

John Stewart – No Economic Case to Expand Heathrow

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The Government was right to scrap plans for expansion at Heathrow and rule out new runways at Stansted and Gatwick. It will benefit the environment and not hurt the economy. If a third runway had been built, Heathrow would have become the largest single emitter of greenhouse gases in the UK. The impact of expansion on local communities at all three airports would have been significant. The third runway alone would have resulted in over 100,000 people being newly disturbed by aircraft noise.

It is, though, the impact of the decision on the economy where supporters of expansion have been most critical. They argue that a lack of new capacity will drive business elsewhere. The hard evidence suggests this will not be the case. London remains the best-connected city in the world. In 2009, the last year for which full figures are available, over 130 million passengers used London's five airports - more than any other world city. Paris was London's closest European competitor with just under 86 million passengers using its airports. There is no sign that any European city will overtake London in the foreseeable future.

The other key advantage London has over its rivals is what it has to offer business, including the vibrancy of its financial sector, English as the international language of commerce, and a lower tax regime and lighter regulation than some of its competitor countries. According to the recently-published report from York Aviation, Aviation Services and the City, London is "the world's pre-eminent financial centre," with more branches and subsidiaries of foreign banks "than in any other centre worldwide." All without a third runway at Heathrow! This importance of London as a destination has a key implication for Heathrow. While other cities may require a high percentage of transfer passengers to interchange at a large hub airport to enable airlines to profitably operate a lot of flights to key business destinations, it is not the case at Heathrow. It has sufficient business traffic coming to London to enable these flights to be profitable. The economy is not dependent upon airport expansion in the South East.