



Northern Ireland
Assembly

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Des McKibbin

Northern Ireland Air Connectivity

1 Overview

This paper discusses the UK Government's ongoing plans to increase runway capacity in the South East of England and potential implications of the final decision on the Northern Ireland economy.

2 Policy Context

Aviation policy remains largely a reserved matter in the UK. Policy responsibility rests with the UK Department for Transport (DfT) and the Civil Aviation Authority (CAA). Reserved matters include safety regulation; aviation security; competition issues; consumer protection; air traffic management and international aspects of aviation policy. The Northern Ireland Government does have devolved powers relating to airports in terms of land use planning and airport surface access issues.¹

The focus of UK aviation policy at the present time is on the need to improve connectivity with emerging economies but this will require expanded capacity at our major international airports, particularly in the South East of England (Heathrow for

¹ DfT (2012) Northern Ireland Affairs Committee - An air transport strategy for Northern Ireland: Memorandum from the Department for Transport [online] available from: <http://nia1.me/282>

example), which are at or approaching their maximum capacity and are completely full at peak times.²

2.1 The Airport Commission

To address this issue the UK Government established an Independent Commission (The Airport Commission (AC)) in 2012, to be chaired by Sir Howard Davies. The AC has been tasked with producing:

- An Interim Report by the end of 2013, setting out the nature, scale, and timing of steps needed to maintain the UK's status as an international hub for aviation, alongside recommendations for making better use of the UK's existing runway capacity over the next five years; and,
- A final report by summer 2015, setting out recommendations on how to meet any need for additional airport capacity in the longer-term.³

The Airport Commission's Interim Report concluded that **there is a clear case for one additional runway in London and the South East**, to come into operation by 2030. The options to be considered include **new run ways at either Gatwick Airport or Heathrow**, whilst proposals for a new **Thames Estuary Airport options may be revisited in the future**.⁴ These options will be considered and recommendations will be made in the final report.

2.2 Impact on Northern Ireland

Belfast, like other regional airports, depends on reliable links to London and Heathrow in particular, to connect with global markets. There are currently nine flights per day between Belfast and Heathrow⁵; however there is a view that with Heathrow operating at 99% capacity, coupled with the increasing pressure to connect with emerging markets, **failure to increase capacity could impact on existing services to NI**.^{6 7}

A study by York Aviation and Oxford Economics suggests that the final decision on where to build new airport capacity in the southeast is of paramount importance to Northern Ireland. They found that a new UK hub airport would be best placed to ensure sustainable and more frequent services (up to 12 per day) from Belfast. This would provide a £92m boost to the Northern Irish economy every year and deliver 710 new

² Airports Commission (2013) Interim Report [online] available from: <http://nia1.me/283>

³ Ibid.

⁴ Ibid.

⁵ York Aviation (2014) Making Connections [online] available from: <http://nia1.me/284>

⁶ Ibid. (Page 33)

⁷ CBI Northern Ireland (2012) Memorandum for Northern Ireland Affairs Committee inquiry: An air transport strategy for Northern Ireland [online] available from: <http://nia1.me/285>

jobs.⁸ However, it goes further to suggest the option of third runway at Heathrow would not lead to a sustainable service to Belfast being established.⁹

3 The Importance of Air Connectivity

Air connectivity refers simply to the degree to which a country or region is connected to others via air links. These links are a vital component of today's global economy, supporting economic growth by facilitating Trade, Foreign Direct Investment (FDI) and Tourism.¹⁰ From a Northern Ireland perspective, the fact it is on the periphery of Europe with no land links to GB, Continental Europe or other international markets only serves to reinforce the need for strong air links, as alternatives such as high speed rail do not exist here.¹¹ Speaking on this issue Nigel Smyth, the Director of CBI NI, stated:

*“Air transport and air connectivity are crucial, and indeed vital, to the future success of the Northern Ireland economy. They will become more **important as we seek to rebalance the economy** and, indeed, achieve the goals set out in the recent programme for government and the economic strategy in Northern Ireland. We need to **increase our exports** significantly, including developing and emerging growth markets. We need to **double our tourism** revenues by 2020, coming from a relatively low base, and we need to **attract significantly more foreign direct investment**. Air access and air connectivity are clearly key elements in each of these strategic areas. Regional air services and links to the UK's hub airport, Heathrow, are absolutely fundamental requirements. We do not have other options or alternatives in Northern Ireland. We cannot drive; we cannot get on a train. **We have a very high reliance on air transport.**”¹²*

3.1 International Connectivity

Northern Ireland has historically been poorly served with direct scheduled international air services. However, the situation has improved significantly in recent years:

- in 2001 there were services to 20 destinations in five countries; whereas
- In 2011 Northern Ireland airports operated services to:
 - 39 domestic UK destinations (Belfast City 22; Belfast International 12; City of Derry 5);
 - 22 EU-27 destinations (Belfast City 2; Belfast International 18; City of Derry 2);and

⁸ York Aviation (2014) Making Connections [online] available from: <http://nia1.me/284> (page 10)

⁹ Ibid.

¹⁰ Oxford Economics (2010)

¹¹ DETI (2012) Memorandum for Northern Ireland Affairs Committee inquiry: An air transport strategy for Northern Ireland [online] available from: <http://nia1.me/27y>

¹² House of Commons Northern Ireland Affairs Committee (2012) An air transport strategy for Northern Ireland. Available from: <http://nia1.me/27x>

- three other European destinations (from Belfast International).¹³

This expansion of regular services to a greater number of destinations has brought real economic benefits in terms of attracting FDI, tourism and enabling export growth.¹⁴ For example, in 2005 a direct scheduled flight to the USA between Belfast International and Newark, New Jersey, was introduced:

*“The Belfast/Newark route has provided a **crucial strategic access point for business and commerce**, enhancing the relationship between Northern Ireland and North America in terms of both trade and investment. It provides a very important gateway for inward investors seeking to establish or expand business operations in NI. Specifically many FDI clients, including the New York Stock Exchange, have expressly stated that their **presence here was only possible on the basis that access to the Eastern Seaboard capital markets was readily available.***

*The US is expected to remain the number one source country for investment into NI, accounting for nearly 40% of projects in NI from 2011–15. A key element in attracting US business is that Northern Ireland is easily accessible to all parts of the US due in part to the direct air route via Continental’s Newark hub. This direct connection with east coast US is an important credibility factor in building the NI brand in America. In marketing Northern Ireland to potential inward investors, accessibility is deemed essential in the decision making process.*¹⁵

In addition to stimulating FDI, the Belfast/Newark route contributes more than £6.6 million per annum to tourism revenue. In contrast, the removal of a direct Belfast/Toronto route resulted in a significant reduction in visitors from Canada.¹⁶

The USA is currently the only non-European¹⁷ destination with a direct flight from NI, meaning there are no direct flights to important economies in Australasia or the BRIC countries i.e. Brazil, Russia, India and China¹⁸ which are vitally important markets that are likely to play a key role in future economic development.

Ease of access is an important factor for businesses seeking to invest overseas, as the comments from the New York Stock Exchange, discussed previously, show. The demand for direct access is further demonstrated in a British Chambers of Commerce

¹³ DfT (2012) Memorandum for Northern Ireland Affairs Committee inquiry: An air transport strategy for Northern Ireland [online] available from: <http://nia1.me/282>

¹⁴ Ibid.

¹⁵ DETI (2012) Memorandum for Northern Ireland Affairs Committee inquiry: An air transport strategy for Northern Ireland [online] available from: <http://nia1.me/27y>

¹⁶ Ibid.

¹⁷ There are flights to most countries in the ‘Schengen Area’. This area encompasses most EU States, except for Bulgaria, Croatia, Cyprus, Ireland, Romania and the United Kingdom as well as non-EU States, Iceland, Norway, Switzerland and Liechtenstein. In addition there are flights with the Common Travel Area: UK, Republic of Ireland, Channel Islands, and the Isle of Man

¹⁸ Ibid.

survey of business leaders from of the fastest growing economies, including the BRIC countries, South Korea and Mexico. In this survey:

- 92% responded that direct links were important to inward investment decisions; while
- 67% indicated that better connections from their home countries to France, Germany and Holland would make them more likely to do business in those countries rather than the UK.

In practice UK businesses report that they trade 20 times more with emerging markets with daily flights than those with less frequent or no direct service. In addition, the rate of growth in UK trade is substantially lower where daily flight connections (via Heathrow) are not available.¹⁹

Of course there would not be sufficient demand for a flight from Belfast International to destinations such as Rio, Beijing or Mumbai to make a direct route viable. Instead, the only real option is an indirect connection through a hub which can be served more frequently.

¹⁹ Heathrow (2012) One hub or none: The case for a single UK hub airport.