

## 1.

In my comments this morning I want to talk about the importance of Heathrow to the region surrounding the airport which includes the Thames Valley and West London. I shall refer to that as the Heathrow region.

I want to show that creating a new hub airport elsewhere is not only unnecessary but would push the Heathrow region into dramatic economic decline of the type we saw in east London when the docks closed.

I think everyone knows that Heathrow is very important to London and to the British economy but it is absolutely vital to the Heathrow region.

There are 70,000 jobs on the airport and around 100,000 dependent on it. To put that total figure of 170,000 in perspective it is only slightly less than the number of people employed in the British coal and steel industry before it collapsed in the 1980's.

The prosperity of the region is in very large part dependent on Heathrow. Many companies locate there because of Heathrow.

I first became concerned about the future of Heathrow in 1999 when I warned in a Parliamentary question that Heathrow could collapse like the London docks unless we addressed the issue of expansion - but expansion in the context of modernisation and greater sustainability.

Now that Munich has overtaken Heathrow in the number of destinations served pushing us into fourth place in Europe people are beginning to pay attention. Soon Milan, Rome and Madrid will overtake us pushing Heathrow into eighth position in Europe. Ten years ago people would not have believed that was possible.

When the Dubai international hub gets into its stride Heathrow will be squeezed again

Currently you can fly to more British regional cities from Amsterdam and Paris than you can from Heathrow. 21 from Amsterdam; 19 from Paris; just 9 from Heathrow. There is a very real struggle to be the premier hub airport for NW Europe and right now Heathrow is in fourth position and slipping. That should be a matter of concern for all of us.

Yet people still say the future of Heathrow is safe because of the high volume of passengers. Remember this. In the 1960's the London docks were beating all previous records in terms of imported tonnage. By 1980 every one of them was closed. Technical and economic change happens very fast.

Heathrow and air transport are crucial to the continuing prosperity of the south east region. London and the SE of England have many of the characteristics of a mega metropolis but too often we think of London as separate from the south east and the south east as separate from continental Europe.

If you want evidence of this look at the various web sites dealing with high speed rail links and airports. I want to quote from just one. It deals with the expansion of Frankfurt airport and its infrastructure. It sums up the challenge we face and how far we are behind in the race to develop a transport infrastructure to service a modern economy serving a global market.

This is the section I wish to quote – with apologies for the jargon!

“In terms of its transportation and economic significance, Frankfurt Airport has long been more than an airport in the classical sense focused only on air traffic. Two examples highlight this especially:

- The development of the airport into an intermodal hub, intelligently networking air traffic with rail and road transportation.
- And the gradual expansion of the airport to become a freight and logistics centre, offering complete logistics solutions beyond its core airfreight business.

Thus expansion of Frankfurt Airport is not only aimed at the necessary increase in capacity but also has a qualitative dimension: Innovative services in the mobility, logistics, real estate development, facility management and retail fields are developed and offered here, which can be realized only in connection with the existing local airport infrastructure.

By networking air and rail traffic Frankfurt Airport has been a trendsetter for many years. The keyword is multi-modal transportation concepts, the technical term for which is intermodality. The Frankfurt airport intermodal transportation hub is connected to all transportation systems: Rail, road, and even waterways. A large share of the fuel needed at Frankfurt airport is brought in via the latter. The airport rail station (today's regional station) went into operation below Terminal 1 as far back as 1972.

### AIRail Terminal

In operation since May 1999, Frankfurt airports new high-speed train station has been trailblazing the future of the Frankfurt intermodal transport hub. The high-speed train station connects our airport directly to the European high-speed rail network. Some 150 inter-city express and long-distance trains serve our main line rail station every day. In 2004, the main line station handled some 4.2 million passengers. In financing the station, we put up some two thirds of the costs – an investment of well over €150 million.

The AIRail Terminal is also the starting point for the new inter-city express high-speed line to Cologne, connecting the Rhine-Main region with the Rhine-Ruhr region in about one hour. With the further expansion of the high-speed rail network, Frankfurt Airport will become one of Europe's key integrated transportation complexes.”

(Ref:

<http://www.ausbau.fraport.com/cms/default/rubrik/6/6967.infrastrucuture@de.htm> )

Similar developments are taking place in Amsterdam and Paris not to mention the rapidly expanding emerging global players like China, India and Brazil.

Where is our response to such visionary concepts? Are we satisfied with a Heathrow development that is primarily focussed on Terminal Five, Crossrail, Airtrack and a possible third runway?

These very important projects are good indicators that we are responding to the needs of the core infrastructure but if we can take a longer view and put Heathrow's transport infrastructure into the wider national and European context then I think that would help ensure Heathrow's competitive position in relation to the hub airports of continental Europe and beyond.

Terminal Five, Crossrail and Airtrack already give us a pretty big agenda but I don't think we should rule out other initiatives which have a longer term vision. I am thinking of ARUP's proposals for a development that would link Heathrow into the high speed rail network and at the same time develop a hub arrival point that is designed to check the expansion of road traffic which is a large part of the problem affecting the area around Heathrow.

The Town and Country Planning association has an important role to play here. You should look at the ARUP proposals because I think you will find the type of visionary planning of the infrastructure of airports in those plans that accord with your thinking.

If we are serious about Heathrow remaining a hub airport well into the 21<sup>st</sup> century then we not only need a third runway but we urgently need to think about a modern integrated transport system to support it even if the time frame goes beyond present plans.

For the Heathrow region to hold onto its prosperity it must make sure it retains a premier position in North West Europe. The region has an enormous advantage in that London is and is likely to remain a key international financial centre. It also has the advantage I touched on earlier of a large and well educated population currently with high average incomes.

But look at what is happening to the East of London up to the Thames gateway and north to Cambridge. There is a lot of government money and private investment going into that area as the continental economy becomes increasingly important.

Now consider the situation if we open a new hub airport in the Thames estuary or anywhere else in that region. The attraction of such a policy is that you can replicate what is happening in the developing countries with new airports. It would be state of the art and purpose built. The infrastructure would be planned to go with it much as happened in Hong Kong.

But pause for a moment. There are two important questions to ask. Firstly why start again when we have a large part of the infrastructure present at Heathrow and with good design there is no reason why we can't do what Frankfurt or Amsterdam have done already.

Secondly, what will be the impact on that area of creating the new hub? Where will the 70,000 airport workers live? Are we going to build new towns to house them in? If so where? And what of the estimated 100,000 jobs dependent on Heathrow? If these companies re-locate to the new airport they have to live somewhere too.

And how many of those companies would simply take the option of relocating to Amsterdam and Frankfurt as Dell computers and others have already done?

Even if we could justify that process will someone explain to me what we do to replace those jobs in the Heathrow region? This is when I fear a repeat of the economic crisis that hit east London when the docks closed. The rapidly developing economy of North West Europe that I referred to earlier means that the Heathrow is on the far western edge of that dynamic economic area. Attracting new jobs on the scale needed will not be easy and Heathrow airport is not a docklands waiting to happen.

Heathrow's current problems are not insoluble. There is an infrastructure that can be developed. To the west of London the M4 motorway linking South Wales via Heathrow to London provides a ribbon of investment and prosperity that helps the region.

The key problem is the lack of a coordinated transport infrastructure. Think of the South West of England. The rail line doesn't touch Heathrow and the airports of the South West are deprived of effective links to the capital and to an international hub. That is why places like Exeter and Plymouth are so supportive of a third runway at Heathrow.

The problem is made worse because there is no rail link on the South Wales to Paddington line either. Compare this to the situation of Frankfurt quoted above.

Ideally Heathrow would be linked in to the high speed rail network reaching out to other parts of the UK and to continental Europe. It would also have an arrival point that would ensure good interchange between road, rail and air – taking as much car traffic of the road as we can.

There is one area of government where Britain lags behind Europe. I have long held the view that lack of a regional government structure in

Britain has inhibited the development of regions because there is no regional perspective of the type I am trying to describe. The French had no difficulty getting the high speed rail link through to the channel. They threw money at the region and it happened. The high speed train then turned into Puffing Billy when it reached the British coast just like Cinderella's bad experience at the end of a good night out!

The Heathrow region needs to draw together all the expertise that they have in a way that enables them to modernise Heathrow and the infrastructure.

To remove Heathrow would be a catastrophic blow to the economy of the whole area.

Finally I want to mention the increasingly important issue of climate change and aviation.

I have seen climate change as a growing threat for many years. The scientific evidence isn't absolute but it is now so strong as to tell us that if we were not to proceed on the basis of a need to drastically reduce carbon output then we would be seriously irresponsible. So, as some people say to me how can you support the aviation industry?

Precisely because I have been concerned about climate change for some years I came to the conclusion that only a coherent policy involving individuals, business, government and all sectors of society have to have a common agenda for the reduction of carbon emissions. Lecturing or hectoring people will not work and the danger is that people lurch between apathy when they think the problem is too big for them to address and panic when they are told that we are on the edge of runaway global warming.

When people say that aviation is the fastest rising cause of greenhouse gasses I know that it is not enough to point out that it is from a low base in terms of total carbon emissions. UK domestic and international aviation accounted for six per cent of UK man-made CO<sub>2</sub> emissions in 2004 and 0.1% of global CO<sub>2</sub> emissions.

As the recently published Stern Report points out aviation is a much smaller part of total carbon emissions than is sometimes assumed. Aviation is ranked twelfth among UK industries for carbon emissions. That does not mean we don't need to worry about it but it does mean

we should keep it in proportion and recognise that all industries including aviation have to drive down carbon emissions as a matter of urgency.

Let's be quite clear about this. If the scientific evidence becomes so serious to suggest that the challenge of climate change cannot be met without truly drastic action then it isn't just air transport that will have to be curtailed – it will be most of our modern economy and the impact on our societies will be catastrophic and it is difficult to imagine what life would be like.

The evidence however does not suggest panic reactions. It does suggest that in every walk of life and in all our policy options we need to start driving down carbon emissions. The aviation industry needs to demonstrate what it can do and how it can fit into a transport infrastructure to fit both the economic needs of modern life and the environmental needs.

Why is it that the most modern aircraft compare very favourably with high speed trains in carbon per passenger mile and yet unlike trains, planes are not seen as part of the public transport system?

The Stern Report offers a lead which we should all follow. I note that London is now developing as an international trading centre in the way Stern recommends.

I hope and believe that the TCPA will look at all developments including airports with a view to creating carbon neutrality where ever possible. It is a British company that has won the award to build two new Chinese cities each of one million people and each designed to be carbon neutral. We should show the same vision here.

I frequently hear calls for higher taxes on flights. I regard that issue to be primarily one between the Chancellor of the Exchequer and the airlines but let us be clear about one point. Putting up taxes will not check the growth of air travel unless it is truly punitive. Would you choose not to fly if there was a £10 tax on a ticket? I doubt it. You might think twice if it was £50 and a tax at that level would push out some of the poorer travellers. £100 might make a noticeable difference – and the most noticeable part of that difference would be to send passengers off to the continental hubs so they could fly from there.

Climate change requires a more thoughtful response than this.

As I understand it most people in the aviation industry would readily agree that climate change is a serious threat. But perhaps because aviation is driven by science and technology they recognise that the last thing we need in the face of such a challenge is panic reactions. We could close down the British aviation industry or seriously restrict it and yet have relatively little effect on the overall problem.

Similarly we could close down or severely restrict the motor industry or any other rapidly developing service or manufacturing sector of the economy in the vain hope that we would overcome the problem in that way. We could, as a small minority appear to want to do, return to a preindustrial society. That would be a blind and foolish mistake particularly for the country that played such a key role in the scientific and industrial revolutions.

We need a concerted approach across all industries and services as well as in our own personal life styles. To pick on one industry or service enables others to think that the problem can be dealt with simply by increasing taxes on one sector of the economy or by restricting a particular service. The problem is more serious than that and psychologically it would encourage people to think that by changing just one or two industries we could solve the problem. It isn't true.

To confront the challenge of climate change we need action from everyone, whether in the way we use energy in our own homes or in our place of work. We need all sectors in the economy to look at the way they can change working practices and improve technology. And of course we need the Government to draw up the national and international policies that help us face the challenge. I am particularly pleased that all the major political party's are now committed to developing such policies.

The sustainable aviation strategy launched last year is due to make a progress report at the end of this year.

Entering the EU emissions trading scheme will also help and this needs to be done as soon as possible.

Aircraft and aircraft engine manufacturers have been working on more fuel efficient and quieter aircraft for some years and they have made

real progress. Fuel efficiency measured in passenger miles on the most modern aircraft is now not that different from family cars. The new Boeing 787 burns 2.3 litres of fuel to transport 1 passenger 100 kilometres. That is better than many cars and better than the high speed train. The conventional inner city train is slightly better at 2 litres. Aircraft manufacturers aim to get another 50% fuel efficiency gain by 2020.

Virgin Atlantic with their recent announcement about fuel research and environmental studies is a good example of how the aviation industry can show the world they are taking this matter very seriously.

Last year when I was speaking at the Airport Operators Association I said that far more could and should be done to improve ground operations. So I was particularly pleased to hear that the AOA has set up the Airports Carbon Management Group.

Every airport needs to have a target for reducing ground emissions and to tell the public what they are doing. They can use bio diesel or electric vehicles on the airport itself. They can ensure all new and modernised buildings are made carbon neutral. They can buy some if not all the airports electricity from renewable sources suppliers – something that many householders and some companies already do.

I hope the TCPA will encourage this approach.

There has been talk of a university of aviation being established possibly in the Heathrow region. I would suggest that such a university could have a role in researching aspects of aviation and the environment.

World-class academics from nine UK universities are being brought together under the OMEGA partnership, led by the Manchester Metropolitan University's Centre for Air Transport and the Environment. OMEGA is fully supported by the aviation industry and the government and will allow the knowledge transfer and dialogue necessary to ensure we find the best scientific and technological solutions to the environmental challenge of the growth in air travel.”

In Britain we have a long history of showing how scientific and technological progress can help overcome problems.

This issue is too important for us to fail to rise to the challenge.

So I want to end on this note. None of us can afford to be complacent about this. It isn't just aviation that has to find ways of reducing carbon emissions. It is all sectors of industry and commerce as well as in our own private lives. The more we do that the easier it will be to keep Britain in the forefront of aviation and to maintain the standards of living that are inevitably sought by people everywhere.

Speech delivered at the TCPA conference, Manchester Airport.  
Tuesday 7<sup>th</sup> November 2006

Lord Soley of Hammersmith.