

AIRPORT DEVELOPMENT: GATEWAY TO THE FUTURE10<sup>TH</sup> June 2008WHY HEATHROW MUST EXPAND

The proposal to expand Heathrow opens up a wide and deep agenda that affects global issues like climate change as well as local issues such as noise and local transport. I want to address these issues in a way that enables us to start a dialogue with local communities and identify the areas of agreement and the areas of disagreement in a manner that allows progress to be made that does not put at risk prosperity and employment in the west London and Thames Valley region.

The consultation on the expansion of Heathrow and the widespread publicity of Heathrow's problems led to a sudden reawakening of the idea for an alternative hub airport in the Thames estuary, Gatwick or Stansted.

Led by the Sunday Times and quickly followed by other newspaper, politicians and organisations (the Town and Country Planning Association) called for the closure of Heathrow and a new hub airport to be built in the manner of Hong Kong.

The Secretary of State for transport faced down this call in Parliament emphasising the importance of Heathrow to the British economy.

This confusion about the future of Heathrow is a clear display of how badly we have allowed the debate about our transport infrastructure to slip into simplistic arguments that ignore the previous studies of our hub airport needs. In other European countries and the rest of the world hub airports are seen as part of an intermodal transport system linking road, rail and air. What is more other countries are doing it while pursuing a green agenda.

One of the lessons I have learnt from the past few months is that many people in Britain have not understood the function and role of a hub airport. A hub airport is not just a destination airport. A hub airport is an airport that can fly you to many destinations and one where you change planes. In some respects they are like the great railway stations of the 19<sup>th</sup> century where people would catch connecting services to other local

destinations. Those great railway networks did for the British economy what the great hub airports do for the emerging global economy and do now for the European economy.

This lack of understanding about the role of hub airports is important. It led many opponents of Heathrow to believe there is some comfortable solution which would allow Heathrow to remain as it is using other London airports or rail as alternatives to expansion. There is no such ideal solution. Over 40% of the passengers flying from Manchester to Heathrow are transferring to international flights and around 30% from Edinburgh, Aberdeen and Glasgow. Do we really think these passengers are going to get the train to London, take their luggage on the tube before checking in to their onward flight at Heathrow? I think they are going to check their luggage in to their final destination and fly straight there via Heathrow. And if they are not going to be able to do it via Heathrow they will go via one of the continental hubs.

The same argument applies to other British regional city's that have already lost their Heathrow link. People are not going to fly from Liverpool to Luton and then take their luggage across to Heathrow when they have a far more comfortable alternative of flying to Amsterdam and straight on to their final destination without having to check in twice.

This is not some minor point. British regions have lost out badly because Heathrow no longer offers them connections. Heathrow can fly you to just eight British cities. Amsterdam can fly you to 21 and Paris to 19. What price do the British regions pay for being excluded from their premier hub airport?

Many of the local groups campaigning against expansion thought I was scare mongering when I drew an analogy between Heathrow's current position and the London docks in the 1960's. I haven't heard so much of this criticism now that people are talking of closing Heathrow and opening a new hub airport – precisely as I feared.

The argument against the closure of Heathrow and its replacement with a new hub airport needs to be stated more clearly.

Let me start with the problem of closing Heathrow. There are 72,000 jobs on the airport – it is the largest single site employer in the UK. There are an estimated 100,000 jobs in the region that are dependent on it remaining a premier hub airport. That total of 170,000 is not far short of the total employed in the British coal and steel industry prior to its

collapse in the 1980's. This time however, it would be concentrated in a relatively small geographical area of the Thames Valley and west London. It is hard to see where the alternative employment would come from if Heathrow was to go.

The second argument involves business - local, national and international. All of those that locate near Heathrow because it is a premier hub airport would have to move to a new location, close down or find totally new markets. This again is not some academic point. Dell computers have already moved part of their operation to Frankfurt because the Heathrow location was no longer satisfactory. More alarmingly the rapidly expanding Jet Airways of India – often referred to as India's Ryan Air - recently announced that their main operations were being switched to continental Europe because there were not enough landing slots available at Heathrow. When airlines begin to leave Heathrow we should worry.

I hope that adequately describes the problem for west London and the Thames Valley if we close Heathrow and create a new hub elsewhere. The other side of the same coin concerns the implications for the area chosen to be the new hub. The three sites most favoured by opponents to Heathrow expansion are Stansted, Gatwick and the Thames Estuary.

If we used one of the two existing airports we would need to build a large four or five-runway hub, so that overall capacity is protected. Stansted may be the only site where this size of development is possible.

The Thames Estuary option was ruled out in 2003 when the White Paper concluded that construction costs would be significantly higher than for onshore sites and less certain. The costs of building the necessary transport infrastructure would also be very high. Although some impacts such as noise would be reduced, other new impacts like damage to some sensitive habitats would be almost guaranteed.

Most critically, the financial viability of a new airport in the Thames Estuary would depend on government intervention and that would have a very significant impact on public sector costs.

People often make the mistake of thinking that all that is needed is an extra rail line and better roads. It is much more than that. Where is all the housing to go for the extra 100,000 or more jobs that have to be created there? All three of these areas have already got heavy pressure on the wider infrastructure – water supply, land suitable for housing, schools,

hospitals and so on. Why do it all over again when most of those things are already present in west London and the Thames Valley?

The political arguments around this issue are seriously fractured and cross party lines. The Government's position favours expanding Heathrow. The Conservatives have not made a clear commitment simply saying the case for Heathrow has not been made. That leaves open the question of whether they would look at Gatwick or the Thames Estuary – they appear to have ruled out Stansted. The Liberal Democrats are against any airport expansion in the South East. You can however, find MPs and councillors who take different views within their own party's.

Most of the councils around the airport are opposed to expansion but they are also opposed to closing Heathrow. Again there are different opinions within councils.

How are we to address this confusion? Although the public consultation is behind us and the government has declared in favour of Heathrow the argument is far from over and the decision is not yet made. Surely it is now time for the aviation industry, business groups and the trade unions, all of who seem to have broad agreement on the need to expand Heathrow to take the lead in campaigning for Heathrow. Not just a larger Heathrow but a proper intermodal hub that can look Frankfurt, Paris and Amsterdam in the eye. I mention the three main European competitors but remember, Munich recently overtook Heathrow in number of destinations served and if we don't act soon, Rome, Madrid and Milan will also overtake us. And that is before we think about the fast emerging international competition.

When I look at a map of economic development in the European market I am struck by the linkages that are made between hub airports, high speed rail lines, roads and local transport. Frankfurt makes its case strongly. They describe their airport as an intermodal hub that can fly you to 307 destinations – compared to just 180 for Heathrow. And remember Heathrow in 1990 could fly you to 227 destinations so we have lost 47 destinations in just 18 years.

Frankfurt has the Central European Bank and has a vibrant financial and commercial sector. It cannot rival London yet but it sits in the middle of the rapidly growing European market of 600 million people. Should we be so complacent as to assume that their emphasis on an intermodal hub along with the rest of Europe will have no effect on the British economy?

Can we really assume that we don't need a modern intermodal hub like all other major players in continental Europe?

The emerging European market links the fast growing former Soviet countries with the dynamic economies of southern France and Spain. The emerging global market has east – west links to India and China. Brazil is also rapidly developing its links with the European market. While other European countries are planning their transport infrastructure in a way that allows them to respond to these dramatic economic and political changes we continue to debate where, if at all, we are to have a hub airport.

The point is we already have a hub airport that is internationally known and despite its restricted size has performed remarkably well over many years. The problems Heathrow has experienced over the last few years are in no small part due to our failure to build on earlier success. Piecemeal development has resulted in other countries overtaking us and left Heathrow to play catch up.

So now is a good time to seize the initiative again. The government is sympathetic to expanding Heathrow. Business and trade unions are at one on this. Professional associations linked to the aviation industry are also committed to the expansion of Heathrow. What we now need is a major player in the rail industry to recognise that the high speed European line could and should link to Heathrow and then to the west coast line.

The British aviation industry is another unsung success story – it is a world leader. What we all have to do is to persuade a considerable section of the public and particularly local councils around Heathrow that the airport should not be seen as a problem but as a remarkable success story that needs modernising. It also offers real advantages to the region it is located in as well as the wider economy. In short we should see Heathrow as an opportunity not as a problem.

I believe that people are far more alert to the threat to Heathrow than our critics imagine. How else do you explain the opinion poll run by Populus in the twelve local authorities surrounding the airport where a clear majority - 50% or more - favour expansion and a minority - 25% to 30% - oppose it? Other less scientific polls such as the London Evening Standard on line poll and the BBC on line poll show a similar outcome. The loudest voices are not always the most representative.

Perhaps because so many jobs are dependent on Heathrow the public are alert to the problems and possibilities. What we have to do is to harness those unheard voices to our cause. Councillors and MP's need to hear them. Silence in the face of this threat is a risky option and one of the things I would like you all to do is to make sure that they hear your views and those of your organisations and staff.

We also have to be much clearer about how we do expansion. The modernisation of Heathrow is already taking place on the airport itself but have we given enough thought to how we demonstrate to local people that expansion and modernisation also endeavours to improve the area around Heathrow? Any major expansion of transport infrastructure inevitable involves considerable public pain. Putting the high speed rail line through Kent and rebuilding St Pancras station with the loss of so much housing was not free of pain. Knocking down Simpson village to build a third runway is not, to put it very mildly, going to result in demonstrations of support! That is why so much effort and resources have to go into the compensation package - but it mustn't stop there.

We really do have to find new ways of engaging with the local population around Heathrow to ensure we are doing everything possible to meet their needs. So I have a very clear message to those local authorities who oppose expansion and to some of their support groups like HACAN. I recognise your opposition is principled and strongly felt but whether this expansion goes ahead or not please recognise that Heathrow is in trouble and that it does not compare well with modern hub airports elsewhere and with whom it has to compete if it is to hold its place as a premier hub airport. We all have a duty to put the prosperity of this region around Heathrow first. If the expansion doesn't go ahead then we must talk about how we can halt the decline that we all know is taken place now. I really don't know how we could do that without expansion but I do know we would have to talk about the problem and how to address it. If, as I hope, expansion does go ahead then again we all have a duty to see that it is done efficiently and with due care for the environment and for those people who suffer loss as a result of expansion. We will do that more successfully if the organisations represented by Future Heathrow are able to talk and co-operate with the local authorities and others concerned about this issue.

If we continue to stand apart from each other and just fight for some illusory final victory then we will have betrayed the people of west London and the Thames Valley. We are ready to talk. Are you?

There is now an additional opportunity. Opposition groups have been saying that rail should be substituted for air. I believe that air and rail are complementary as well as in competition with each other and with road transport. They are seen as alternatives by the public and I also believe that the public should have the choice between them just as they do in continental Europe. I believe that some people will readily choose rail particularly if they don't intend to fly beyond Heathrow but as the figures I gave earlier show about passengers from places like Manchester, other people will choose an air link.

The regions of Britain need access to Heathrow as the link to the global economy. At present they are denied that link and it affects their economic development. As the European economy becomes more interdependent and integrated British passengers are turning to continental hub airports because there is currently no space at Heathrow. Businesses in the regions of Britain are increasingly locked out of the European and world markets unless they fly via continental hubs. If we allow this process to continue the hub airports on the continent will simply take work and investment away from Heathrow and London. We just cannot afford to allow that to happen.

Continental airports now offer more links to global destinations than Heathrow does and they also offer good rail and road links. In other words they have a truly integrated transport system. That is just one of the reasons that I have been working to get Heathrow linked into the national and continental rail network.

So although there may be disagreements about how many people will choose rail over air we surely can all agree that part of the modernisation of Heathrow must include linking the airport into the rail network and creating an integrated transport system where the hub includes rail, air and road.

There is a shared agenda here – please don't brush it away.

Some of the opposition groups will fight Heathrow expansion on the grounds that flying is unsustainable. Many of the activities we engage in today are environmentally unsustainable largely because they are so dependent on fossil fuels. By targeting one particular industry we give the impression that if we stop people flying then the problem will go away. I wish it was that easy. It is not. We have to have a rather more clever approach to climate change than simply trying to stop people from travelling by air. Every industry, every business, every organisation and

every individual needs to constantly drive down damaging emissions. Aviation is making progress. Planes are quieter and much more fuel efficient but clearly we need to do more and a lot depends on alternative fuels and designs over the coming years but please don't assume that the public will accept that we close down aviation and stop people flying. It won't happen just as people didn't stop using trains in the 19<sup>th</sup> century.

I have never doubted the threat of climate change – I have written about it in the past and I have no illusions about the dangerous situation that is emerging. The fact that companies and countries are now designing carbon neutral city's both here and overseas is just one of the reasons why I think there is room for cautious optimism. In the past it was seen as a minority interest, now governments, companies and people generally are addressing the problem but they are not likely to choose the option that takes us back to a pre industrial age.

When faced with a serious problem like this the last thing we need is a panic driven response. Both the Stern report and the UN Science Panel believe that we don't have to restrict growth to meet that challenge and if we do the consequences for developing nations will be catastrophic. We do have to develop a wide range of responses and science and technology are vital to many of them. Some environmental commentators seem to think they are the only people worried about this and everyone else is either in denial or liars or hypocrites. And they launch vitriolic attacks on the aviation industry which is weird because we would know very little about climate change if it wasn't for the information that came from the aero space industry itself.

There are 500,000 people working in the aviation industry and they are not denying the dangers, they are not careless about the future of the planet or their own friends and families. Recognising what they can and are doing to help would be more sensible than attacking them. We need their expertise to help solve the problem.

One thing is clear. We do not solve the problem of climate change by moving flights from Heathrow to other airports. Arguably if British people have to travel to continental Europe in order to access a hub airport then we might have made matters worse than they are. I don't think we have been successful in telling the public just how much is being done in aviation to address this problem. We underestimated the extent to which aviation would be targeted despite it being one of the smaller parts of the international problem of climate change emissions.

Our response to that must be to redouble our efforts to reduce emissions and to tell the public what is being done.

One of the historical ironies about the current argument is that in the 19<sup>th</sup> century attempts were made to stop rail development because it was noisy and polluting. Fortunately it failed and we went on to improve the environmental impact of trains. I predict that the same will happen with aviation. So the argument should not be about stopping the development of one form of transport over another. It should be about driving down emissions from all forms of transport and indeed in all walks of life. It would be a sad day if Britain with its long history of scientific discovery and the industrial revolution was to turn its back on science and technology just when the rest of the world was seizing the opportunities it offers.

I think we have an opportunity here to show that a modernised and expanded Heathrow can be developed as an intermodal hub as has happened in Europe. Until we have alternative fuels available all travel, especially high speed travel is going to produce carbon emissions. So the key is to make sure we can offer passengers a choice of transport from our integrated, intermodal hubs while we continue to develop alternative fuels for rail, road and air transport. Rail and air may compete but they are also complimentary if provided in a way that allows the passenger a choice that fits their needs. Too often opponents want to make the passenger fit their solution rather than the other way round.

So what are my conclusions? Firstly, let's try and make a fresh start with this discussion. Politicians local and national need to see the potential for an improved and expanded Heathrow. They also need to see the threat to the region if the case for a new hub gains any more momentum. They can't complain about closure of the airport if they are not supporting it.

Business and aviation needs to respond to some of the very genuine local concerns and problems around Heathrow. BAA has to rebuild trust with local communities some of which was lost as a result of the strange and in my view seriously damaging statement some years ago that Heathrow would not need a third runway. It was that statement by BAA that brought me into this debate precisely because I couldn't see how it could be true unless we were to plan for the continuing decline and eventual closure of Heathrow.

If government, local and national, can start a new dialogue with business, aviation and trade unions we can offer a better and more secure future

than we are offering now. One thing is certain; we cannot afford to ignore the dramatic changes taking place in the world economy. This emerging world economy is dependent on the interconnectivity of transport systems.

Britain has a tremendous chance to be at the centre of the global services industry but only if we make the right strategic decisions and one of these is about Heathrow. London has so many natural advantages: the world's greatest business and financial centre; leading talent in international industries such as design, tourism and entertainment; a diverse immigrant community which has strong links with its countries of origin; and the world's most important international transport hub at Heathrow.

Today, London is the number one city in the world for international business, with the wealth that it creates supporting jobs throughout the UK, but it would be complacent to think that it will always be this way. If we fail to modernise and expand Heathrow we will be jeopardising the future of London and particularly jeopardising west London and the Thames Valley.

We must support Heathrow and develop it as a modern intermodal hub airport fully integrated into the rail and road systems.

Lord Soley of Hammersmith  
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