TourismAlliance
the voice of tourism

Policy Statement

Increasing the UK's Aviation Capacity

September 2012

1. The Issue

The lack of available capacity at UK airports puts the country at a considerable competitive disadvantage to other European destinations in terms of developing new routes, especially from emerging long haul tourism markets such as China and India.

2. Background

The UK is one of the most popular tourism destinations in the world. The simple fact that it is an island means that there is, and will continue to be, limited alternatives to air transport for most people wanting to visit the UK..

There is currently a damaging lack of airport capacity in the UK, particularly in the South East where Heathrow and Gatwick are both operating at near capacity. At a time when outbound visitor and tourist numbers from long haul emerging markets such as China and India are growing exponentially, this puts the UK at a distinct disadvantage with competitor markets as there is limited scope to increase visitor numbers from these countries without the physical capacity to transport them in.

3. Impact

The Department for Transport's current forecasts for aviation demand growth are that, without additional capacity being provided:

- By 2030 all the major London airports will be full
- By 2040, given Government has ruled out expansion in London, the only growth will be at regional airports outside the South East
- By 2050 the UK would be able to welcome 50 million fewer passengers per year.

This means that, by 2050, the UK would be forgoing £28bn per annum in visitor expenditure and over 560,000 jobs in the tourism industry alone if no additional capacity is provided.

4. Solution

To ensure that the UK does not forgo the economic and employment opportunities afforded by global tourism growth, aviation policy should adhere to the following principles:

- Additional aviation capacity is needed throughout the UK, including the South East.
- Additional point-to-point capacity is needed throughout the UK, including the South East.
- Action is needed now to maintain and grow a world-class international hub airport. If a third runway is ruled-out at Heathrow, planning for a new hub airport should start immediately, given that delivery is likely to take 20-30 years.

4. Solution (continued)

The Content of the Aviation Policy

The Aviation Policy should:

- Acknowledge at that increased capacity and a major hub airport are vital for economic growth.
- Acknowledge that increasing aviation capacity is compatible with commitments to prevent climate change.
- Acknowledge that High Speed Rail is a complementary component of an integrated UK transport strategy rather than a substitute for increased aviation capacity.
- Acknowledge that trying to manipulate demand away from the South East will simply cause overseas visitors to go to competitor destinations overseas.
- Be co-ordinated with the reform of the planning system so that land identified future aviation expansion is safeguarded and that major airport projects can go ahead.

The policy should comprise a three-phase plan to increase aviation capacity. The phases should be:

Short-term
Improve the management of existing capacity in order to increase efficiency

Medium-term
Develop additional runway(s) at existing airports

Long-term
Develop a new international hub airport if capacity is not increased at Heathrow. This airport must be located somewhere that has a high yielding passenger catchment of sufficient size to support the hub with very good transport connections i.e. near London.

5. Facts & Figures

Overseas visitors to the UK generate £20bn per annum in export earnings and support 400,000 tourism sector jobs, while the aviation sector sustains almost 1m jobs and contributes £50bn to GDP and £8bn per annum to the Exchequer .

The UNWTO estimates that international tourism will increase at a compound rate of 3.3% per annum between 2011 and 2030.

While revenue from Chinese visitors in the UK has increased by 125% over the past 10 years, total Chinese outbound tourism expenditure has risen by over 400%. In the Indian outbound market tourism visitor numbers have grown by 250% since 2000, yet visitors to the UK have only increased by 80%. Outbound tourism from China is forecast to increase from 58m to 100m per annum by 2020, while outbound tourism from India will increase from 9m to 50m per annum over the same period.

At present, 72% of visitors and, more importantly, 83% of the revenue and employment generated by inbound tourism is generated by air travel.

The UK is currently the fourth best served destination in Europe for flights from China. Germany, France and the Netherlands all currently have more incoming flights, with more available seats than the UK.

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