
14. We are firmly of the view, therefore, that as the demand for the high quality, on-demand access to and from these markets increases, the UK generally, and London as a leading World City in particular, needs to be able to provide, as part of its portfolio of aviation connectivity, a good quality Business Aviation offer if it is to function effectively as a major player in the global market place. This is especially the case while constraints on scheduled connectivity remain in place in the absence of new runway capacity.

How May Aviation Connectivity Contribute to the UK's Economy?

15. Turning to the section of the Discussion Paper which seeks evidence on how aviation connectivity supports (1) trade in goods, (2) trade in services, (3) tourism, (4) business investment and innovation, and (5) productivity, we would like to make the following observations as well as offering some more generic, but directly relevant commentary on the role in which Business Aviation plays in helping businesses in sectors with a high propensity to fly to operate efficiently and productively.

Trade in services

16. We agree with the Discussion Paper's premise that "connectivity is very important from the point of view of many key UK services sectors due to their high dependence on face-to-face contact and on visiting clients overseas", and that as such "connectivity facilitates exports of UK services, enabling UK entrepreneurs to have easier and more effective access to a variety of international customers".
17. Examining Table 3.1, the principal high performing sectors it identifies under this 'trade in services' heading, notably:

- Financial services
- Insurance
- Personal, cultural and recreational services
- Business Services
- Communications
- Aerospace

are all significant users of Business Aviation as well as scheduled airlines. And as the Discussion Paper recognises, two of these sectors - business services and financial services – are ones in which *"the UK enjoys a significant comparative advantage"*.

18. To the above list we would also add the increasing export related demand for UK expertise and technologies in the offshore oil and gas industry, where frequently key engineering personnel of important parts are flown to new exploration and production areas by business aircraft. Of equal significance is that the top eight markets for UK service exports (as illustrated in Figure 3.1 in the Discussion Paper) are all in the top 10 markets for Business Aviation from London based on the latest Eurocontrol data, namely:

- USA
- Germany
- NEDS
- Swiss
- France
- Ireland
- Italy
- Spain

19. We also noted with interest the references in the Discussion Paper to the value of frequency because it “increases flexibility with which business meetings can be arranged and with which they can be rescheduled at a short notice” and also to the Box 3.1 conceptualization of the “lifecycle of connectivity” with an emerging country. We would ask the Commission, therefore, to reflect again on the need for it to better understand the contribution of Business Aviation to international connectivity, because its ‘on-demand’ nature and its ability to go directly and easily into a new country, region or city where scheduled connectivity is poor or non-existent, means that it can short-circuit this whole complex scheduled service development process until the route can become properly established.

Trade In Goods

20. We agree with the Commission on the value of aviation to servicing the connectivity needs of the advanced manufacturing sector in which the UK is looking to build competitive strength. However, our focus is less on the movement of goods or parts, but on the highly skilled process engineering personnel, whose expertise is as important as a part in ensuring the supply chain and/or production facility is either brought back on line quickly or maintains its functionality. Moving this kind of non-executive, but nevertheless business critical personnel, is an area where again Business Aviation makes an important contribution.

Business investment and innovation

21. In this section the Discussion Paper again raises two important ways in which aviation connectivity can create economic and business benefit:
- First, the location of large firms’ headquarters across a range of countries means that good airport facilities are very important to firms’ relocation decisions; and
 - Second, that aviation connectivity provides foreign companies with an opportunity to establish their subsidiaries in the UK as well as providing UK businesses the same possibilities abroad.
22. The conjecture is around the value of scheduled services in this regard, once again ignoring the really important role of Business Aviation in both these respects.

So what is the Evidence Illustrating the Importance of Business Aviation?

23. In the late 20th century and the early part of this one, commerce and trade has been evolving quickly. Instant marketplaces have been created through electronic globalisation, and complex, highly efficient supply chains now compete for market

recognition. In this fast moving, increasingly integrated and highly competitive environment it remains no surprise that:

"... personal relationships are becoming more, not less, important conditions of business success?"³

24. Indeed a recent report looking at European Mergers and Acquisitions activity⁴ found that:

"Relationships and face-to-face engagement are consistently ranked among the top factors for deal success. Respondents say building relationships with stakeholders is critical, as is face-to-face engagement with transaction partners. This aligns with the findings of last year's study, when relationships were cited as a top success factor."

25. In two reports published in 2001⁵, Andersen Consulting set out to explain the important role that Business Aviation could play in facilitating these processes. They remain definitive documents.

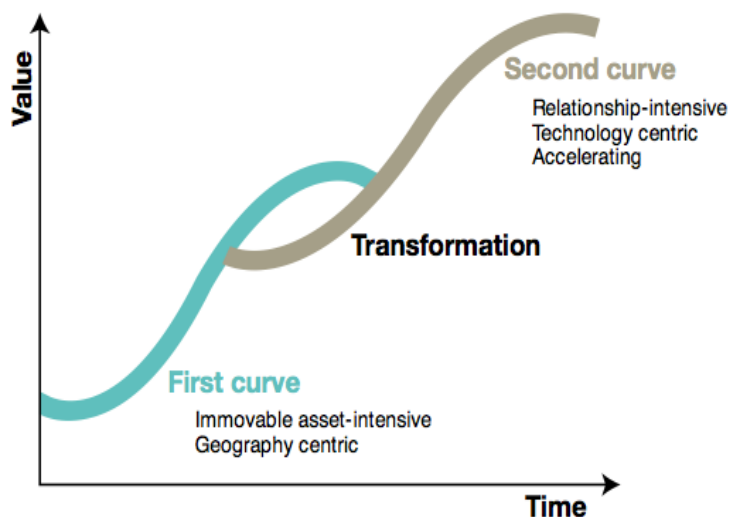
26. Using the concept of 'Value Dynamics', Andersen's work highlighted the so-called 'Second Curve' in the time/value framework as being the mechanism through which many modern companies are seeking to unlock value; and the key to this is by being more, not less, agile (see Figure 4). Companies in the Second Curve are relationship-intensive, technology- and information-centric, and rely on less tangible assets, such as knowledge and expertise to generate higher returns with less risk than more traditional businesses with greater physical assets. This is a reflection of the fact that in the most modern economies the knowledge integration, relationships, organisational agility, information, and speed are the key to securing productivity and profitability; and each of these attributes is dependent to a considerable extent on 'mobility' – for high value goods, information, and expertise. As a result many of 'new wave' or 'second curve' companies make extensive use of Business Aviation as an important contributor to the 'mobility' they need to achieve to underpin their business model.

Figure 4: Value Dynamics - New Rules New Business Models

³ Joan Margretta: Managing in the New Economy - A Harvard Business Review Book; Harvard Business School (1999).

⁴ Net Jets: Doing the Deal - A Study of European M&A Activity (2012)

⁵ Andersen: Business Aviation in Today's Economy (2001)

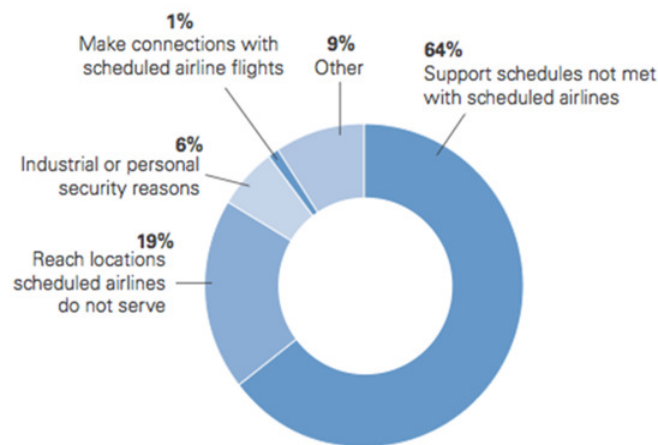


27. With this in mind, Business Aviation has a number of advantages over the scheduled airlines including:

- ability to travel directly to areas not well served by scheduled airlines;
- the flexibility and convenience of instantly accessible point-to-point air links that avoid the need for onward connections and reduce access times to and from airports;
- time savings to business users from avoiding congested major commercial passenger airports and using small, less busy airports;
- ability to cover several business locations in a given time, particularly on trips involving multiple destinations;
- cost savings compared to business or first class flights on commercial scheduled services, particularly when several executives are travelling;
- ability to make more productive and effective use of travelling time in a more private and comfortable environment, for example holding meetings, reading confidential documents and offering hospitality to clients;
- perceived safety advantages in terms of greater security for staff, for example from terrorism, and concerns over lower air safety standards in some countries;
- greater security for transporting specialist or high value equipment or goods;
- less risk of loss of company information or intellectual property, and reduced travel visibility of executives during key transactions, due to greater privacy and security during travel;
- being less susceptible to strikes and other disruption;
- projecting a positive corporate image, indicating a company to be progressive and concerned with efficiency and with high productivity.

28. In a recent survey of companies using Business Aviation for the NBAA, Harris Interactive found the reasons for using Business Aviation were weighted as shown in Figure 5:

Figure 5: Reasons for Business Aircraft Use



Source: Harris Interactive Survey, 10/2009

29. This supports Andersen's thesis about the types of companies that value Business Aviation. It also helps to explain why, although Business Aviation can be a relatively expensive option for moving key executives around, it can also represent extremely good value for money. This is particularly the case where:

- it can help to leverage productivity gains for key employees like senior decision makers and 'specialists' (eg a particular scientist, engineer or engineering design team), whose uniqueness is best characterized by their lack of scalability through more traditional channels such as adding additional employees and subdividing responsibilities; or
- improve access to markets, thereby increasing market size/share — The geographic reach of a company's sales or distribution channels can be extended through easy access to efficient and flexible transportation.

30. The ability to scale these type of critically skilled individuals across geographically diverse markets, represents an optimum utilization of business aircraft gained through the productivity accrued during:

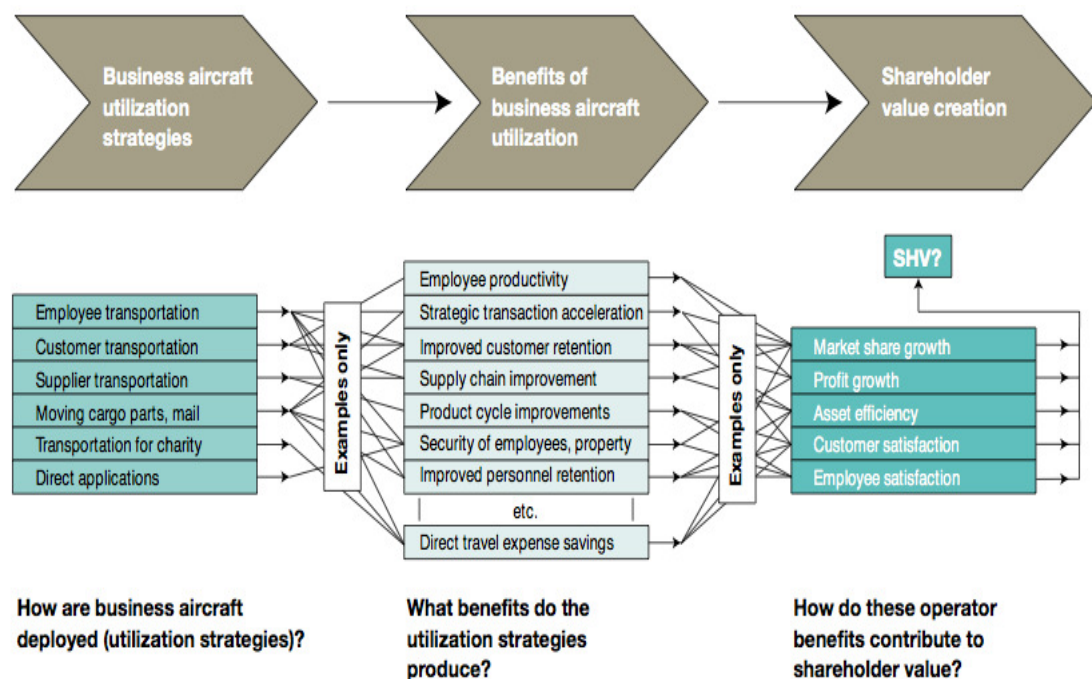
- drive time to the airport,
- time from parking lot to the FBO/passenger terminal
- on the aircraft prior to and after takeoff,
- enroute aloft,
- prior to and after landing,
- in the FBO/passenger terminal to ground transportation, and
- drive-time from the FBO/passenger terminal to the final destination.

31. By way of confirmation, Andersen reported that:

“.... S&P 500 peer groups companies making extensive use of Business Aviation earned 141% more in cumulative returns than non-operators. According to CFOs who were interviewed, use of business aircraft helped improve performance in the areas of greatest importance in today’s fast paced economy (e.g. identifying and executing strategic opportunities for new relationships and/or alliances; reaching critical meetings and closing transactions; expanding into new markets; and increasing contact with customers).”

32. Andersen also found that users of Business Aviation (ie companies using it extensively), also outperformed non-users by a sizeable margin in the growth of both EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) and increased productivity (as a result of resource deployment, process improvement, and knowledge sharing/integration) and was strongly correlated to earnings growth among our study participants. Figure 6 overleaf was their attempt to illustrate how Business Aviation can contribute to such fundamental shareholder value creation, a model which is widely accepted in North America and confirmed again in recent studies undertaken by NEXA Advisors LLC for NBAA (the North American Business Aviation Association).⁶⁷

Figure 6: Utilization - Benefit - Shareholder Value (UBV) Analysis



Source: Anderson (2001)

33. Their studies conducted between 2009-2012 evaluate the impact of business jet ownership or use on large, medium and small companies as well as Government

⁶NEXA Advisors LLC (2009): Business Aviation and Enterprise Perspective Pt1– The S&P 500 from 2003-09

⁷NEXA Advisors LLC (2010): Business Aviation and Enterprise Perspective Pt2 – S&P Small Cap 600 Companies From 2005 – 2010

agencies. They found that S&P 500 companies using business jets are more likely to outperform non-users on revenue growth, share price growth and profitability (see Table 3), as well as employee satisfaction.

Table 3: S&P 500 Financial Results 2003-08

	Unweighted 03-07 (Users)	Weighted 03-07 (Users)	Unweighted 08 (Users)	Weighted 08 (Users)	Index (Nonusers)
Revenue Growth	1.06	2.16	1.01	1.73	1.00
Earnings Growth	3.53	5.34	0.86	5.94	1.00
EBIT Growth	1.54	1.81	0.42	1.20	1.00
EBITDA Growth	0.90	1.32	(0.52)	0.51	1.00
Total Return Growth	1.88	3.52	0.94	2.61	1.00
Market Value Growth	1.95	5.96	0.99	2.70	1.00
Average Asset Turnover	1.20	2.53	1.21	2.88	1.00
Average ROA	1.08	3.18	1.03	3.53	1.00
Average ROE	1.20	3.62	0.73	3.45	1.00

Source: NEXA Advisors LLC (2009)

34. Using non-financial measures, the highest performing companies appearing on several “Best of” lists, reveal a remarkable correlation with business aircraft use:
 - Among Business Week’s 2009 “50 Most Innovative Companies”, 95 percent of the S&P 500 companies on that list were users.
 - Among Fortune’s 2009 “100 Best Places to Work”, 86% of the S&P 500 companies on that list were users.
 - Among Business Week’s 2009 “25 Best Customer Service Companies”, 90% of the S&P 500 companies on that list were users.
 - Among Business Week/Interbrand’s 2008 “100 Best Brands”, 98% of the S&P 500 companies on that list were users.
 - Among Fortune’s 2009 “50 World’s Most Admired Companies”, 95% of the S&P 500 companies on that list were users.

35. In terms of small and medium enterprises (S&P Small Cap 600 companies), NEXA found that business aircraft users outperformed non users across the board in the most important measures of shareholder value:
 - Superior Financial Performance
 - Reduced Recession Impact
 - Better Customer Access

36. They concluded that mobility is the lifeblood of small and medium sized companies and their ability to access remotely located customers or vendors on any given day or deploy quick response service teams, was deemed essential.

37. The common theme is the use of Business Aviation as the sign of a well-run company. NEXA Advisors also recently came to the conclusion that business jet use among Government agencies clearly improves taxpayer value.

Business Aviation, World Cities and London's Economy

38. Daniel Moylan, appointed by the Mayor of London to lead his newly formed aviation policy unit said last year that:

*"London needs to be a World City connected direct to the other World Cities. We can't be a branch station at the end of a country line - not if we are going to attract the global headquarters and the high value jobs they bring with them"*⁸

39. We agree. London is recognised in many ranking lists as a leading World City, reflecting its scale, capital markets, universities, diverse and well-educated population, its concentration of multinational companies and major international organisations and its transport connections to the rest of the world. Indeed Globalisation and World Cities⁹, a network of academic institutions working in this field, which produces one of the most highly respected rankings in this field, has London as one of only two Alpha ++ rated world cities along side New York.
40. It is a characteristic of World Cities that in addition to a scheduled hub airport they have substantial Business Aviation operations to support their World City status. Appendix 2, examines the Business Aviation facilities at each of the top 25 World Cities. It is noticeable that, it is principally the higher ranking World Cities, especially those with multi-airport systems that are already congested, that have separate Business Aviation airports, rather than simply relying upon runway and aircraft parking capacity being available all the time at the principle scheduled airline airports.
41. But as well as being a leading World City, London is also the largest business centre within the UK, and has the greatest number and highest concentration of businesses in high value sectors. As such, it generates substantial income for the UK economy, more than any other region and although it contains just one eighth of the UK population, its £265 billion a year economy accounts for one fifth of the country's Gross Value Added (GVA). In terms of key sectors, London's service economy is larger, more productive and more export-oriented than elsewhere in the UK, with its service sector exports making up a third of the UK total, with key service exports including advertising and market research, computer and information services, engineering and other technical services, fund management and securities broking, insurance, legal services, telecommunications, management consulting, finance and other business services.

⁸ Sunday Telegraph: Moylan Flies to the Defence of Boris; 7 October 2012

⁹ www.lboro.ac.uk/gawc/

42. The city is Europe's largest financial centre and, along with New York, is one of only two truly global financial hubs. The world's premier venue for international share listings, it contributes a surplus of £40 billion annually to the UK trade balance and accounts for over 30% of UK jobs in the financial services sector. However, a very large number of overseas-based business people also travel frequently to London to utilise its legal, financial and other business services. According to London First, it is this concentration of financial and professional (or producer) services that is a key reason for London's success as an international business centre and its ability to attract overseas companies and investment.
43. The economic dynamism of London's economy, which is vital to the whole UK, is closely linked to a number of highly internationally-oriented sectors. This is partly because London contains a very high proportion of companies that have overseas based headquarters or which engage in business with overseas based corporations or public entities. The UK has been chosen as the location for the vast majority of European headquarters. These decisions are made partly on the basis that London has good links to international networks of company facilities, access to highly skilled staff and specialised business services, all of which are part of the interconnected system which links international aviation to London's economic attributes.
44. London is Europe's principal business centre. Over 550 international banks have a presence in London, more than any other city in the world. One third of Fortune Global Top 500 companies have their European headquarters in London (Figure 7), and 22 have their global headquarters there – the highest total for any city (Figures 7 and 8). London also has more HQ's than any EU City (Figure 8) In total there are currently 13,510 overseas owned companies in London, from 92 countries. Servicing this level overseas based and HQ activity will put a premium on good business travel connectivity and make access to high value Business Aviation a pre-requisite.

Figure 7: Location of Fortune 500 Companies

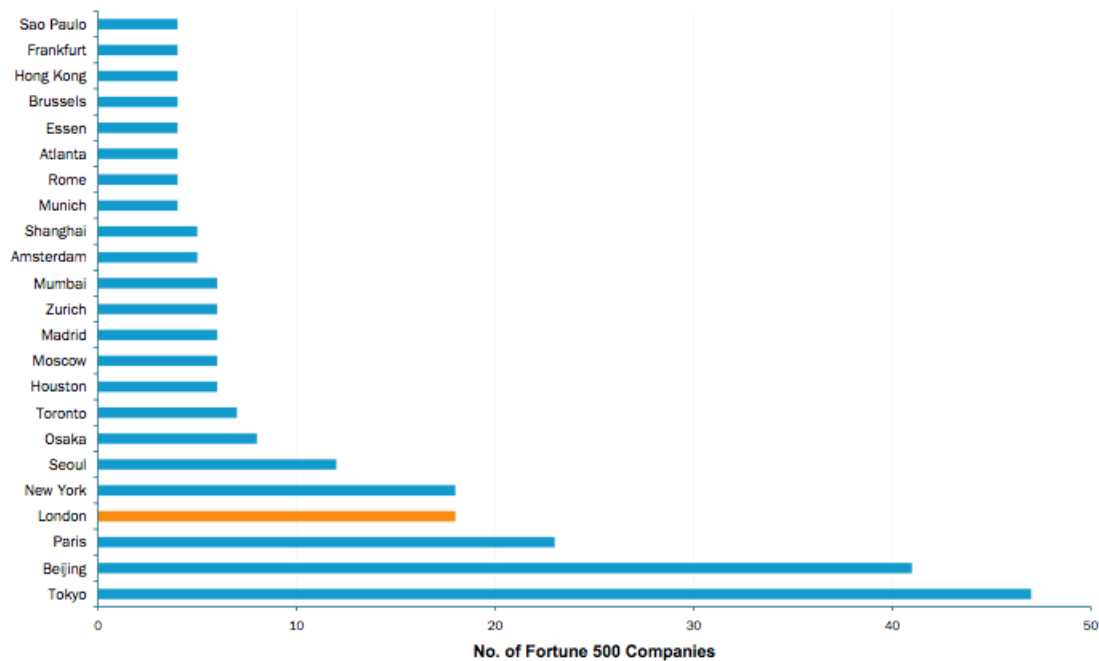
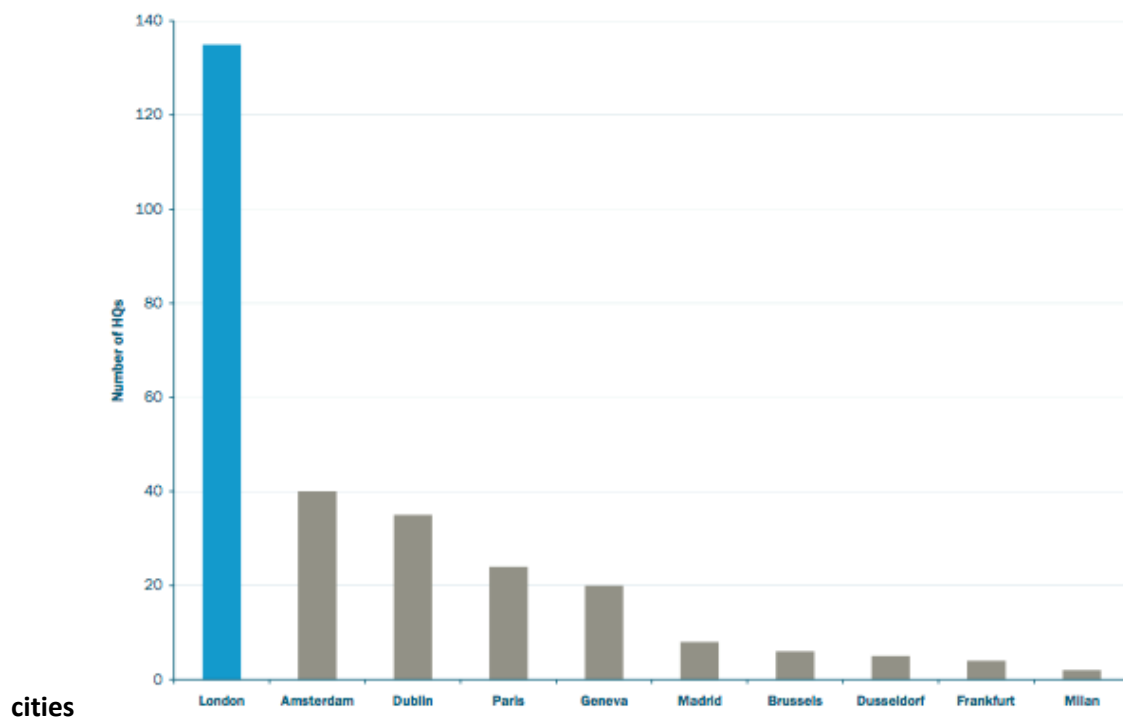


Figure 8: No of Foreign HQs in major EU



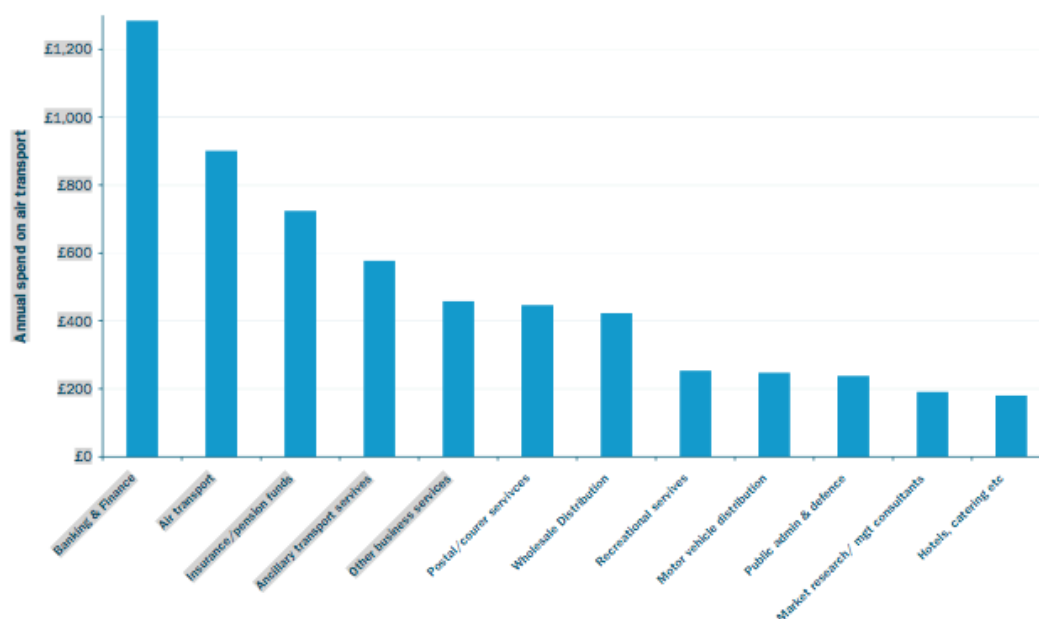
45. This assessment is only further confirmed by:

- London’s success in attracting foreign direct investment (FDI), for which London is a leading European city and top performer internationally.
- The strong presence of three key sectors which are driving its economy – financial services, business services and ICT, all of which have the common features of needing to expand markets in emerging countries while major players from

emerging countries are starting to internationalise their activities, hence putting a premium on aviation connectivity.

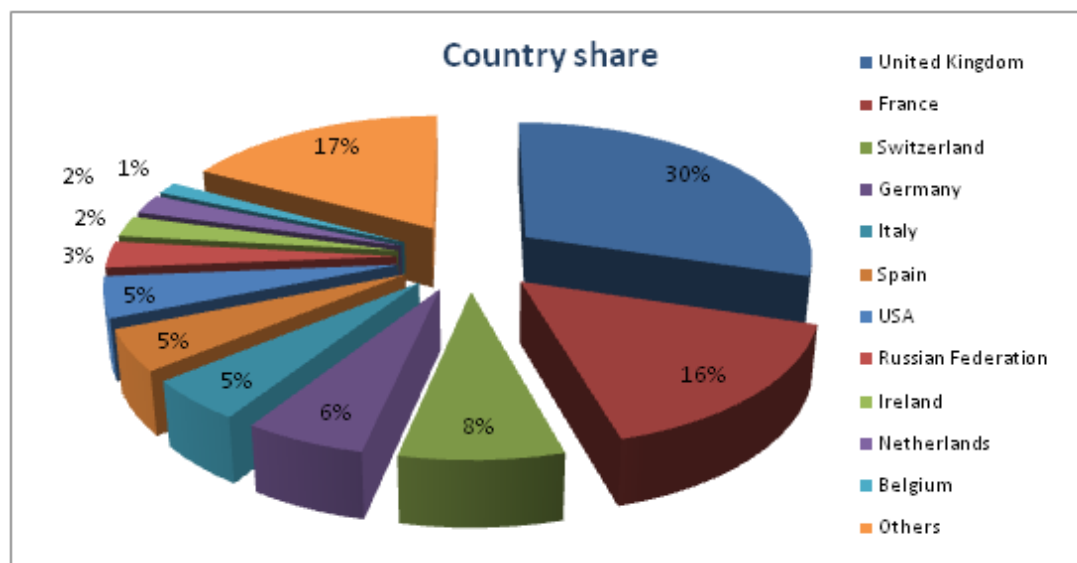
- London’s role in playing host to the headquarters of a range of international institutions including the European Bank for Reconstruction and Development, the International Petroleum Exchange, the International Maritime Organisation, the European Medicines Agency, the International Sugar Organisation and the International Grains Council. There are also representative offices for the European Commission, the World Bank, the European Investment Bank, the United Nations, and the International Labour Organisation in London, whilst almost all of the United Nations’ members have an Embassy or High Commission there.
- Like the banking and finance sectors, the insurance and pension funds sectors are notable for the high proportion of aviation in their transport expenditure and their high expenditure per employee.
- Surveys by the City of London Corporation highlight the critical importance of air services to companies in the City and Central London Business District. These found that almost 70% of firms consider air services to be critical for business travel by their staff, while 50% considered air services critical for travel by their clients to meet with them. While new technology, such as video-conferencing, was considered useful, companies considered flying for face-to-face meetings still to be vital to winning new business and developing client relationships.
- Figure 9 shows total expenditure on air transport for the main air transport- using sectors in the UK. In 2008 Banking and finance, with £1.3 billion, was the highest spending sector. This accounted for 15.6% of all expenditure on air transport by business. The banking and finance and insurance and pension funds sectors are notable both for the high proportion of aviation in their transport expenditure and their high expenditure per employee. However, other sectors that are equally strong within London and characteristic of dominant World Cities – for example business services and management consultancy – are also high users of air travel.

Figure 9 Economic Sectors Spending most on Air Transport



46. These factors emphasise the need for London to encourage and expand air links with a wider range of destinations. Good air links are vital to the London economy. According to the most recent European Cities Monitor, businesses rated “easy access to markets, customers or clients” and “transport links with other cities and internationally” as the first and third most important factors when determining where to locate. These factors were considered more important than staff costs, availability of office space, ease of travel within the city, and the climate governments create for business. On both criteria London ranked first, helping it retain its title as Europe’s best city for business.
47. Since the time advantages of using Business Aviation arise mainly through shorter surface access times to and through airports, rather than faster air travel (although Business Aviation aircraft fly at the same height and speed as scheduled airliners) the time saving from Business Aviation tends to be most significant for shorter trip distances. Consequently, domestic flights made up the largest segment (30%) of all Business Aviation movements to/from London in 2008. As for international traffic to and from the UK, France accounted for almost 17% of all UK business movements – more than double any other country (see Figure 10), followed by Switzerland and Germany, with the USA at only 5% and Russia at 3% but growing rapidly.

Figure 10: Country Destination Split from 5 Main London Airports



48. Of course much of the above evidence on the importance of air transport links to the London economy relates to the aviation sector generally rather than Business Aviation specifically. That said, and accepting that there are differences in the USA due its scale, the earlier US focused analysis of the value of Business Aviation to companies and high worth individuals, London’s representation in terms of overseas based firms, Fortune 500 companies and company headquarters means that it must be reasonable to infer that Business Aviation is important to a range of the City’s corporate organisations and its economy.

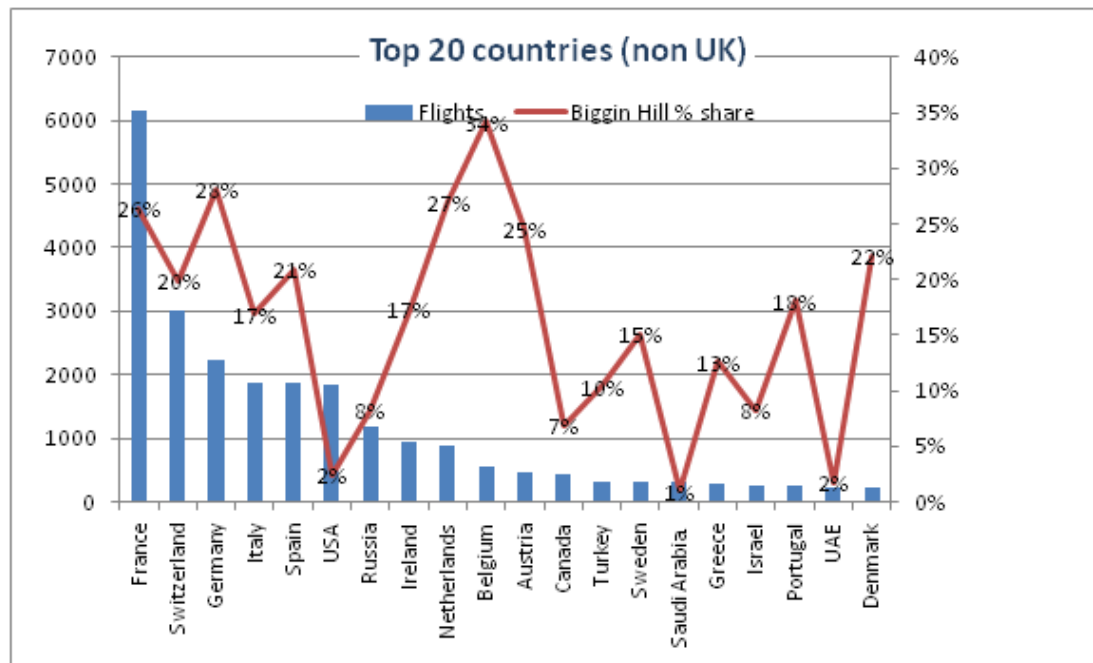
Future Aviation Connectivity Objectives

49. In answer to the first question under this heading in the Discussion Paper, whatever measures the Commission uses in its work to evaluate the value of aviation connectivity, it must have a component which examines the contribution of Business Aviation, which in terms of the range of destinations and the flexibility with which they serve is potentially material.
50. We have also drawn attention earlier to the aspects of the Governments growth targets and the particular sectors and markets for which Business Aviation should form of the delivery mix.
51. In terms of the proposition that additional connectivity may support the argument that additional capacity may be required, we agree, but would urge the Commission to look at the Business Aviation airports as well as scheduled ones and we will be providing further evidence on this in future submissions.

Concluding Remarks

52. In the interim, we hope this response has made the Commission begin to re-consider its failure thus far to specifically address the short, or indeed the medium and longer-term, needs of Business Aviation. Clearly we believe LBHA has a significant role in helping to address a number of issues on the Commission's agenda in relation to South East airport capacity and we will be setting that out on 17 May. In the interim Figure 11 paints a picture of LBHA's position in the Business Aviation market for London. We believe Biggin Hill is the ideal business jet Gateway for London and we are looking to ensure that any future policy framework emerging from the Commission's work properly recognises this.
53. We stand ready to discuss the needs of the sector and LBHA's potential role in the wider London Airport system of the future at the Commission's convenience.

Figure 11: Top 20 Non-UK Business Aviation Destinations from London and Biggin Hill's Share of Each Market



Appendices

1: EUROPEAN AIRPORTS RANKED BY BUSINESS AVIATION MOVEMENTS PER DAY

2011 Rank	2010 Rank	ICAO Code	Airport	2011 Business Deps/Day	2010 Business Deps/Day	Business Growth	% Business	Busiest Business Day
1	1	LFPB	PARIS LE BOURGET	69.7	67.7	3.0%	87%	129
2	2	LSGG	GENEVE COINTRIN	51.5	50.1	2.8%	21%	96
3	3	LFMN	NICE	37.7	35.9	5.1%	20%	136
4	4	EGGW	LONDON/LUTON	34.0	33.2	2.4%	25%	80
5	7	LSZH	ZURICH	31.9	31.4	1.7%	8.7%	95
6	5	LIML	MILANO LINATE	31.6	33.1	-4.4%	19%	80
7	6	LIRA	ROMA CIAMPINO	29.9	33.1	-9.5%	37%	61
8	8	EGLF	FARNBOROUGH CIV	26.5	26.7	-0.8%	86%	61
9	9	LOWW	WIEN SCHWECHAT	22.3	21.7	2.8%	6.2%	48
10	10	EDDM	MUENCHEN 2	19.6	19.1	2.8%	3.5%	41
11	11	LETO	MADRID TORREJON	16.4	18.2	-9.8%	84%	36
12	12	LFMD	CANNES MANDELIEU	15.4	15.9	-3.1%	79%	52
13	15	EGKB	BIGGIN HILL	14.8	13.1	13.3%	88%	42
14	13	EDDS	STUTTGART	14.8	14.5	2.3%	8.7%	33
15	33	LTBA	ISTANBUL-ATATURK	13.9	9.8	41.3%	3.2%	33
16	17	EBBR	BRUSSELS NATIONAL	12.9	12.9	0.2%	4.1%	32
17	18	LEBL	BARCELONA	12.2	12.5	-2.2%	2.9%	39
18	23	EHAM	SCHIPHOL AMSTERDAM	12.2	11.1	9.5%	2.1%	30
19	19	EDDB	SCHOENEFELD-BERLIN	12.0	12.2	-2.0%	12%	39
20	28	LKPR	PRAHA RUZYNE	11.8	10.5	12.5%	5.9%	26
21	20	LIEO	OLBIA COSTA SMERALDA	11.7	12.2	-3.7%	31%	76
22	22	LEPA	PALMA DE MALLORCA	11.6	11.3	2.5%	4.7%	42
23	21	UKBB	KIEV - BORISPOL	11.5	11.7	-1.5%	7.8%	26
24	24	EDDK	KOELN-BONN	11.3	11.1	1.8%	6.5%	35
25	14	LGAV	ATHINAI E. VENIZELOS	11.1	13.5	-17.7%	4.8%	27

Source Eurocontrol

APPENDIX 2:

BUSINESS AVIATION FACILITIES SERVING WORLD CITIES

Business Aviation Facilities Serving Major World Cities												
World City Ranking	Name of City	Location of Substantive BusAv Facilities			Number of Substantive BusAv Facilities	Name of Airport(s)	Dedicated Bus AV Airport	Distance/Time to Downtown	Comments			
		Principal International	Secondary or Domestic	Bus Av Only								
1	London		Yes	Yes	5	Luton, Farnborough, Biggin Hill, Stansted, London City	Yes (2)					
2	New York		Yes	Yes	4	Teterboro, White Plains, Republic - Long Island, Morristown	Yes (3)		White Plains also has scheduled services			
3	Hong Kong	Yes			1	Hong Kong International	No		Several downtown heliports			
4	Singapore	Yes		Yes	1	Chiangi, Seletar	Yes (1)		Seletar is hub; Chiangi is for VIP's			
5	Paris			Yes	2	Le Bourget, Pontoise Cormeilles-en-Vixin	Yes (1)		Dominates Bus Av			
6	Tokyo		Yes	Yes	2	Ibaraki, Haneda	Yes (1)		Ibaraki to become Bus Av Hub			
7	Chicago		Yes	Yes	3	Midway, Chicago Executive, DuPage	Yes (2)		O'Hare very little Bus Av			
8	Sydney	Yes			2	Kingsford Smith, Bankstown	No		ABAA want BusAv preserved at Sydney			
9	Shanghai	Yes	Yes		2	Pudong, Hongquao	No		Pudong (international), Hongquao (Domestic)			
10	Dubai	Yes	Yes		3	Dubai Internationalm Al Maktoum, Sharjah	No		All will have BusAv; no one planned to be dedicated			
11	Toronto	Yes			1	Pearson	No		Buttonville due to close and Billy Bishop prop only			
12	Milan	Yes	Yes		2	Linate, Malpensa	No		Linate primary, Malpensa some international			
13	Los Angeles	Yes	Yes	Yes	5	LAX, Van Nuys, Ontario, John Wayne, Bob Hope, Santa Monica	Yes (2)		Nan Nuys and Santa Monica are dedicated Bus Av			
14	Beijing	Yes	Yes		2	Beijing Capital International, Nanyuan	No		Nanyuan will close when new airport built			
15	Mumbai	Yes			1	Chhatrapati Shivaji	No		No dedicated airport			
16	Sao Paulo	Yes	Yes		3	Guarulhos, Congonhas, Viracopos/Campinas	No					
17	Amsterdam	Yes			1	Schipol	No					
18	Mexico City				0	Benito Juarez International	No		Very restricted; use outlier airports - no real Bus Av			
19	Frankfurt	Yes		Yes	2	Frankfurt Main, Eaglesbach	Yes (1)					
20	Madrid	Yes		Yes	2	Barajas, Torrejon	Yes (1)					
21	Moscow	Yes	Yes		3	Vnukovo, Domodedovo, Sheremetyevo	No		Vnukovo handles 70% of Bus Av, but also 6m pax			
22	Buenos Aires	Yes	Yes	Yes	3	Ezeiza, Jorge Newbery, San Fernando	Yes (1)		San Fernando mainly GA			
23	Kuala Lumpur	Yes		Yes	2	Sepang, Subang	Yes (1)		Subang converted to GA and cargo			
24	San Francisco	Yes	Yes	Yes	6	SFO, Oakland, San Jose, Reid-Hillview, San Carlos, Haward Exec	No		SFO is main facility; others for internal US Bus Av			
25	Seoul	Yes	Yes		2	Incheon, Gimpo	Yes (1)		Gimpo Bus Av Hub			
Source:	Analysis by ASAP											
	References - Fly Corporate, Global Business Jet Yearbook, Airport Websites											