LiverpoolJohn
LennonAirport
above us only sky

25th July 2014

Airports Commission
6th Floor
Sanctuary Buildings
20, Great Smith Street
London SW1P 3BT

Dear Sir/Madam

Re: Airports Commission, Discussion Paper 06: Utilisation of the UK's Existing Airport Capacity

Liverpool John Lennon Airport (LJLA) welcomes the opportunity to respond to the Airports Commission's latest paper regarding 'Utilisation of the UK's Existing Airport Capacity'.

LJLA handled over 4.2 million passengers in 2013 with flights to over 50 destinations in the UK and across Europe and is known for its relaxed, hassle free environment and best in class operational performance. The Airport is also one of Merseyside's major employers, attracting inward investment and bringing significant tourism benefits, helping to boost the region's economy. LJLA is a significant driver of prosperity in the Liverpool City Region, currently supporting an estimated £170 million per annum in Gross Value Added and 4,750 full time equivalent jobs in the area.

In responding to the paper, we have set out over the following pages a summary overview of what we see as the key issues, followed by responses to particular points in each of the first three Chapters and finally answers to relevant questions in the final chapter.

Yours sincerely

Matthew Thomas
CEO

Summary

There are three key issues in relation to Liverpool John Lennon Airport (LJLA) and *Discussion Paper 06: Utilisation of the UK's Existing Airport Capacity*:

1, The need to provide access to a London hub airport.

Whilst demand for domestic point to point traffic to London has declined, the need to travel by air on a domestic hub feed in order to connect onwards to global destinations has remained constant for some time and increased in recent years. The Liverpool City Region is one of England's fastest growing regional economies, with a population of 1.5 million people that drives a £20 billion economy. Its recent renaissance has brought increased inward investment and tourism growth as an international visitor destination.

Capacity constraints in the South East have meant that the opportunity for regional airports such as Liverpool to re-establish regular flights to a London hub airport has simply not existed for some time. However the renaissance of the City Region has meant that the demand for improved global connectivity is greater now than at any point in the past 20 years.

Yet, with so many developments and improvements to showcase and more demand for international business and leisure travel, the lack of global connectivity remains and hinders the region's greater potential for success in an internationally competitive market.

Regional airports including Liverpool need to access global connectivity to better meet the needs of the regions they serve. However, if measures are not put into place to secure access to a London hub, then regional airports will be forced to continue to pursue global connectivity opportunities elsewhere by developing links to non-UK hub airports, giving more connectivity business to our European neighbours, despite a preference to keep this connectivity within the UK.

2, Economic importance of regional airports

Whilst the financial pressures on many UK regional airports are well recognised with questions regarding the viability and sustainability of some, the strategic benefits gained from those airports with a solid base of key services and a strong market, that deliver clear economic benefits and a competitive advantage, must not be underestimated.

LJLA for example is a significant driver of prosperity in the Liverpool City Region, currently supporting an estimated £170 million per annum in Gross Value Added and 4,750 full time equivalent jobs in the area.

Any consolidation of regional airports will have a significant detrimental impact on the local economy that would not be compensated for, through growth and expansion at a handful of larger regional airports despite the density of the UK airport network.

There is strong anecdotal evidence that simply having an airport can make a difference to whether investment can be attracted to an area. An airport's presence on global flight booking systems, allows inward investors or those considering trading with local firms, to recognise easy flight connections to a region. By not having hub connections with network airlines via LJLA, the Liverpool City Region can become in effect invisible to those seeking to do business here.

Whilst access to a local airport may only be one of a number of factors that will attract investment and business activity to an area, having no convenient air access can simply result in a region never getting on the shortlist when it comes to potential inward investment.

3, Options that could support regional airports

There are areas of support or policy which certainly have the potential to help the cause of UK regional airports, however unless these policies are sufficiently flexible to reflect the specifics of the UK regional airport market, and the positive economic impact on a region, then it will remain difficult for significant benefits to be achieved.

The Regional Air Connectivity Fund, announced in this year's budget speech, is a good example of how support from Government can make a difference and help to stimulate growth on key new services that would otherwise prove difficult to attract. LJLA welcomes the new State Aid regulations of the European Union which permit support for airports up to 5 mppa, which will include LJLA. However, driving economic growth is a key justification for the Fund; the economic benefit to a region must be the key factor in application of the Fund rather than strictly adhering to the EU guidelines.

The Regional Air Connectivity Fund could make a difference in attracting new routes to operate from regional airports and provide confidence to airlines to commence a service knowing that support is available in the difficult early start-up phase of a new route.

Air Passenger Duty (APD) also remains a barrier to airline growth in the UK, with airlines highlighting that this continues to be a factor in them developing more intra-European services as opposed to flights serving the UK market. This needs to be reduced for regional airports or removed altogether in order to stimulate the market, particularly where low cost airlines are dominant and where APD makes up a higher proportion of the air fare compared to long haul and premium fares. In addition, the double charging of APD on domestic sectors continues to act as a deterrent to new domestic services linking the regions of the UK.

Detailed responses

Chapter 1, How do non-London airports currently provide connectivity and utility to the UK?

1.5

In Liverpool's case, unlike the reference to other regional airports, only 15% of our total passenger throughput in 2013 was travelling to and from other UK airports.

1.6

Whilst not having had a route to London Heathrow for over 22 years, we agree with the Commission's *Interim Report* over the importance of domestic connections at Heathrow, recognising the benefit both in terms of access to the capital's economy, but more importantly the long-haul connectivity that a link to Heathrow brings.

1.10 & Table 1.1

There have been no services to London Stansted from Liverpool in the past six years.

1.16

We agree with the reasons why demand for pure domestic point to point air travel to London from the UK regions has declined, however it is important to differentiate between point to point demand and demand for onward connections. Whilst demand for point to point is declining on a domestic flight, the demand for travel in order to connect at Heathrow for onward international departures, has not diminished in recent years.

Whilst this demand has not fallen, supply of such domestic flights has and as a consequence capacity to alternative non-UK hub airports has increased. In addition, significant numbers of passengers travel by surface transport to London for onward travel. For example, growth in demand for a link to a hub airport is self-evident from analysis of the latest CAA passenger survey data. This shows that in 2013 over 1.1m passengers from Liverpool John Lennon Airport's core catchment area, took a connecting flight for onward travel from other UK Airports; an increase compared to the 2012 figure of 957,000. Of these over 278,000 travelled by surface to one of the London airports for onward travel, compared to 214,000 in 2012.

1.17

We agree with the paper's comments regarding capacity constraints and the 'squeezing out' of regional routes.

1.21 – 1.28

We broadly agree with the comments made regarding reduced demand, though this should also be clarified that these explanations only refer to the point to point domestic demand and not in relation to passenger demand flying domestically to connect onwards internationally.

1.34

We do not believe that demand for point to point domestic services by air to the capital will grow in the coming years due to the attraction of the rail alternative. However we do believe that demand for international connectivity from regional airports will grow as will the subsequent demand for domestic services to Heathrow or other South East hub airport to facilitate this connectivity.

1.44 & 1.47

The Liverpool City Region has seen an increase in the numbers of passengers travelling for business purposes. 2012 CAA Survey Data shows 758,000 business travellers from the Liverpool City Region whilst in 2013 this figure increased to 780,000. In addition, low cost carriers such as easyJet who are dominant at LJLA, have proactively grown their business market through flexible fares, dealing directly with corporates and reintroducing allocated seating.

1.48 - 1.54

We agree with the comments made about the economic and other benefits provided by non-London airports. At LJLA, over £130m has been invested at the airport in recent years helping to grow passenger numbers by almost 10 fold, from circa 450,000 in the mid 1990's to present levels. This on-going investment in Airport facilities to provide an efficient operation and high levels of customer service has helped to firmly establish the Airport not only as a gateway for Merseyside but for the North West and north Wales as a whole. The Airport is also now one of Merseyside's major employers, attracting inward investment and bringing significant tourism benefits, helping to boost the region's economy. A study undertaken in 2013 by York Aviation showed that LJLA is a significant driver of prosperity in the Liverpool City Region, currently supporting an estimated £170 million per annum in Gross Value Added and 4,750 full time equivalent jobs in the area.

Chapter 2, How are the business models of non-London airports changing, and how can they be expected to change further in time?

2.2 – 2.7

We broadly agree with the comments made regarding financial pressures on regional airports but the opportunity for well managed regional airports to operate profitably does exist.

2.14

In addition to the explanation provided in this paragraph it is also worth highlighting that increased competition from dominant larger regional airports with greater economies of scale, who may be able to offer airlines greater incentives in comparison to what smaller regional airports are able to offer, is also a factor in streamlining airline routes towards larger regional airports.

2.19 & 2.20
LJLA strongly opposes the suggestion that some consolidation of regional airports could be absorbed without causing significant diminution to either individual regions or the UK as a whole.

Whilst the financial pressures on many UK regional airports are well recognised with questions regarding the viability and sustainability of some, the strategic benefits gained from those airports with a solid base of key services and a strong market, that deliver clear economic benefits and a competitive advantage, must not be underestimated.

Liverpool is the UK's fifth largest city and it is vital that it has its own airport to serve the city region. Without this asset, the city region would be at a significant disadvantage compared to other regions. Whilst Manchester Airport is just over 30 miles away, the Liverpool City region needs its own international and global connectivity in order to compete effectively with other regions. Liverpool John Lennon Airport has been a key partner with the region in attracting inward investment and making significant progress as a tourism destination in recent years.

There is strong anecdotal evidence that simply having an airport can make a difference to whether investment can be attracted to an area. Whilst access to a local airport may only be one of a number of factors that will attract investment and business activity to an area, having no convenient air access can simply result in a region never getting on the shortlist when it comes to potential inward investment and this is particularly important for a region the size of and with the ambitions of the Liverpool City Region.

The role that LJLA plays in terms of supporting wider economic impacts in the City Region economy reflects the nature of connectivity currently offered by the Airport and its passenger demand base. This is a message that has been strongly supported by stakeholders from across the region.

The area in which LJLA is felt to contribute most significantly in terms of the wider economy is in relation to tourism impacts. The visitor economy is felt to have been one of the great success stories of the Liverpool City Region since Liverpool was European Capital of Culture in 2008. Since 2004, Liverpool has gone from being the 16th largest destination for international visitors in the UK to being the 5th in 2012 and the Airport is felt to have played an important role in this transformation, enabling international visitors particularly, to get to the City quickly and easily and, through the strength of the easyJet and Ryanair offer at the Airport, at a reasonable price. Stakeholders have noted for instance the confluence between overseas markets served by LJLA and strengths in terms of overseas markets. Conversely, where connectivity is currently weak, the reverse is true.

LJLA is one of Merseyside's major employers, attracting inward investment and bringing significant tourism benefits, helping to boost the region's economy. A study undertaken in 2013 by York Aviation showed that LJLA is a significant driver of prosperity in the Liverpool City Region, currently supporting an estimated £170 million per annum in Gross Value Added and 4,750 full time equivalent jobs in the area. The closure of a regional airport such as Liverpool would have a significant impact on local communities and the local economy.

Chapter 3, Can the connectivity provided by these airports be enhanced? What are some of the options for Government and other bodies to intervene in this sector?

3.4 & 3.5

Applying EU State Aid Guidelines uniformly is problematic in the UK market which has a greater airport density compared to many other EU countries. For example the UK has a commercial airport every 4,398 sq kilometres. In France, there is a commercial airport every 10,757 sq kilometres and in Germany every 15,848 sq kilometres. UK airport density is even greater than in the US and China. The USA has a commercial airport every 5,761 sq kilometres and China every 49,351 sq kilometres.

As a consequence, with the guidelines stipulating that state aid is not available to support a route if the same route is operated from an alternative airport less than 100kms away, LJLA is unable to seek State Aid assistance for many new routes, since Manchester is approximately 50 kilometres away.

LJLA believes that State Aid assistance could make all the difference in attracting new routes to operate if adapted to the needs of the UK market. Recognition should be given to the economic impact that a new route at an airport could bring to the region it serves if funded this way.

3.10

The Regional Air Connectivity Fund, announced in this year's budget speech, is a good example of how support from Government can make a difference and help to stimulate growth on key new services that would otherwise prove difficult to attract. LJLA welcomes the new State Aid regulations of the European Union which permit support for airports up to 5 mppa, which will include LJLA. However, driving economic growth is a key justification for the Fund; the economic benefit to a region must be the key factor in application of the Fund rather than strictly adhering to the EU guidelines.

The Regional Air Connectivity Fund could make a difference in attracting new routes to operate from regional airports and provide confidence to airlines to commence a service knowing that support is available in the difficult early start-up phase of a new route.

3.16

The example chosen using an A340-200 operating to the US, 7 days a week from a 3-5m passengers per year regional airport is unrealistic since no aircraft of this size operates at airports with under 5m passenger per year. A better example would be for a smaller aircraft such as a 50 seat CRJ operating to a European hub airport destination such as Frankfurt.

3.17

This level of financial aid could act as a serious incentive to the development of new routes such as a hub feeder service from Liverpool to Frankfurt, bringing significant benefits for the local economy by opening up global connectivity. However such a service falls outside of the EU guidelines. A one rule fits all policy does not work for all airports and restricts their ability to develop new services in comparison to its competitors and there is a requirement for Government to be flexible in their approach towards adherence to the EU guidelines.

LJLA welcomes the new State Aid regulations of the European Union which permit support for airports up to 5 mppa, which will include LJLA. However, driving economic growth is a key justification for the Fund; the economic benefit to a region must be the key factor in application of the Fund rather than strictly adhering to the EU guidelines.

3.26

The recent changes to APD with the abolition of the two highest bands have had no effect at all on traffic at regional airports such as Liverpool. Here, 95% of passenger traffic is served by low cost operators easyjet and Ryanair, for whom changes are required at the lowest bands of APD. Airlines have cited APD as a factor in decisions to curtail services from LJLA, whilst others see it as a reason to develop more intra-European services as opposed to flights serving the UK market. For example VLM's decision to quit flying from JLA to London City Airport in 2007, was a direct consequence of a doubling of APD.

3.29 - 3.34

LJLA agrees with the comments made about the benefits of close working with various agencies to help develop international tourism to regions outside London and we are working with these agencies in order to try to develop a number of new services for Liverpool. Recently Romanian airline Blue Air announced that they intend to start to operate flights from Liverpool to Bucharest in December 2014. Strong business links already exist between the two regions assisted by the Romanian Consulate in Liverpool and this news follows on from a successful 'Romania Gateway 2018' event recently held at LJLA. This was aimed at promoting closer links between UK and Romanian central and local government and a diverse range of organisations across the North West looking to explore business opportunities in Romania. This is an excellent example of partnership between the Airport and the business community.

3.38 – 3.42

Liverpool is working closely with Merseytravel - the Executive body that provides professional, strategic and operational transport advice to the Liverpool City Region Combined Authority to enable it to make informed decisions. It is also the delivery arm, making transport happen. A Liverpool Airport Surface Access Review is currently being undertaken by Merseytravel in partnership with the Airport to better understand how public transport access to the Airport can be improved.

In addition to exploring opportunities to improve surface access links direct to the Airport, there is also a project that could dramatically improve access to the Airport from further afield. Known as the 'Halton Curve'. Currently there are no direct public transport links from North West Cheshire and North Wales to the Airport or to nearby Liverpool South Parkway rail station which serves LJLA, despite approximately 250,000 passengers each year from these areas using the Airport.

The Halton Curve scheme will dramatically improve the ease of public transport access to the Airport through the reinstatement of a section of rail track between Frodsham and Runcorn. This will allow trains to travel between North Wales, via Chester and North West Cheshire to Liverpool South Parkway for LJLA and onwards to Liverpool City Centre.

Answers to Questions

7.3 Questions on the role that non-London airports currently play in providing connectivity and utility to the UK.

Is the Commission correct to identify a reduction in air connectivity between the UK regions and the London airport network over the last decade? How do recent new routes to the capital, and the stabilisation in passenger numbers on domestic routes to and from London since 2010, affect this analysis?

Yes there has been a reduction in air connectivity between the UK regions and the London airport network, however it is important to differentiate between domestic passengers on such flights and those travelling onward via international connections. Whilst pure domestic point to point air travel to London from the UK regions has declined, it is important to understand that the demand for travel on such flights in order to connect at Heathrow for onward international departures has not diminished in recent years.

For example, demand for a link to a hub airport is self-evident from analysis of the latest CAA passenger survey data which shows that over 1.1m passengers from Liverpool John Lennon Airport's core catchment area, took a connecting flight from other UK Airports.

Recent stabilisation in passenger numbers on domestic routes to and from London since 2010 demonstrates the growing demand for such services because of the international connectivity these links bring to the regions they serve.

How do respondents view these trends developing in the future?

The continued renaissance of the City Regions including Liverpool through both business and tourism growth will generate increased demand for a domestic link to a London hub airport in order to provide onward worldwide connectivity.

Is the Commission's analysis of the multiple factors influencing domestic air connectivity between London and the UK regions accurate?

We broadly agree with the reasons for the recent reduction in air connectivity between London and the UK regions, but with the clarification again that demand for point to point domestic traffic may have declined but not for domestic traffic connecting onward for international travel.

Of the factors outlined, which are the most significant or important for explaining how the market has developed?

From LJLA's perspective, capacity constraints and the 'squeezing out' of regional routes is the most significant factor. Liverpool John Lennon Airport last had true connectivity to a major London hub airport in the early 1990's. In March 1992, British Midland Airways ceased their regular flights to London Heathrow, choosing to use their Heathrow slots for more profitable routes to Europe instead. Since this time, despite attempts to resurrect this link, the lack of slot availability at Heathrow has meant that no replacement service has been possible.

What additional factors, if any, should the Commission be mindful of?

As above, that it is the issue of onward connectivity via domestic links to a London hub airport that is most important.

Is overall transport connectivity between London and the regions at an appropriate level? What are the social or economic consequences of changes to air connectivity? Can respondents provide any comparisons or other evidence?

Transport connectivity between London and the regions is not at an appropriate level. There are currently services between Heathrow and just seven UK airports compared to 19 in 1990. At Liverpool, demand for a link to a hub airport is self-evident from analysis of the latest CAA passenger survey data which shows that over 1.1m passengers from Liverpool John Lennon Airport's core catchment area, took a connecting flight from other UK Airports.

This CAA data also shows the attraction of a hub feeder service for both the business and leisure markets. Of the 1.1m passengers, over 280,000 of these passengers travelled on business, whilst 30% of the total demand comes from foreign nationals visiting the Liverpool area. Currently the traffic mix is fragmented with passengers travelling via a number of gateways including London, Paris, Amsterdam, Frankfurt and the Middle East in order to access long haul connections.

With a global perspective and exceptional economic strengths, Liverpool is recognised as one of the UK's leading business destinations. The City Region is strongly connected to global markets and is home to a host of leading international businesses including Jaguar Land Rover, Unilever, The Peel Group, Novartis, Prinovis, NSG Pilkington, Stobart Group, Santander and Maersk.

At the same time, large scale projects such as Liverpool SuperPort, the Mersey Gateway, Sci-Tech Daresbury, Liverpool Waters and Wirral Waters will all bring multi billion pound investment to the region in the coming years.

The region's visitor economy has seen huge improvements too. Visitors to the Liverpool City Region spend £3.4 billion a year supporting 46,000 jobs in the local economy. In 2012 Liverpool was the 5th most popular destination in the UK for international visitors with 550,000 staying visits and the Visitor Economy asset base has improved beyond recognition in recent years with regeneration projects such as Liverpool ONE, Arena and Convention Centre Liverpool, the Cruise terminal, and the Museum of Liverpool.

Yet, with so many developments and improvements to showcase and more demand for international business and leisure travel, the lack of global connectivity remains and hinders the region's greater potential for success in an internationally competitive market. The need for such a link is obvious. The York Aviation Report 'Making Connections' June 2014 quotes the potential impact on the wider economy of a future hub connection to be around £120m in GVA benefits and 980 jobs by 2050.

If we compare the situation in the UK with that in France, 15 regional airports have direct hub access into Paris Charles de Gaulle, recognising the importance of linking the regions with their main hub airport for onward connectivity. This compares to just seven regional airports linked to Heathrow in the UK. Cities such as Pau with a population of just 64,000 has a triple daily service into the capital, whilst Biarritz with a population of just 25,000 has 13 weekly flights. These two towns are 60 miles apart, yet Liverpool a city of 500,000 and a business economy worth over £20 billion, has no air connectivity to its main hub airport and the onward connections that it provides.

Regional airports including Liverpool need to access global connectivity to better meet the needs of the regions they serve. However, if measures are not put into place to secure access to a London hub, then regional airports will be forced to continue to pursue global connectivity opportunities elsewhere by developing links to non-UK hub airports, giving more connectivity business to our European neighbours, despite a preference to keep this connectivity within the UK.

What future trends do respondents envisage in domestic air connectivity excluding routes into London?

The decline in UK domestic air traffic operating outside of London is likely to continue whilst barriers to airline growth in the UK, such as Air Passenger Duty (APD) remain in place.

How relevant are the factors explored in relation to London and the regions for these other domestic routes?

Airlines highlight that APD continues to be a factor in them developing more intra-European services as opposed to flights serving the UK market. On domestic routes in particular, the double charging of APD continues to act as a deterrent to new domestic services linking the regions of the UK. This needs to be reduced or removed altogether in order to stimulate the market, particularly where low cost airlines are dominant and where APD makes up a higher proportion of the air fare compared to long haul and premium fares.

Is the Commission correct in its analysis of changing purposes of travel and routes types at non-London airports?

The Liverpool City Region has seen an increase in the numbers of passengers travelling for business purposes. In 2012 CAA Survey Data shows 758,000 business travellers from the Liverpool City Region. In 2013 this figure increased to 780,000. In addition, low cost carriers such as easyJet who are dominant at LJLA, have proactively grown their business market through flexible fares, dealing directly with corporates and reintroducing allocated seating.

What are the drivers and ramifications of this trend?

The Liverpool City Region is one of England’s fastest growing regional economies, with a population of 1.5 million people that drives a £20 billion economy. Its recent renaissance has brought increased inward investment and tourism growth as an international visitor destination.

7.4 Questions on how the business models of these airports are changing, and how they can be expected to change further in time.

Is the Commission right to identify particular financial challenges for smaller airports? Can respondents corroborate or refute any of the Commission’s evidence on financial pressures at regional airports?

Yes it is important to highlight the financial pressures that smaller regional airports are under and LJLA broadly agrees with the Commission’s evidence, but the opportunity for well managed regional airports to operate profitably does exist.

Is the Commission accurate in its analysis of the market dynamics affecting the non-London airports sector? Is the Commission correct to identify a broad trend, especially since 2007, in larger regional airports retaining or building their route networks, whilst smaller regional airports’ route networks shrink?

Yes we broadly agree with these comments, having experienced a recent decline in passenger traffic at LJLA.

What explanations can respondents provide for this trend?

Whilst airlines are demonstrating more targeted and streamlined behavior when establishing their route networks as the market matures, it is also worth highlighting that increased competition from dominant larger regional airports with greater economies of scale, who may be able to offer airlines greater incentives in comparison to what smaller regional airports are able to offer, is also a factor in streamlining airline routes towards larger regional airports.

Can respondents provide any evidence to counter or support the Commission's analysis of the UK population having quick access to relatively high numbers of airports, or to build on the Commission's comparison between the UK and other countries' airport networks?

Liverpool is the UK's fifth largest city and it is vital that it has its own airport to serve the city region. Without this asset, the city region would be at a significant disadvantage compared to other regions. Whilst Manchester Airport is just over 30 miles away, the Liverpool City region needs its own international and global connectivity in order to compete with other regions. It is because of Liverpool John Lennon Airport that the region has been able to attract inward investment and make significant progress as a tourism destination in recent years.

There is strong anecdotal evidence that simply having an airport can make a difference to whether investment can be attracted to an area. Whilst access to a local airport may only be one of a number of factors that will attract investment and business activity to an area, having no convenient air access can simply result in a region never getting on the shortlist when it comes to potential inward investment and this is particularly important for a region the size of and with the ambitions of the Liverpool City Region.

LJLA is one of Merseyside's major employers, attracting inward investment and bringing significant tourism benefits, helping to boost the region's economy. A study undertaken in 2013 by York Aviation showed that LJLA is a significant driver of prosperity in the Liverpool City Region, currently supporting an estimated £170 million per annum in Gross Value Added and 4,750 full time equivalent jobs in the area. The closure of a regional airport such as Liverpool would have a significant impact on local communities and the local economy.

What analysis ought the national or local Government undertake when faced with a potential airport closure?

This will depend upon the individual airport, the level of traffic it currently has and the region it serves, however without such an asset, any region would be at a significant disadvantage compared to others that retain their airport. The economic impact of such an airport to the region it serves should be clearly understood at the same time as ensuring that having all potential viable route and business opportunities have been explored.

In the longer term, what is an appropriate, adequate or ideal shape for the UK's airport system? Is consolidation of the airport network desirable, inevitable, both or neither?

The appropriate shape for the UK's airport system is one that meets the needs of the regions served by airports across the UK

Consolidation of the airport network in some areas may be inevitable, but it is certainly not desirable. LJLA strongly opposes the suggestion that some consolidation of regional airports could be absorbed without causing significant diminution to either individual regions or the UK as a whole. The attraction of a region for inward investment and tourism is greatly enhanced by having its own regional airport.

7.5 Questions on how the connectivity provided by these airports can be enhanced, and on the options to intervene in this sector.

Has the Commission correctly identified the major options to support or bolster the regional airports sector? Of the options here explored, which have the potential to be most beneficial?

The options identified could certainly help regional airports. LJLA believes that State Aid assistance could make all the difference in attracting new routes to operate if the guidelines are applied with flexibility, to reflect the particular circumstances of the UK airports market, recognising the important economic benefits that a new route would bring to the region.

7.6 Can respondents suggest means of bringing about positive change in the context of these options? What recommendations could the Commission make in these areas?

LJLA believes that State Aid assistance could make all the difference in attracting new routes to operate if the 100km rule was changed to suit the needs of the more densely populated UK regional airport market. The economic benefit to a region must be the key factor in application of such funds rather than strictly adhering to the EU guidelines.

APD is still a barrier to airline growth in the UK with airlines highlighting that this continues to be a factor in them developing more intra-European services as opposed to flights serving the UK market. This needs to be reduced for regional airports or removed altogether in order to stimulate the market, particularly where low cost airlines are dominant and where APD makes up a higher proportion of the air fare compared to long haul and premium fares.