

29 October 2013

**Speech by Sir Howard Davies, Chair of the Airports  
Commission, 7 October 2013**

We note with interest your speech on 7 October, in which you outlined some of the Airport Commission's emerging thinking. Aberdeen International Airport (AIA) welcomes your invitation to respond to the comments made in your speech, as well as your ongoing commitment to engage with the stakeholder community on the future of air capacity in the UK.

We agree with your assertion that we should not take rising passenger numbers for granted. As events such as the terrorist attack of 9/11, the SARS outbreak, the economic crash of 2008 and the 2010 volcanic ash crisis illustrate very clearly, there are a range of social, economic and environmental factors that can have an impact on passenger demand, some of them almost impossible to either predict or mitigate against. However, the historic trend shows that passenger numbers in the UK have increased by 17% over the past decade, rising from 188 million in 2002 to 220 million in 2012 (source: CAA).

AIA's own forecasts – revised in the wake of the global economic crisis – suggest that passenger numbers will continue to grow at an average rate of 2% per year up to 2040. On this basis, we must plan for and build additional capacity at AIA.

As you state, the real challenge is to be found in the south east of England, where airports are under increasing pressure to meet current demand, far less the anticipated future growth. The industry can, and will, play its part in responding to these capacity constraints, but as you rightly suggest, the market alone cannot resolve what is a structural problem.

The *Summary of proposals for making the best use of existing airport capacity in the short and medium term*, recently published by the Commission, includes a number of suggested remedies which AIA would endorse, including:

- Government control over allocation of slots
- Use of PSO to safeguard regional access to Heathrow
- Financial incentives to use slots for routes to emerging markets

- Reduce or abolish APD/ Devolve APD to Welsh and Scottish Governments
- Temporary APD reduction for new routes
- Improved road/rail access to regional airports
- Route development funds to promote new routes

However, we share your view that additional and significant capacity is required in the longer term, both in order to meet forecast demand, but also to ensure that regions like the north east of Scotland retain their links to London's main airports, particularly Heathrow.

On this point, we welcome your comments in respect of regional airports and entirely agree with your analysis of the situation. It is indeed the case that while many regional airports, including Aberdeen, have worked hard to secure new, direct international services, access to the south east, and Heathrow in particular, remains a key priority because of the international connectivity it provides.

We continue to urge the Commission to ensure that the needs of regional airports are considered as part of the debate about the future of air capacity in the south east.

Finally, you raised an important point about how Government might use APD to encourage new routes from regional airports, citing the Belfast example. The Belfast case is a good example of how APD can be manipulated to support regional airports and deliver costs savings for passengers in areas with few transport alternatives.

For example, a family of four flying economy from Edinburgh or Glasgow to Newark would pay £268 in APD, whereas the same family flying from Belfast would pay no such tax. The same family flying from Aberdeen, via Heathrow (there are no long haul flights from AIA), would pay £372 in APD. This clearly disadvantages Scottish based passengers. We do not begrudge the decision of the Northern Ireland Assembly to remove APD on long haul flights from Belfast; we merely suggest that Scotland should have the same right to set its own rates given the particular challenges our airports face (outlined in detail in previous submissions).

We look forward to hearing the substantive views on the Commission on this issue, and on the wider challenges facing UK aviation.

**Carol Benzie**  
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