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Plane Truths and Tourism

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Secretary General - British Air Transport Association



- UK Registered Airlines
- 15 members - all business models
- Over 85% of UK airline output
- Represent to UK Government, Regulators and media
- Leading role on environmental issues

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- Broad coalition supporting sustainable growth in aviation
 - Business, trade unions, tourism, air users and the whole aviation sector (airlines, airports, aerospace manufacturers and air traffic control)
- Objectives
 - Balanced and informed debate
 - Promoting technological progress
 - Environmental costs addressed effectively and efficiently
- *“Flying is vital to the UK economy and to the quality of life of millions of people in Britain and all over the world”*

Reasons for travel

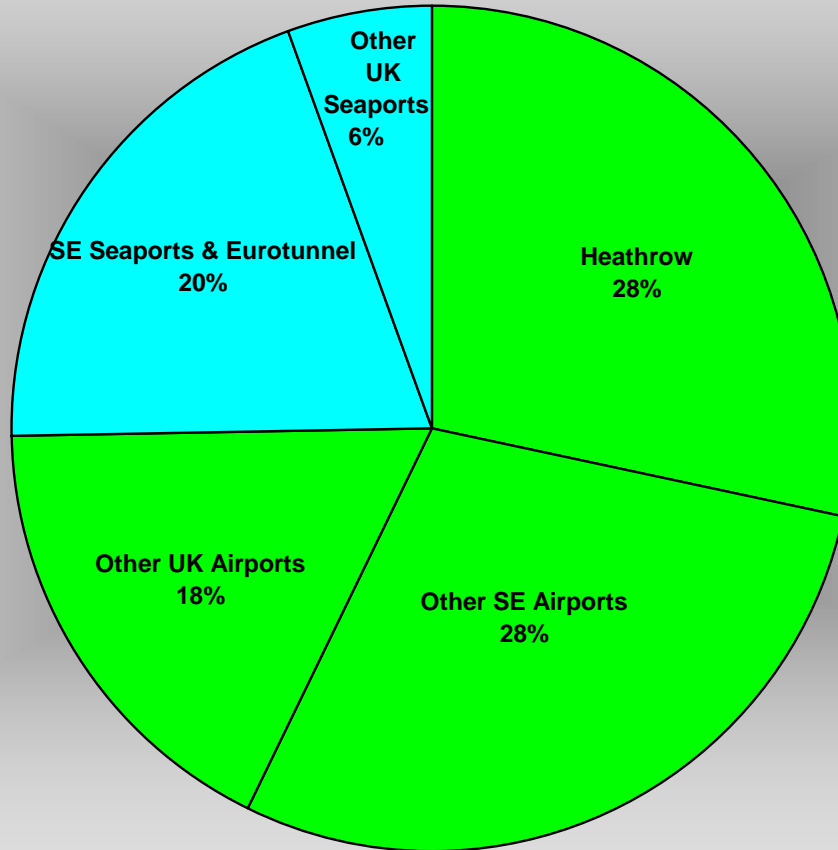
- Commuting, Business, Visiting Friends and Relatives (VFR), Holiday etc
- UK – geographically-challenged trading nation
- Demand for travel is increasing
 - Global economic development
 - Despite security issues
 - Despite advances in telecomms technology
 - Human need for mobility and travel opportunities
- Airlines must respond to needs of customer
 - Understand customer - understand demand

Some inbound tourism numbers

- Worth £16 billion to GDP
- Visitors by air represent 80% of spend
- Significant growth potential from developing economies
 - India, China, Eastern Europe etc
- “Ah, but we spend much more abroad!”
 - Yes, £34Bn actually.
 - But will any attempt to constrain travel demand close that gap
 - And does a trade “gap” really matter (economically)?

How visitors arrive

Inbound Visitors to UK by Mode of Entry - 2006



Tourism and Airport Capacity

- Key airports are full
- Importance recognised by Government
 - Air Transport White Paper (2003)
 - Eddington Report to Government (2006)
- Make best use of existing airports
 - Regional airports taking opportunities
- Increase airport capacity in SE (LHR, STN).....
-and later in Midlands and Scotland
- Will Heineken Heathrow maintain its strength?
 - Or be overtaken by Paris, Amsterdam and Frankfurt

Heathrow

- A vital national transport hub
 - 42% passengers non-UK, >50% business
- A 3-way split
 - 36% Business, 32% VFR, 32% Holiday
 - High VFR due
 - 10% of UK population live abroad
 - 10% of UK population were born abroad
 - 30% of London population were born abroad

Competing Hub Airports

	Current passenger numbers (millions per year)	Runways*	Destinations served	Current flights per year	2010 flight capacity	% Full (Current flights as a proportion of 2010 capacity)
Heathrow	67.7	2	180	473,000	480,000	98.5%
Frankfurt	51.9	3	262	490,000	660,000	74.2%
Paris CDG	53.5	4	223	522,000	710,000	73.5%
Amsterdam Schipol	44.1	5	222	420,000	600,000	70%

* One of Frankfurt's runways is used for departures only

*Not all of Amsterdam's runways are used at any one time due to environmental considerations

Environmental issues

- Industry's *Sustainable Aviation* response
- Focus on climate change
 - Impact is small(1.6%) but recognised
 - Track record and targets
 - Part of an effective solution (EU ETS 2011/12)
 - Non-carbon effects NOTE: all CO₂ has same effect
- Noise - track record, technology and limits
- Air Quality – new EU limits
- **Any LHR development within strict Noise and AQ limits**

Tourism and Taxation

- Air travel NOT subsidised!
- Air Passenger Duty doubled in February 07
 - £10 shorthaul, £40 long, now raises £2Bn pa
 - Replaced by aircraft tax in 2010(?) with target of £2.5Bn pa
 - Environment or Exchequer?
 - APD “unique” to the UK
- Family of 4 from outside EU now face a **\$320 decision**
 - Before travel, accommodation or any other cost

Rail v Air ?

- Faster rail (on a few routes) will mean less flying
- Importance of final destination
 - 50% of MAN-LHR are going elsewhere
- Day-trip ability needed for short-haul business travel
- Let's get real about substitutability
- We support
 - better rail links to airports
 - Integrated transport solutions
- We don't mind competition!