

Response from West London Business

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Discussion Paper 02 -- Aviation Connectivity and the Economy

Airports Commission

West London Business (WLB) welcomes the opportunity to respond to this Airports Commission paper. WLB is the Chamber of Commerce and economic development agency for West London. We represent some seven hundred members and affiliates, including such leading names as GSK, Diageo, Heathrow, HSBC, the BBC, SEGRO, Brunel University and British Airways. We work closely with businesses and the six west London boroughs, with the aim of promoting West London as a destination for investment and enhancing the business environment in this area. This involves us in partnering the GLA and London and Partners. We have also managed recently an ERDF-funded programme, Gateway Asia, which supported SMEs by offering advisory services promoting exports to Asian markets, which has enabled us to assess SME views and build Asian trade partnerships.

Sect 5.4 Questions relating to the nature of connectivity in the UK and its drivers.

WLB broadly agrees with the definition of connectivity presented here. However, with regard to our members' concerns and priorities we would stress the importance of the role of a hub airport in connecting our business communities with long haul destinations, particularly via direct flights. As evidenced by WLB member surveys carried out in 2012 and 2011, this is clearly a priority concern for our West London businesses, many of whom are global in outlook and whose operations and markets are international.

We largely agree with the assessment made of the UK's current aviation connectivity, though the level of connectivity is distorted to a large degree by the frequency of flights to traditional markets and cities (ie, New York and Hong Kong) which conceal weak connectivity to other important emerging economic hubs and cities within growing markets.

We consider that the main reason the UK is more closely connected to certain traditional cities and markets is because of historical relationships built up through the ages of sea commerce, empire and cultural affinity. For example, the UK is well connected to Hong Kong because of the colonial past but this close connection belies the weak connectivity with other major emerging Chinese cities (Chengdu? Chongqing?) which are much better served by our European competitors.

The main constraint for the UK's connectivity and expansion of route network is quite simply airport capacity – and particularly hub airport capacity -- as the key routes from a business perspective are direct long haul flights to major emerging markets such as the BRIC countries offer.

Our members, expressing their views through informal surveys and WLB meetings, clearly do not feel that indirect connections are an appropriate substitute for increasing our own hub capacity. This will merely divert business and investment to intermediate competitive hub airports.

Sect 5.5 Questions relating to the assessment of how aviation connectivity supports Trade In Goods, Trade In Services, Tourism, Business Investment and Innovation, and Productivity.

WLB strongly agrees with the proposition that aviation connectivity supports economic growth by facilitating the above sectors. To rebalance the UK economy and create a long-term sustainable model replacing an over reliance on credit and consumer spending and services the UK needs to significantly increase both innovation and exporting.

Aviation connectivity can also promote economic growth through the stimulation of cultural and intellectual exchange, bringing people face to face. It also plays a major role in developing international business clusters as today's global and highly mobile companies gather around hub airports for easy access to their world markets. In addition, connectivity supports the development of international trade fairs which are major drivers of exporting and growth.

The main risk to aviation connectivity for the UK is political. We urgently need national government leadership in developing an aviation expansion policy which is both bold and sustainable. This is currently lacking. Instead we have dithering, delay and short term political point scoring. Other risks include the potential economic dangers of increasing fuel price and shortages, as well as business risks to airlines.

Additional important policy issues that need to be taken into account relate to immigration regulation and visa control.

Sect 5.6 Questions relating to what the UK's objectives for future aviation should be.

For WLB the best way of measuring the UK's aviation connectivity would be to look at the patterns of demand for both business and tourist travel internationally and benchmark the UK's connections against these trends.

The number and frequency of flights as well as the time and cost will all have a bearing on demand, but the key factor in boosting economic growth will be to provide direct long haul flights to emerging markets where our best export and partnership prospects lie.

We consider that airport capacity constraints, particularly at the UK's hub airport, have a major impact on the frequency and number of destinations we enjoy. In our view it is critical to expand Heathrow Airport and reverse its declining competitive position. The number of long haul destinations Heathrow serves has declined from some 220 to 180 in the last ten years. Looking at the development of internationally competitive hubs (such as Schiphol and Frankfurt), it is clear they are racing ahead of us. It is urgent that we develop sufficient capacity at our hub airport to serve critical markets via major cities in China, India, Latin-America and Russia.

WLB's view is that this additional capacity can best be provided by expanding Heathrow, which provides a mature infrastructure, skills base and a ready made financial plan avoiding any cost to the public purse.

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