

International Air Connectivity for Business



**How well connected are UK
airports to the world's main
business destinations?**

Summary

Air transport provides the international connectivity the country needs to succeed in a competitive global economy.

The Scoping Document (DfT, 2011)

- This report has been produced within the context of the Government's Aviation Scoping Document. The Scoping Document is the first stage in the process for Government of drawing up a new aviation policy. It was put out for a six month period of consultation from March to September 2011. More detailed policy proposals will go out for consultation in early 2012 with the final policy published in 2013.
- The purpose of the report has been to explore how well the UK airports are currently connected to key international business destinations compared with 'rival' airports in Europe.
- The report looked at the four main 'hub' airports: Heathrow, Charles de Gaulle, Schiphol and Frankfurt. It also looked at the flights from *all* the airports serving the 'hub' cities: London, Paris, Amsterdam and Frankfurt, as well as Manchester and Munich. These 'hubs' were chosen for their importance as international business destinations: they represent the busiest airports in Europe. Although it would have been informative to have compared all European airports, such extensive work was beyond the scope of this study. Madrid, a major airport in Europe, was excluded only because of the difficulty of obtaining the relevant data in the time available.
- The study undertaken for this report counted the number of destinations served by each airport, and the number of planes serving each of those destinations during one week in the month of July. It only looked at departures. July is, of course, a major holiday month so there will have been less than average business traffic and more leisure flights.
- The report looked at the connectivity between these airports in Europe and the world's key business destinations. There is no definitive list of those destinations so we chose important business cities in America, Canada, Japan, South Korea and the Gulf States plus major cities in the 'BRIC' countries: China, India, Brazil, Indonesia and South Africa. The cities are listed in the annex on page 15.

The report found:

- Heathrow is ‘in a class of its own’ as far as its inter-connectivity to the key business centres of the world is concerned, with more flights to these business destinations than any other airport in Europe – in fact, more than the combined total of its two nearest rivals, Charles de Gaulle and Frankfurt.
- London as a whole has a greater number of total flights to the world’s main business destinations than the other cities surveyed, though it serves slightly fewer total destinations (including leisure) than Paris. Many more passengers in total, though, use London’s airports – around 130 million in 2010 compared with less than 90 million at Paris’s airports (Airport Council International). Those who say that London and specifically Heathrow are losing out to European airports and that this will harm the British economy are therefore misinformed. Our connectivity to business destinations, key to economic growth, is still unrivalled.
- London has the highest number of flights to the key markets in Asia, the Middle East, North America and Australasia; this is largely because Heathrow has a much wider spread of destinations outside Europe than its European rivals.
- Heathrow has a lower percentage of intra-European flights than the other hub airports, reflecting the lower number of interchange passengers using it. But this doesn’t materially affect the UK economy, given Heathrow’s worldwide connections to business destinations are significantly better than those of the other European hub airports.
- The largest number of flights from the European 'hubs' is to destinations within Europe, reflecting the huge amount of short-distance, intra-European flying that is taking place. This means that the key question is not lack of capacity at Europe’s airports but how that capacity is used. The high percentage of intra-European flights suggests significant potential for modal shift from plane to train, particularly given Europe’s growing high-speed rail network. The demand for air travel to short-haul destinations would decrease. This could potentially free capacity to business destinations whilst reducing overall demand for air travel.

What the Study Investigated

This report explores how well the UK airports are currently connected to key international business destinations compared with 'rival' airports in Europe.

The report does not look at every airport in Europe. That was not required to get the relevant data. It was also beyond the resources we had available to do the work.

The report looked at:

The four 'hub' airports of:

- Heathrow
- Charles de Gaulle
- Schiphol
- Frankfurt

We had intended to include Madrid but the data was too difficult to obtain in the time available.

The Methodology

The report counted the number of destinations served by each airport and the number of planes to each of the main business destinations during one week in the month of July. It only looked at departures. July is, of course, a major holiday month so there will have been less than average business traffic and more leisure trips. It included all timetabled flights, i.e. those which were direct and those which involved a timetabled change. We only counted which flights flew to during the period surveyed. We did not include destinations where there may have been flights at other times of the year. If there was more than one airport covering a city, we counted that as one city destination.

All the airports serving the 'hub' cities:

Looking at the total departures from a 'hub' city provides a more complete picture of its connectivity.

- London – Heathrow; Gatwick; Stansted; Luton and City
- Paris – Charles de Gaulle; Orly; Beauvais
- Amsterdam – Schiphol
- Frankfurt – Frankfurt; Frankfurt Hahn

For purposes of comparison, the report also looked at two major 'regional' airports: Munich and Manchester

Business Connectivity

The main focus of the report is the inter-connectivity between key business centres as it is this which is crucial to economic well-being within a global economy.

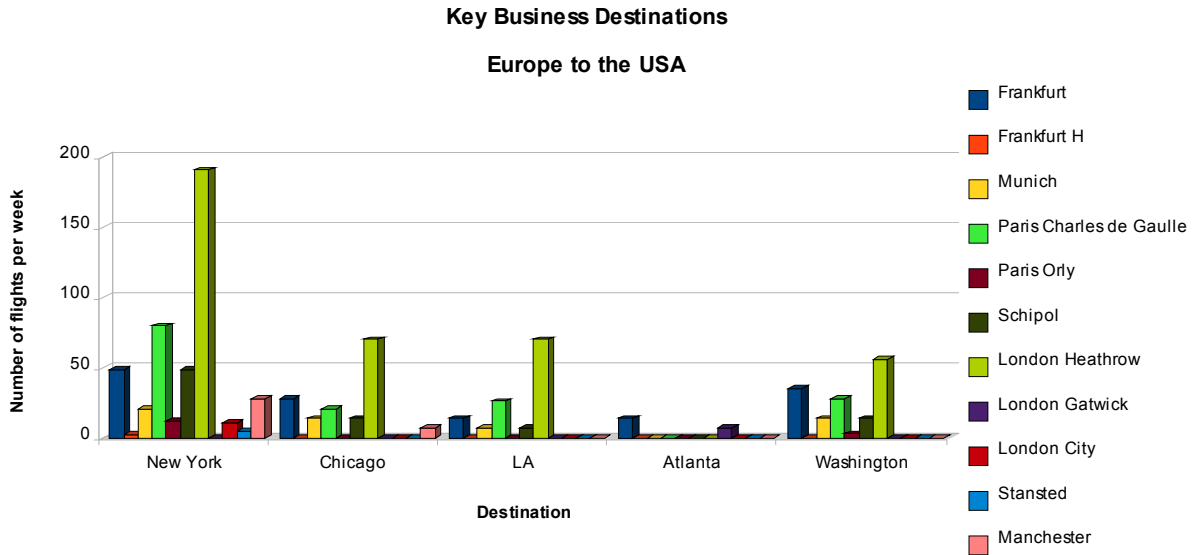
The report looks at the connectivity between the airports it studied and the world's key business destinations. There is no definitive list of those destinations so we chose important business cities in America, Canada, Japan, South Korea and the Gulf States plus major cities in the 'BRIC' countries: China, India, Brazil, Indonesia and South Africa. A full list of these cities can be seen in the annex on page 15..

Heathrow in a class of its own

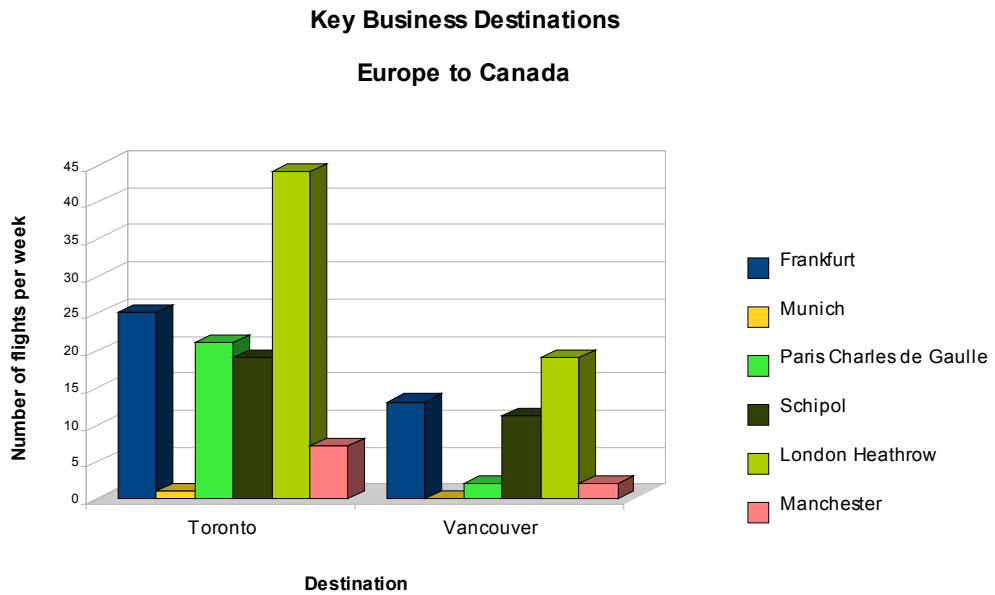
- Heathrow had 990 departure flights to the world's key business centres.
- That is more than its two closest rivals, Charles de Gaulle (484) and Frankfurt (450), combined.
- In total, London's airports had 1113 departure flights to the key business destinations compared with Paris's 499, Frankfurt's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

Heathrow had 990 weekly departures to key business destinations, more than the combined total of Charles de Gaulle and Frankfurt

Best Connected: Heathrow

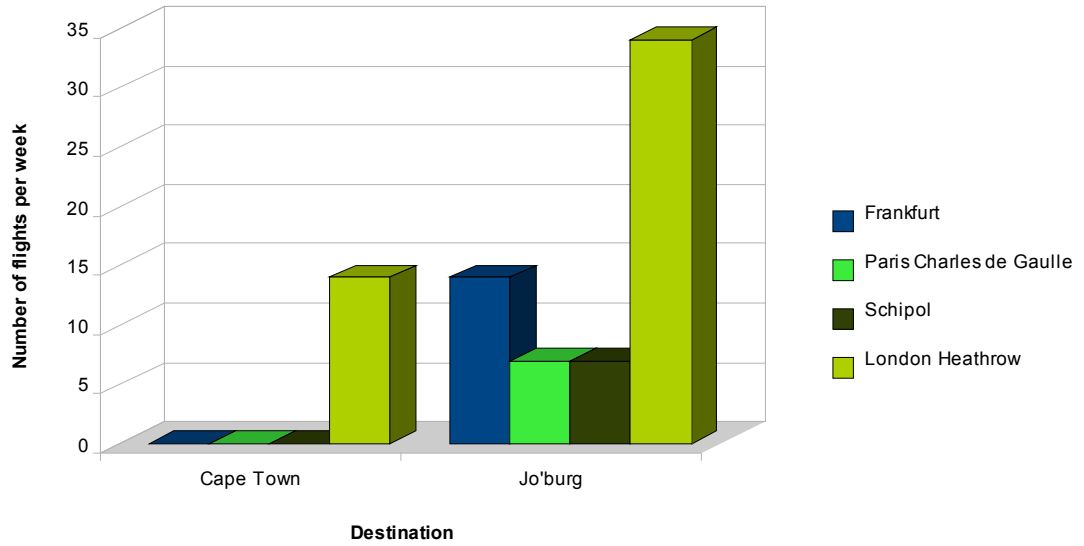


Best Connected: Heathrow



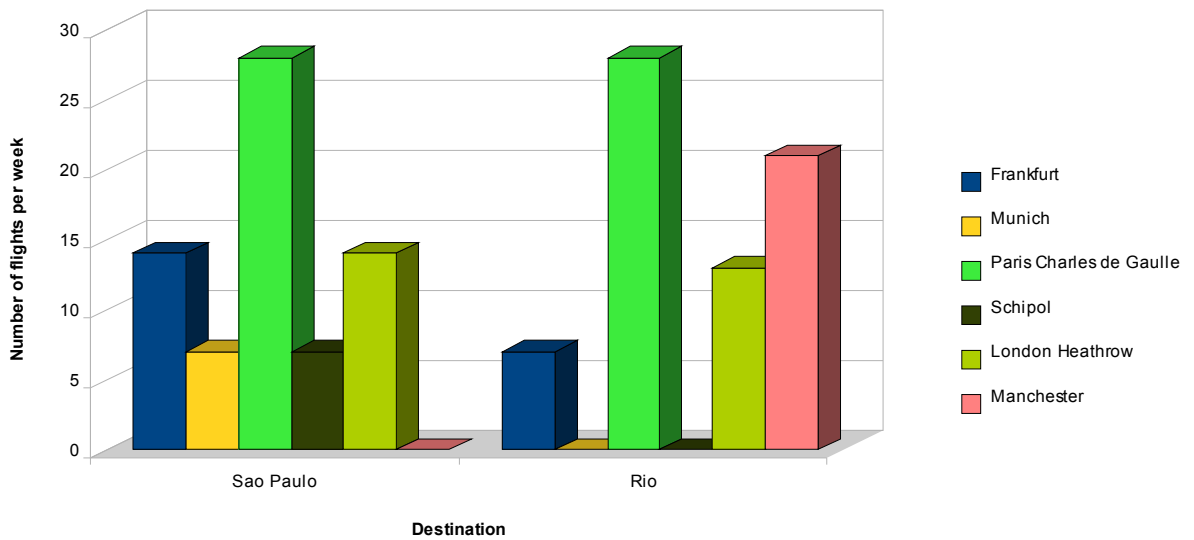
Best Connected: Heathrow

Key Business Destinations
Europe to South Africa



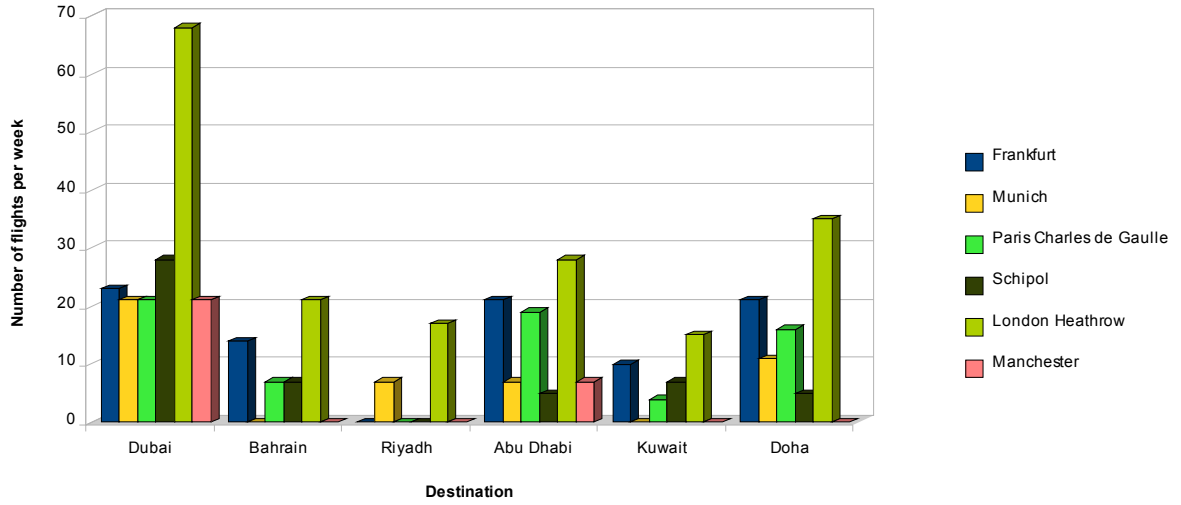
Best Connected: Charles de Gaulle

Key Business Destinations
Europe to Latin America (Brazil)



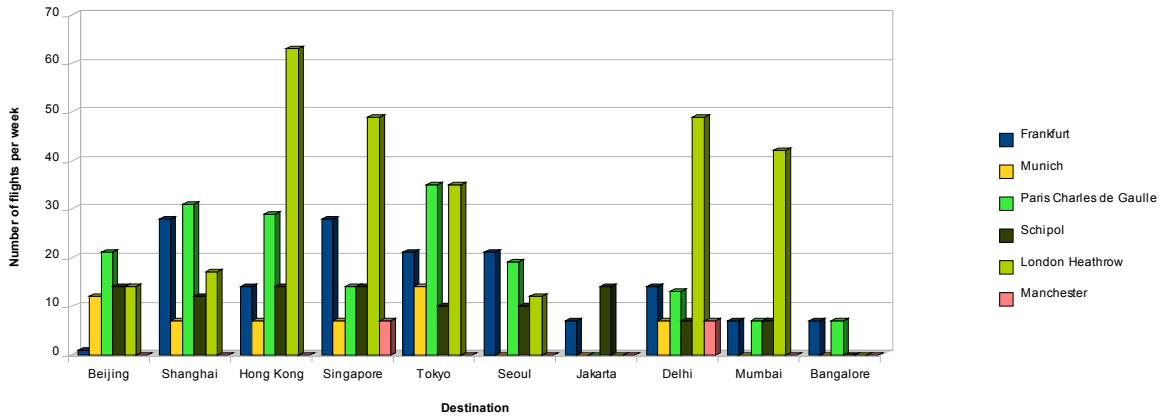
Best Connected: Heathrow

Key Business Destinations
Europe to the Middle East



Best Connected: Heathrow

Key Business Destinations
Europe to Asia



Worldwide Connectivity

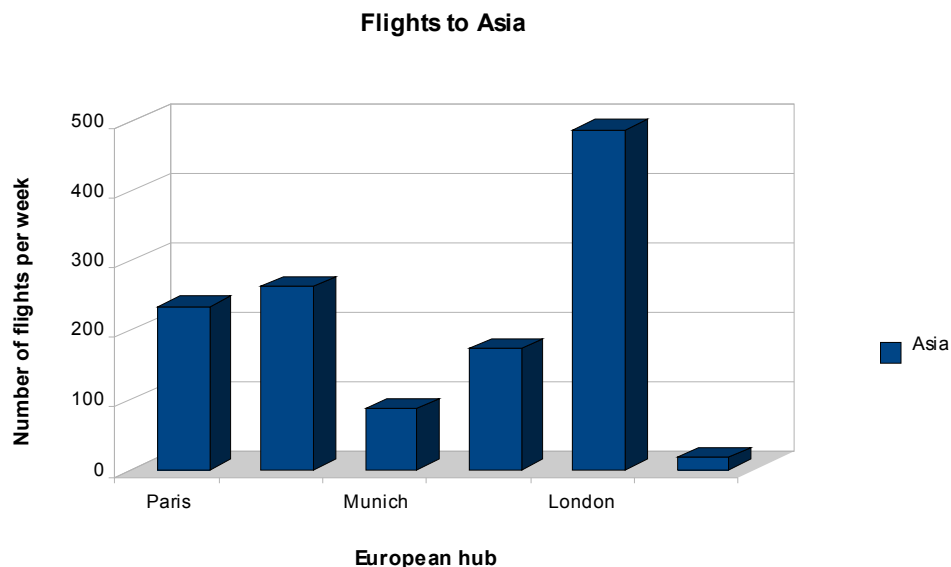
Paris just shades London in the number of destinations it serves but many of these are to domestic or minor destinations. London has more flights, including to key business destinations. Frankfurt and Amsterdam lag behind both London and Paris in terms of total flights and destinations.

The Paris airports serve 369 different city destinations; the London airports 354. (Of course these were the destinations which flights flew to during the period surveyed. We did not include destinations where there may have been flights at other times of the year. If there was more than one airport covering a city, we counted that as one city destination). London is well ahead in the number of destinations it serves in the crucial markets of North America, the Middle East and the Far East.

There are two main reasons why Paris serves more destinations overall: it still operates flights to a lot of cities in its former African colonies – though, typically only a small number to each destination; both Orly and Beauvais fly to a lot of domestic destinations.

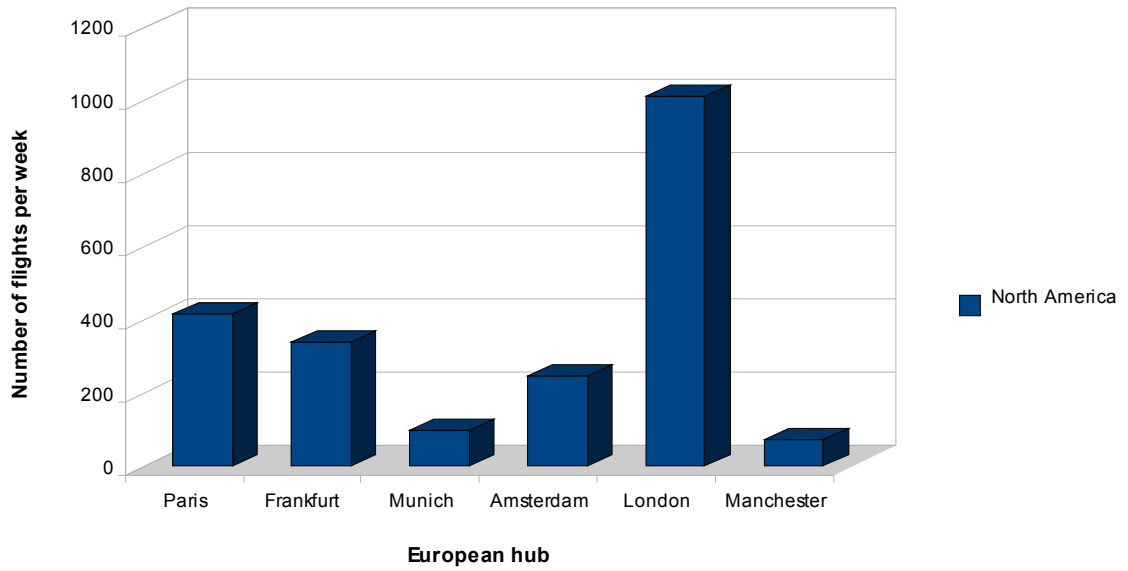
Given this pattern of French flights, together with London's better connectivity to key business centres outlined in the last section, it is clear that Paris does not have better international connectivity simply because it serves more destinations.

Top City: London



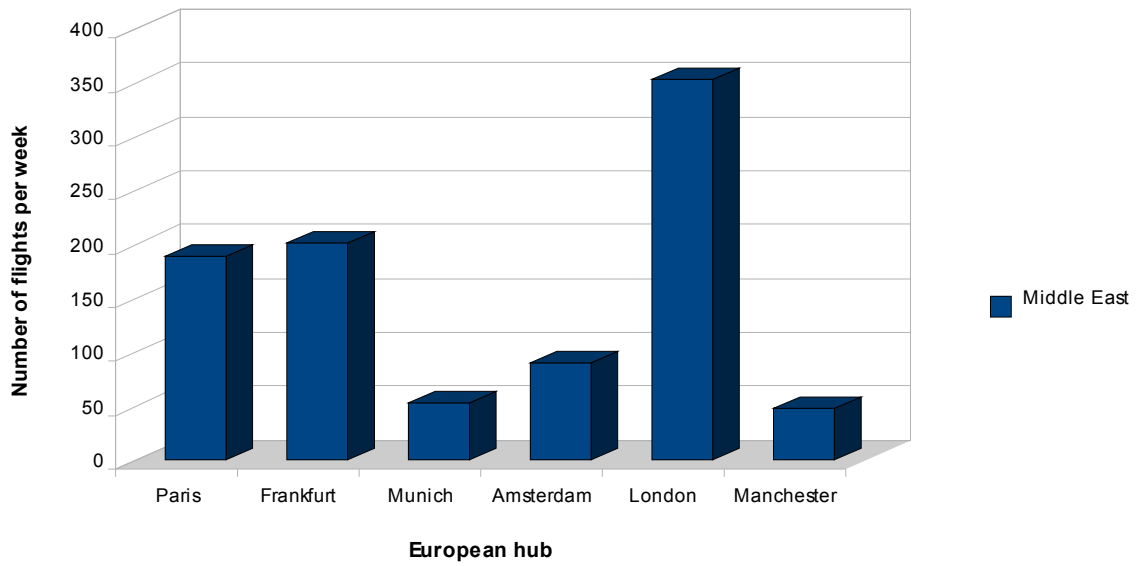
Top City: London

Flights to North America



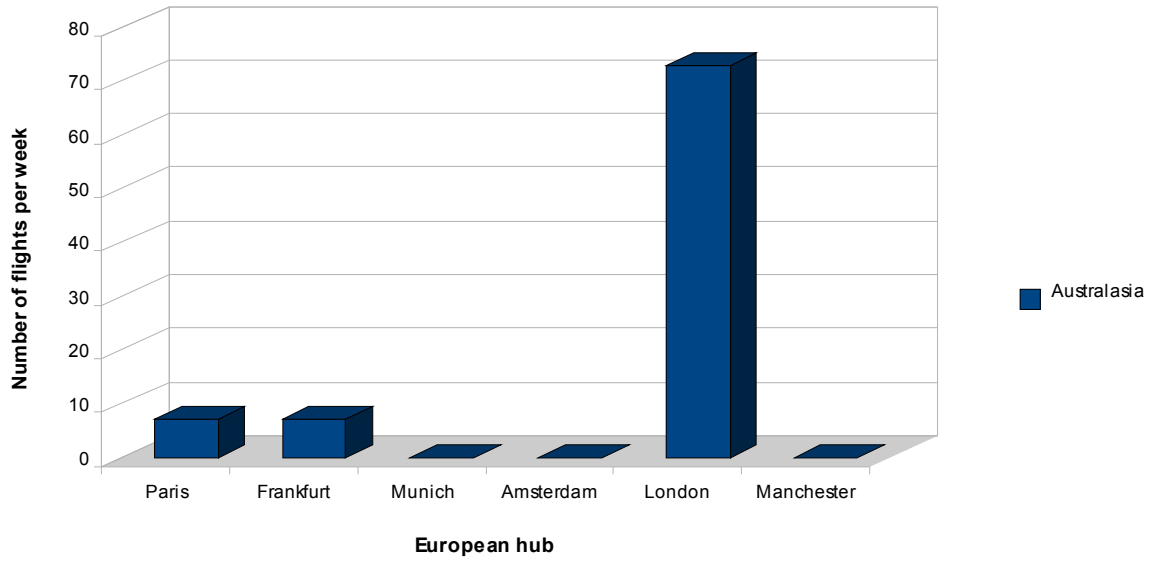
Top City: London

Flights to the Middle East



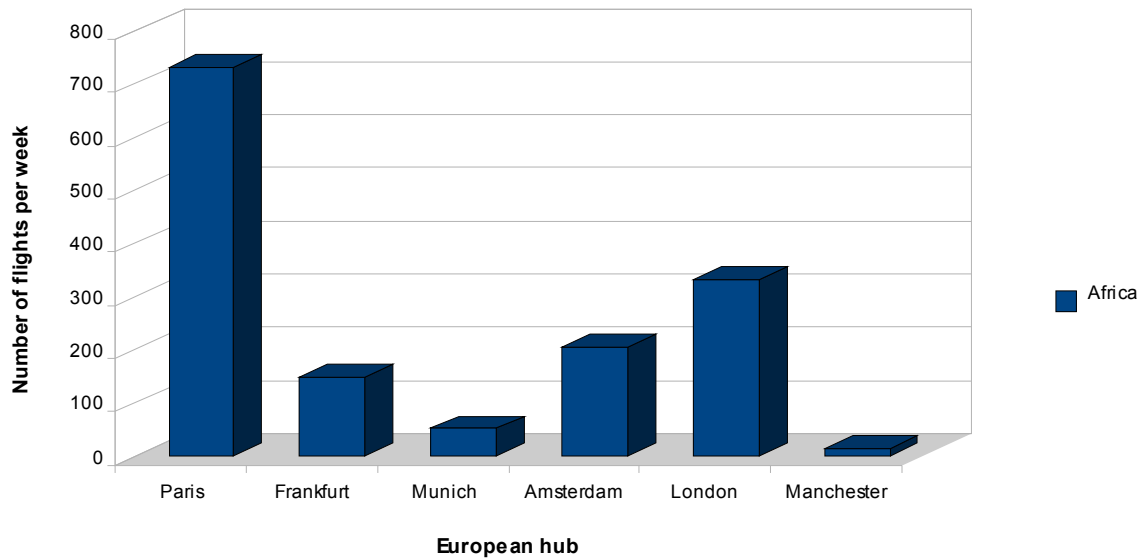
Top City: London

Flights to Australasia

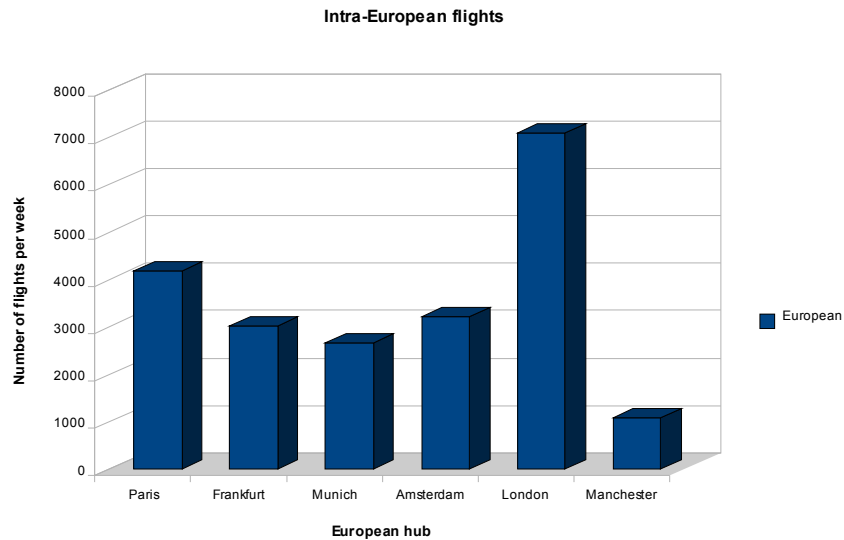


Top City: Paris

Flights to Africa



Flights within Europe



The number of intra-European flights is huge. Many of these flights are over relatively short distances, a lot of them within one country.

Each week

- 142 flights depart Frankfurt for Berlin - Frankfurt's top destination
- 133 flights depart Orly for the short trip to Nice, and 75 to Barcelona
- 144 flights depart Munich for Dusseldorf
- 67 flights depart London City for Amsterdam
- 113 weekly flights from Heathrow to Edinburgh and 81 to Manchester
- 84 flights depart Schiphol for Frankfurt – an example of the many flights *between* the four main 'hub' airports

A proportion of the passengers on these flights will have transferred from inter-continental flights but many will be point-to-point leisure passengers. This raises questions about how Europe's airports are being used. Most of the flights are for short-distance leisure

passengers. According to EuroControl 45% of air trips within Europe are less than 500km in length. They are taking up the space which could be used by business flights to and from key business centres across the globe. This report is not passing a comment on whether or not that is desirable. It is simply highlighting the fact that the key question is not lack of capacity at Europe's airports but how that capacity is used. The vast majority of travel is between destinations which are accessible by other modes of transport, such as the train. If the aviation industry did not receive the tax-breaks from which it currently benefits, the true cost of flying would be better reflected in the price of air fares, and demand for air travel on short-haul destinations would decrease. This could potentially free capacity to business destinations whilst reducing overall demand for air travel.

The key question is not lack of capacity at Europe's airports but how that capacity is used

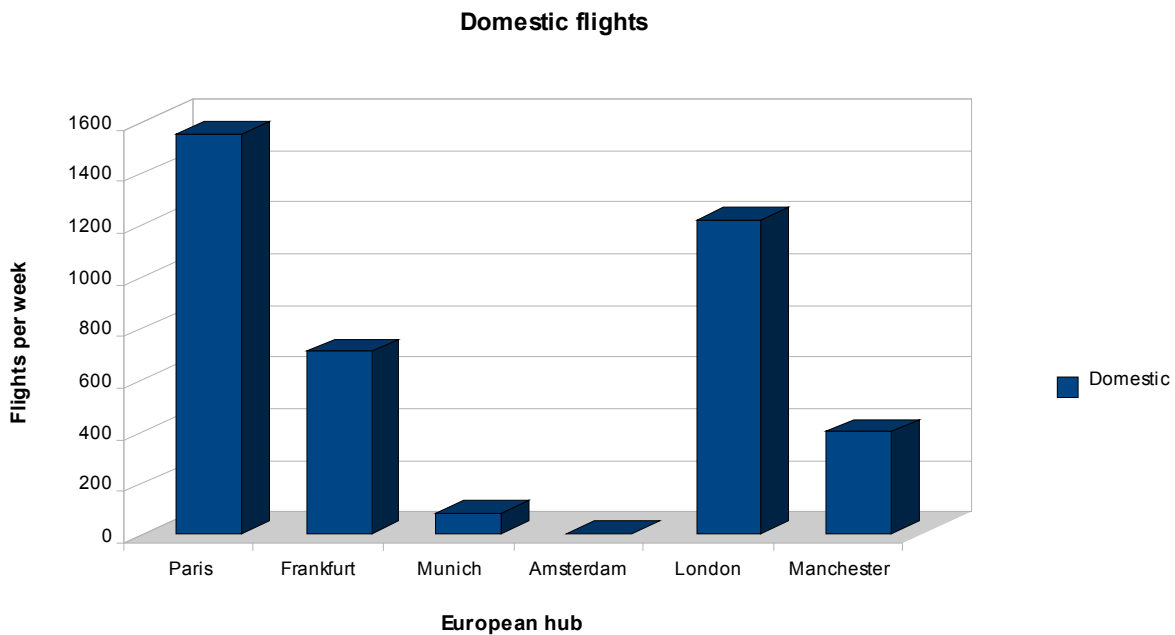
Heathrow – an airport with a difference

Perhaps the most striking thing about Heathrow is that it has many more inter-continental flights than the other European airports but flies to a smaller percentage of European and domestic destinations.

Only **50%** of Heathrow’s destinations are to mainland Europe – compared with **60%** for Frankfurt; **64%** for Charles de Gaulle; and **75%** for Schiphol.

This of course reflects the fact that Heathrow has fewer interchange passengers; a fact constantly highlighted by the aviation industry. As far as international business connectivity is concerned, there is little to indicate this is a problem. Indeed, the evidence which does exist suggests that, because London is so popular as a destination for business people, and is so well connected to other business destinations, it doesn’t need an ever-growing number of transfer passengers to make it profitable for the airlines run an attractive number of flights to key business destinations (CE Delft, 2008). The fact is that, despite fewer transfer passengers than the other four major hub airports, Heathrow has many more flights to the world’s key business centres than any of Europe’s airports.

London has a lot of domestic flights. Heathrow, though, only serves 8 domestic destinations



Conclusions

1. London has better connections to the key business centres of the world than any other European city.

- All London's airports had 1,113 departure flights in the week studied to the key business destinations compared with Paris's 499, Frankfurt's 443, and Amsterdam's 282.

2. Heathrow has many more flights to the world's key business centres than any of Europe's airports, despite fewer transfer passengers than the other four major hub airports.

- Heathrow had 990 weekly departures to key business destinations, more than the combined total of Charles de Gaulle and Frankfurt

3. There is no evidence that an increase in transfer passengers is critical in maintaining Heathrow's outstanding connections with the world's business centres.

- Heathrow is not dependent on transfer passengers for airlines to run profitable services to the key business cities of the world because of London's popularity as a *destination* for business and its leading connectivity to other key business destinations.

4. The key question is not lack of capacity at Europe's airports but how that capacity is used

- The vast majority of flights from all the European airports are intra-European, often covering relatively short distances. European governments need to decide whether to continue to permit most of the capacity at Europe's airports to be taken up with short distance flights or whether to reduce the number of those flights – through fiscal measures, and slot allocation – in order to free up capacity for more intercontinental flights from key business destinations, particularly those in the fast-developing economies of Asia and South America. A carbon cap on aviation emissions will ensure that use of spare capacity does not result in an increase in overall emissions.

References:

CE Delft: *The economics of Heathrow expansion*, 2008, Boon, B. et al

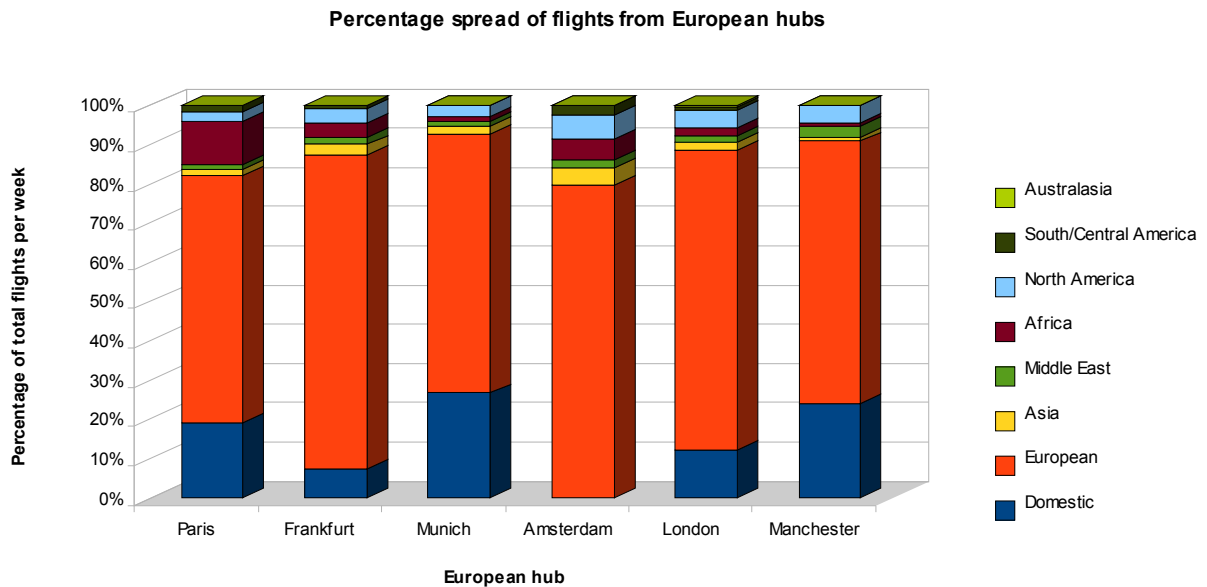
Front Page photo: Steve Morris, <http://www.airplane-pictures.net/eyecatchers.php>

Annex

From:	Frankfurt; Frankfurt H; Munich; Gaulle; Orly; Beauvais; Schiphol; Heathrow ; Gatwick; Luton; City; Stansted; Man												
To:													
New York	49	2	21	80	12	0	49	191	0	0	11	5	28
Chicago	28	0	14	21	0	0	14	70	0	0	0	0	7
LA	14	0	7	26	0	0	7	70	0	0	0	0	0
Atlanta	14	0	0	0	0	0	0	0	7	0	0	0	0
Washington	35	0	14	28	3	0	14	56	0	0	0	0	0
Toronto	25	0	1	21	0	0	19	44	0	0	0	0	7
Vancouver	13	0	0	2	0	0	11	19	0	0	0	0	2
Sao Paulo	14	0	7	28	0	0	7	14	0	0	0	0	0
Rio	7	0	0	28	0	0	0	13	0	0	0	0	21
Cape Town	0	0	0	0	0	0	0	14	0	0	0	0	0
Jo'burg	14	0	0	7	0	0	7	34	0	0	0	0	0
Beijing	1	0	12	21	0	0	14	14	0	0	0	0	0
Shanghai	28	0	7	31	0	0	12	17	0	0	0	0	0
Hong Kong	14	0	7	29	0	0	14	63	0	0	0	0	0
Singapore	28	0	7	14	0	0	14	49	0	0	0	0	7
Tokyo	21	0	14	35	0	0	10	35	0	0	0	0	0
Seoul	21	0	0	19	0	0	10	12	0	0	0	0	0
Jakarta	7	0	0	0	0	0	14	0	0	0	0	0	0
Delhi	14	0	7	13	0	0	7	49	0	0	0	0	7
Mumbai	7	0	0	7	0	0	7	42	0	0	0	0	0
Bangalore	7	0	0	7	0	0	0	0	0	0	0	0	0
Dubai	23	0	21	21	0	0	28	68	0	0	0	0	21
Bahrain	14	0	0	7	0	0	7	21	0	0	0	0	0
Rijadh	0	0	7	0	0	0	0	17	0	0	0	0	0
Abu Dhabi	21	0	7	19	0	0	5	28	0	0	0	0	7
Kuwait	10	0	0	4	0	0	7	15	0	0	0	0	0
Doha	21	0	11	16	0	0	5	35	0	0	0	0	0
Total	450	2	164	484	15	0	282	990	7	0	11	5	105

How well connected are UK airports to the world's main business destinations?

The answer couldn't be clearer: as far as international business connectivity is concerned, Heathrow – and London – dwarf the rest of Europe.



The other key finding was that most flying from all the airports is not inter-continental but short-haul within Europe, largely for leisure purposes. It then becomes not a question of lack of capacity but how that capacity is used.

The report has been published by AirportWatch and compiled by John Stewart with assistance from Elizabeth Baines who also carried out the research. Jean Leston of WWF helped in reviewing the work. Funding for the research was provided by WWF-UK. AirportWatch can be contacted at Broken Wharf House, 2 Broken Wharf, London EC4V 3DT, 020 7248 2227, info@airportwatch.org.uk; www.airportwatch.org.uk August 2011

