

# **AIRPORTS COMMISSION**

## **GLASGOW AIRPORT LIMITED SUBMISSION**

**Date:** February 2015

**Prepared by:** Glasgow Airport Limited

## Executive summary

### Scotland's Connectivity

- Scotland is located on the periphery of Europe and as such, travelling by air is not a luxury but an essential element of business and family life. The ability of Scotland to maintain and increase its global competitiveness is dependent on having air links with established and emerging markets and Heathrow (LHR) plays a hugely important role in facilitating this.
- As Scotland's largest city, Glasgow is the country's economic powerhouse. It is home to some 13,000 firms, including one quarter of Scotland's largest businesses and many are reliant on access to Heathrow.
- Glasgow Airport will actively seek to secure direct links with hub airports throughout Europe and beyond. However, Scotland's population is of a size which means it can only ever sustain a certain number of direct flights.
- Long haul connectivity in the UK is dominated by LHR which plays an important role in supporting Scotland's connectivity. As the UK's only hub, LHR offers the greatest number of onward connections and frequency of feeder services. It serves 75 destinations that cannot be reached from any other UK airport.

### Hub Access

- Glasgow Airport has approximately 30 airlines serving 110 destinations. The most popular route is British Airways' Glasgow to LHR service.
- In 2013, 49% of passengers flying to Glasgow from LHR were transfers (started their journey out with the UK) compared with 26% at Gatwick (LGW).
- The issue of increased competition for slots at LHR poses a very real threat to Scotland's connectivity. With LHR operating at 99% capacity, there is a danger airlines will opt to serve more profitable long haul routes at the expense of vital domestic routes.
- Prior to bmi's withdrawal in March 2011, Glasgow Airport had 15 flights per day to LHR. There are now nine per day.

### Glasgow Airport's recommendations

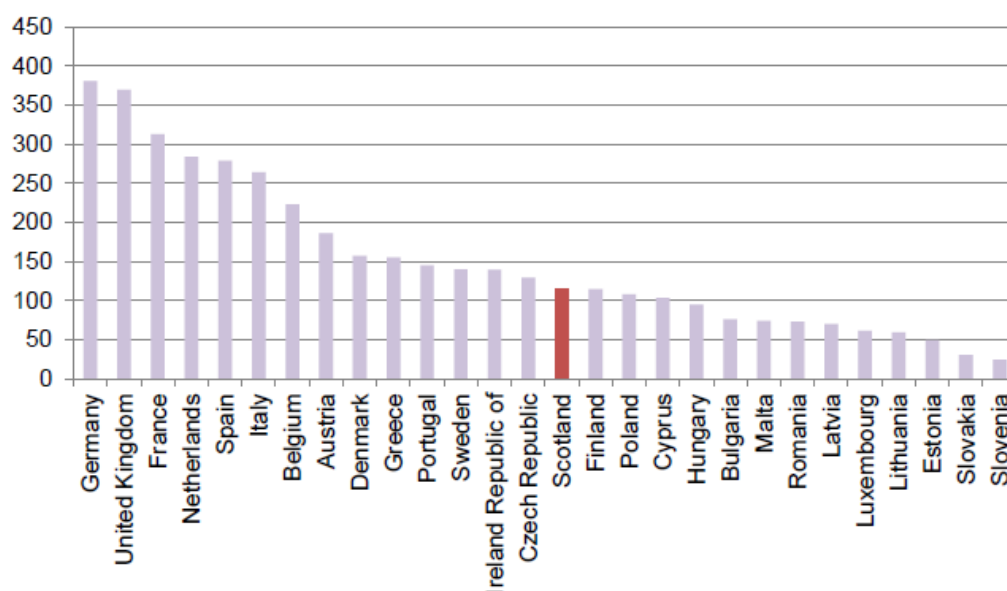
- If Scotland is to remain competitive, its connectivity with the UK's only hub cannot be further eroded. It must be maintained and, where possible, enhanced.
- Glasgow Airport supports expansion at LHR and the protection of the UK's only hub. An expanded LHR must deliver further access for Glasgow and Scotland.

## Overview

1. Glasgow Airport welcomes the opportunity to respond to the Airports Commission's consultation on long term capacity options for the UK.
2. Scotland is located on the periphery of Europe and as such, travelling by air is not a luxury but an essential element of business and family life. The ability of Scotland to maintain and increase its global competitiveness is dependent on having air links with established and emerging markets and Heathrow plays a hugely important role in facilitating this.
3. It is for this reason that we have a vested interest in the ongoing debate on whether to build a new runway at LHR or LGW. This decision is not just about London and Surrey, it has significant implications for Scotland.
4. The Airports Commission is examining how airport capacity can be expanded to improve links to the rest of the world for businesses and travellers from all the countries and regions of the UK, not least Scotland. At the heart of the challenge is the need to ensure we have a world class hub airport which can meet demand for new routes to emerging markets both now and in the future.
5. From a UK perspective, LHR offers the greatest number of onward connections and frequency of feeder services. Only six airports worldwide have more than 50 long haul routes – most countries don't have one hub, let alone more than that. LHR is a national asset for the whole of the UK. However, with LHR operating at 99% capacity, we are already seeing a significant impact on Scotland's ability to continue to compete in the global race for growth.
6. We believe that if Scotland is to remain competitive, its connectivity with the UK's only hub must be maintained and, where possible, enhanced.

## Scotland's connectivity

7. Glasgow Airport sustains more than 7,300 jobs and contributes almost £200 million to the national economy - more than any other airport in Scotland. It is a key component of Scotland's transport infrastructure, carrying over 7.7 million passengers in 2014.
8. Glasgow Airport is – and will continue to be – the West of Scotland's primary link to economic markets and is therefore pivotal to its future success.
9. With some 30 airlines serving more than 110 destinations worldwide, including Canada, the US, the Caribbean, Europe and the Gulf, Glasgow Airport is Scotland's principal long haul airport. We will always seek to secure direct links with hub airports throughout Europe and beyond but Scotland's population is of a size which means it can only ever sustain a certain number of direct flights. That is why we need to consider our hub connectivity.
10. In 2012, York Aviation<sup>i</sup> produced a report on behalf of Aberdeen, Edinburgh and Glasgow airports analysing the impact of Air Passenger Duty on Scotland. The report incorporated an analysis of the country's connectivity. Table 1 shows that, despite being dependant on air travel for connectivity, Scotland lags behind other European nations, including those that benefit from inherently better accessibility by road and rail. It also highlights the connectivity gap between Scotland and the rest of the UK.



Source: OAG.

**Table 1** International cities served by country

## Hub access

11. Scotland's air connectivity deficit is mitigated somewhat by the ability of travellers to connect via the UK's only hub. Research undertaken by the CAA<sup>ii</sup> confirms the extent to which Scotland is dependant on hub airports, with over 40% of international and 70% of long haul passengers reaching their final destination indirectly.
12. Over 30% of all long haul passengers hub via LHR, while around 40% of those international passengers travelling hub via LHR too.
13. The issue of increased competition for slots at LHR poses a very real threat to Scotland's connectivity. With LHR operating at 99% capacity, there is a danger airlines will opt to serve more profitable long haul routes at the expense of vital domestic routes.
14. This was highlighted by bmi's decision to withdraw its Glasgow to LHR service in March 2011 and Aberdeen and Edinburgh in 2012. Glasgow Airport has nine flights per day compared to the 15 that were in place prior to bmi's withdrawal.
15. In a survey of leading Scottish businesses carried out by the Scottish Council for Development and Industry (SCDI) following bmi's withdrawal respondents were asked about the importance of access to LHR. The survey found that:
  - 67% of respondents stated that the loss of bmi's Glasgow to LHR service had a large degree or some degree of impact on their business;
  - 65% said their business would suffer a high to severe impact if there was a further reduction in or discontinuation of services to LHR.
16. The survey makes clear that LHR remains the dominant airport for onward connectivity and concluded:

*"With London at least four hours travel by land based transport, air travel is particularly important for Scotland to access London and the UK's hub airport. For northern Scotland, surface journey times to London are nearly double and, even if high-speed rail is eventually developed to Central Scotland, they will remain uncompetitive over this distance. Aviation policy should seek to improve connectivity for more peripheral areas for their businesses to succeed in the global economy, including ensuring access to London and the UK's hub airport."*

## Glasgow Airport's links with Heathrow

17. Of the 110 destinations served by Glasgow Airport, the most popular route is British Airways' Glasgow to LHR service.
18. The reason for this is that as the UK's only hub, LHR offers the greatest number of onward connections and frequency of feeder services. It serves 75 destinations that cannot be reached from any other UK airport.
19. In 2014, over 870,000 passengers flew on the route. In 2013, 49% of passengers flying to Glasgow from LHR were transfers (started their journey out with the UK)<sup>iii</sup>.
20. LGW is a hugely important airport for Glasgow. In 2014, over 615,000 passengers flew on the route. 26% of those flying from LGW were transfer passengers<sup>iv</sup>.

	Heathrow	Gatwick
1	New York, USA	Orlando, USA
2	Singapore	Barbados
3	Hong Kong	Jersey, UK
4	Los Angeles, USA	Tampa, USA
5	Dubai	Bordeaux, France

**Table 2** Top destinations for Scottish passengers connecting at Heathrow and Gatwick, Source: CAA passenger survey 2009 - 2013.

## Glasgow Airport's recommendations

21. Global connectivity is essential to growing businesses throughout the UK. Hub airports dominate international air travel and LHR is the UK's only one. The competitiveness of LHR as a hub airport and the ability of regional centres to access it, by air from Scotland, are essential to the UK economy. LHR is a strategic asset for the UK as a whole and not only the South East.
22. The majority of UK regional airports have significant available capacity. The ability to use that capacity is determined by commercial decisions made by airlines which in turn are influenced by cost and demand factors, many of which are outwith their control, for example fuel costs and tax.
23. The UK Government has significantly increased rates and restructured APD since 2007. Rates for short haul travel have increased by around 160% with long haul rates increasing by between 225% and 360%. APD serves to artificially depress demand and dissuade airlines from flying to and from Scotland. Unless there is a fundamental rethink, Scotland's domestic and international connectivity will suffer. Access to the UK's only hub airport will therefore continue to be crucial to Scotland's economy.



24. The ability of Scotland to maintain and increase its global competitiveness is dependent on having air links with established and emerging markets and LHR plays a hugely important role in facilitating this.
25. Glasgow Airport supports expansion at LHR. An expanded Heathrow must deliver further access for Glasgow and Scotland.
26. Glasgow Airport believes a new third runway at LHR will provide Scotland with the connectivity it needs to secure growth for its businesses, investment in its infrastructure and jobs for its people.

Glasgow Airport Limited

---

<sup>i</sup> The Impact of Air Passenger Duty on Scotland, York Aviation, 2012.

<sup>ii</sup> CAA Insight Note 01: Aviation Policy for the Consumer, CAA, 2011.

<sup>iii</sup> 2013 CAA passenger survey

<sup>iv</sup> 2013 CAA passenger survey