

AICES Response: Airports Commission Discussion Paper 06: Utilisation of the UK's Existing Airport Capacity

- **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 – 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 06: Utilisation of the UK's Existing Airport Capacity.

- **Economic Contribution of Express Services to the UK Regions**

Express services are used primarily to achieve the next-day delivery of goods and documents allowing UK businesses to compete in the global market. In 2010, the express sector contributed £2.3 billion to UK GDP, and the sector facilitated £11 billion of UK exports a year.¹ Express services 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.

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. A significant proportion of these jobs are in the regions for example, AICES Members directly employ well over 2500 people at East Midlands Airport (EMA) and indirectly contribute to many more jobs in the local community.

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, this is particularly the case for the UK regions. 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 particularly when collecting and delivering to regional businesses that are some distance from an international hub airport. In order to ensure competitive cut off times which enable all regions access to the international marketplace regional air connections rather than road are essential.

AICES members operate out of a number of regional airports outside the South East in order to ensure a genuinely national network which enables international connectivity. For example TNT and UPS operate out of EMA, Edinburgh and Belfast International; DHL from Edinburgh Airport, EMA, Aberdeen and Belfast City; and Fedex from Birmingham, Manchester, Glasgow, Newcastle and Belfast International. These operations allow the businesses in the regions to compete in the international market place. Speed of delivery of goods and the ability to quickly source components is vital and express services enable this connectivity throughout the UK.

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

AICES also supports the Commissions contention on page 17, para 1.40 that long haul services directly from regional airports:

“....can also open up new export markets, enabling local businesses to generate substantial income from belly hold cargo. For instance, Newcastle Airport has estimated that it exports goods produced in the North East with a value of over £250m per annum, and attributes a large growth in this figure to its daily Dubai service.”

- **Importance of Transshipments to UK business in the regions**

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 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.

- **Conclusion**

AICES welcomes the Commission’s decision to examine the connectivity between airports in the South East and UK regions. Express services operating out of Stansted, Heathrow and Luton connect up UK regional airports to the international market place and help to fund new routes from regional airports to international export destinations through bellyhold. Express services should therefore be considered as part of the equation when the Airport’s Commission looks overall at connectivity and utility between London and the regions. AICES agrees with the Commission’s statement on page 7 paragraph 1.5 that domestic air routes play a crucial role in connecting regions to major cultural and economic hubs within the UK. But they are also crucial for onward connectivity to the international marketplace through express services.