

## Myths and Facts

<b>Is a third runway needed at Heathrow?</b>	<b>Is there a case for re-opening the 3<sup>rd</sup> runway debate?</b>
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The last few months have seen intense lobbying from the aviation industry and many of its allies in business for the debate on a 3<sup>rd</sup> runway at Heathrow to be reopened. This briefing examines the questions being asked.

### **Myth: London's economy has fallen behind other European cities because Heathrow has not expanded?**

The evidence points the other way. It all shows that London remains the top city in Europe to do business. The reasons are perhaps best summarized in the annual, and influential, survey, carried out by global property consultants Cushman & Wakefield, *The European Cities Monitor*. In 2011, it found London topped the league for the 22nd year out of 22. Cushman & Wakefield commented: "London is still ranked – by some distance from its closest competitors – as the leading city in which to do business. Paris and Frankfurt remain in second and third place respectively." London owes its position to its excellent links to the rest of the world. It has the best external transport, best internal transport and top telecommunications.

To read the full Cushman & Wakefield survey:

[https://www.cushwake.com/cwglobal/docviewer/2120\\_ECM\\_2011\\_FINAL\\_10Oct.pdf?id=c50500003p&repositoryKey=CoreRe](https://www.cushwake.com/cwglobal/docviewer/2120_ECM_2011_FINAL_10Oct.pdf?id=c50500003p&repositoryKey=CoreRe)

### **Myth: Business is united in its support for a 3<sup>rd</sup> runway.**

In a letter to the Times (4/5/09) leading business figures came out against a third runway: "the business case for a third runway simply does not stack up.....to say that all those from the business community support the third runway is wrong."

#### **The letter was signed by:**

Ian Cheshire, Chief Executive, Kingfisher Russell Chambers, Adviser, Credit Suisse Jon Moulton, Founder, Alchemy Partners Charles Dunstone, Chief Executive, Carphone Warehouse David Levin, Chief Executive, United Business Media Dominic Murphy, Partner, KKR Justin King, Chief Executive, J Sainsbury, Sir Roy Gardner, Chairman, Compass Group Jeremy Darroch, Chief Executive, BSkyB James Murdoch, Chairman and Chief Executive, News Corporation Howard Leigh, Managing Director Cavendish Corporate Finance Martin Armstrong Lord Young of Graffham, former President of the Institute of Directors

Read the letter in full

<http://www.hacan.org.uk/resources/briefings/hacan.no.economic.case.for.3rd.runway.pdf>

**The trade union movement** is also divided over the third runway with at least 6 unions, including UNISON, PCS, RMT and TSSA, opposed to a third runway.

**Myth: there are fewer passengers coming to London by air than to other European cities?**

More passengers fly in and out of London than any other city in the world. Paris, our nearest competitor, is in 5<sup>th</sup> place.

Rank	City	Total Passengers	Airport(s) included
1.	 London	127,353,419	Heathrow, Gatwick, Stansted, Luton, London City, Southend <sup>[3]</sup>
2.	 New York City	107,586,717	JFK, Newark, LaGuardia, Westchester, <sup>[4]</sup> Long Island, <sup>[5]</sup> Stewart <sup>[6]</sup>
3.	 Tokyo	98,024,708	Haneda, Narita
4.	 Atlanta	89,331,622	Hartsfield–Jackson
5.	 Paris	86,203,669	Charles de Gaulle, Orly, Beauvais

To compare Heathrow with Amsterdam, Paris, Frankfurt, Paris or Madrid is not to compare like with like. When all the airports in our ‘competitor’ cities are considered, London remains far ahead of the others – as shown in the 2010 table above, the last full year for which we could find available figures.

**Myth: Heathrow is not well connected to the key *business* centres of the world.**

A report published in 2011 compared flights from London, Paris, Frankfurt and Amsterdam to the key business centres of the world. *International Air Connectivity for Business*, by WWF and AirportWatch, found Heathrow to be in a class of its own.

- Heathrow has 990 departure flights each week to the world’s key business centres - that is more than its two closest rivals, Charles de Gaulle (484) and Frankfurt (450), combined.
- In total, London’s airports have 1113 departure flights to the key business destinations compared with Paris’s 499, Frankfurt’s 443, and Amsterdam’s 282.
- Heathrow has significantly more flights to 20 of the 27 key business destinations. Five of those destinations to which it doesn’t have more flights are in Asia. However Heathrow still has more flights *overall* to Asia than any other hub airport – 281 compared to Charles de Gaulle’s 176 and Frankfurt’s 148.
- Heathrow is in a class of its own with its inter-connectivity to the key business centres of North America and the Gulf States. Heathrow has over 350 flights to the US cities each week compared with less than 200 from each of its nearest rivals, Charles de Gaulle and Frankfurt. It has over 176 to the Gulf States destinations each week compared to less than 70 from Charles de Gaulle.

The full report is at [http://www.aef.org.uk/downloads/Business\\_Connectivity\\_Report\\_August2011.pdf](http://www.aef.org.uk/downloads/Business_Connectivity_Report_August2011.pdf)

**Myth: London has fewer runways than other European cities**

London is served by 6 airports and 7 runways; Paris by 3 airports and 8 runways; Amsterdam by 1 airport and 5 runways; Frankfurt by 2 airports and 5 runways; and Madrid by 1 airport and 4 runways.

### **Myth: Heathrow, with just two runways, can't compete**

Heathrow famously only has 2 runways. Charles de Gaulle, Schiphol, Frankfurt and Madrid each has more. This, in itself, is not a reason to build a third runway.

Heathrow has a lot of spare terminal capacity. It could accommodate at least another 20 million passengers a year. This is relevant when thinking about future demand. The big, new demand will be from fast-industrializing countries such as China and India. The Government anticipates, almost certainly correctly, that, if Heathrow does not expand, market forces will lead to larger, intercontinental planes carrying business people being given priority at Heathrow over many of the short-haul flights which currently use the airport (20-25% of flights are to domestic destinations or to near-Europe). Many of these short-haul flights will start to use the spare capacity at some of London's other airports. There is no evidence that this would harm the economy as it is the number of terminating passengers which helps build the economy, not an ever-increasing number of interchanging passengers.

The extra capacity at the other airports is not as large as it seems. Neither Schiphol nor Charles de Gaulle uses all their runways at the same time. Schiphol, in particular, rotates its five runways in order to give residents relief from the noise.

### **Myth: Heathrow needs to grow as a hub airport**

This is the main myth which needs to be nailed. The argument put is that the interchange passengers which use a hub enable the airport to run many more flights to key destinations. This choice of flights makes the airport, and the city it serves, popular with business people. There is some truth in this. But there is a growing body of evidence which suggests that, for London to remain attractive as a destination to business, Heathrow does not need to *expand* as a hub.

There is no hard evidence that the London economy will lose out if Heathrow does not expand as a hub. The reason for this is London's importance to business people as a destination. This was emphasized in *Transport Statistics Great Britain 2011*, the most recent report from the Department for Transport, which showed that worldwide, Heathrow had the largest number of terminating passengers on international flights in 2010. An earlier report from the Dutch economists CE Delft made a similar point. In *The economics of Heathrow expansion* (2008) they argued that a third runway was not required at Heathrow because, for business as a whole, other factors, such as the vibrancy of London's financial centre, were of greater importance than the size of Heathrow. Former BA chief executive Bob Ayling has repeatedly made this point: that Heathrow should concentrate on attracting terminating passengers rather take part in a race for ever more interchange passengers. He went as far as telling the Sunday Times in 2008 that a third runway would be "a costly mistake.....against Britain's economic interests" (Sunday Times 4/5/08).

The reports are:

CAA, *Aviation Policy for the Environment* (2011)

[http://www.caa.co.uk/docs/589/CAA\\_InsightNote2\\_Aviation\\_Policy\\_For\\_The\\_Environment.pdf](http://www.caa.co.uk/docs/589/CAA_InsightNote2_Aviation_Policy_For_The_Environment.pdf)

CE Delft, *The economics of Heathrow expansion* (2008)

<http://www.hacan.org.uk/resources/reports/ce.delft.final.report.pdf>

## **Myth: A proper debate about the need for a third runway has never taken place**

During the years from 2002 – 2010, there was not only vibrant campaigning about Heathrow expansion but a serious debate on whether it should be built. Governments, campaigners and consultants produced reports. Arguments were rehearsed at conferences, in consultations and through the media. In 2010 the Government decided the arguments for expansion did not stand up.

The now Prime Minister **David Cameron** had written a year earlier: “There are now increasing grounds to believe that the economic case is flawed.” (London Evening Standard 16/6/09). He was not alone in that view:

**Steven Norris**, the former Conservative Transport Minister, now a successful businessman: “the Government is pushing ahead with plans for a third runway without really understanding what that means for the economy” (speech 14/2/08)

**Anatole Kalesky**, then economics editor of the Times: “expanding Heathrow would be environmental, economic and political madness.” (The Times 28/2/08)

**Simon Jenkins**, columnist: “Business may like good air links, and having London as a European hub may have beneficial side effects (for some), but the atrocious state of Heathrow does not appear to have impeded London’s advance over the past decade. The claim that Heathrow expansion is ‘vital’ for British business is palpable rubbish.” (Sunday Times 2/3/08).

There is no evidence to suggest anything has significantly changed for the debate to be reopened.

## **Myth: It will be politically possible to build a third runway**

The campaign against the third runway attracted the biggest, most diverse coalition ever assembled against airport expansion. It included politicians of all parties, economists, local residents, business people, trade unionists, environmentalists and direct action activists.

*“The coalition assembled outside Parliament is extraordinarily wide. It runs from radical eco-warriors to middle-class mothers in west London, hedge fund managers in Richmond, to pensioners and parents in Brentford”* Iain Martin, Daily Telegraph, 14/1/09

That coalition is simply dormant. It would re-emerge immediately there was a hint of Heathrow expansion proposals emerging. Many politicians have concluded that it is politically impossible to build a third runway at Heathrow.

## **Myth: Quieter, cleaner planes would deal with the environmental problems**

Plans are becoming cleaner and, more slowly, quieter. But progress would not be fast enough to deal with the impact of a third runway which would increase flight numbers from 480,000 a year to over 700,000. It would make Heathrow the biggest single emitter of CO<sub>2</sub> (the climate change gas) in the UK. And the number of people disturbed by noise would rise by at least 150,000. Already, according to EU figures, 725,000 people are impacted by noise from Heathrow Airport; that is, 28% of people disturbed by aircraft noise right across Europe.

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