



NEWSLETTER

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Chief Executive's welcome

Welcome to this latest edition of our newsletter.

At a time when turbulence reigns in the industry, our role is to ensure that our members' interests continue to be represented to Government, regulators, airport operators and the other bodies with whom we deal.

It will be evident within this newsletter that BAR UK has strong concerns about the costs imposed on our members, and their effectiveness, without any apparent off-setting benefits for them or their customers.

Mike Carrivick

1. Scrap the proposed Aviation Duty

A decision regarding the proposed introduction of an Aviation Duty, which would replace Air Passenger Duty, is expected by the Treasury before the end of November.

The unanimous view within BAR UK is that THIS PROPOSAL SHOULD BE SCRAPPED.

Why? Because:

- 1. It would seem to contravene the Chicago Convention by charging airlines for flying through the skies of other states.*
- 2. It would completely fail to meet and achieve any of the environmental objectives of this duty.*
- 3. It would penalise the most fuel efficient aircraft and support the continued use of older, less efficient ones.*
- 4. It would affect the bilateral air agreements of various countries.*
- 5. It would create severe competitive distortions.*

Whilst Air Passenger Duty has always been stated to be a blunt environmental instrument, this proposed duty is clumsy as well as blunt, and should be abandoned as a concept.

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2. Conservatives' Heathrow policy defies reality

The rationale for Conservative Party's policy to oppose expansion at Heathrow, including the construction of a third runway is fundamentally flawed.

They propose, instead, to build a high-speed rail link from Heathrow to St. Pancras Station in London, connecting with trains operating on a new high-speed track to Birmingham, Manchester and Leeds, but not until 2027, supposedly saving 66,500 flights per annum.

That figure is completely wrong, and defies the reality of the situation.

Firstly, there are no flights operating between Heathrow and Birmingham. Secondly, if all domestic flights to Manchester and Leeds were abandoned, the number of return flights is less than 27,000.

Their policy, fatally, fails to recognise that the great majority of travellers on these domestic routes are not actually travelling between city centres (ideal for train travel) but are connecting to other flights.

Furthermore, their policy fails to recognise that Heathrow is overcrowded now. A 19-year wait to resolve matters is completely unsustainable!

One also has to question why they have made this a planes v trains debate, and why they propose spending almost £13 billion of public funds to subsidise privately-owned train companies.

The proposed expansion at Heathrow is fully funded by the airlines without public subsidy. A high speed rail link at Heathrow, as part of an integrated transport system, will be welcomed by the airlines and the airport operator, and the sooner the better.

Work is in hand to assess the various options that present themselves in this respect, and in a much quicker time frame.

Waiting 19 years, working to a plan based on the wrong information, is not the way to succeed.

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3. Thames Estuary airport?

There has been much debate recently about proposals to relocate Heathrow Airport to a new site in the Thames Estuary. The main reason seems to be that aircraft would no longer have to fly over central London to land at Heathrow.

Understandable though that may be, the proposal ignores several other factors that need to be taken into account.

Putting aside the reality that Heathrow is a prime location for air travellers, that a massive investment programme in new terminal facilities is already under way at Heathrow including the recently opened T5, and that the 70,000 jobs in west London and the Thames Valley depend on it, relocation to the Thames estuary is a complete non-starter.

A new Thames airport would cost at least six times as much, and have three times more impact on the environment, as adding capacity at Heathrow.

Heathrow serves not just London, but an enormous part of the rest of the country, in particular those that travel by surface transport to use it.

It is connected from all directions: north, south, east and west.

Heathrow has infrastructure built around it from all directions, not just roads and rail, but all the supporting industries that go with it. Relocation to the Thames means placing the airport, and all those it serves, at the end of a cul-de-sac. Close the road (s) or the railway in or out of the airport, and chaos will reign. Where is the resilience?

Passengers, and there would be an estimated 90+ million per annum, would all have to approach the airport from one main direction. That places an enormous strain on any transport system on a good day, so would most likely be unacceptable on a bad one.

No, any new airport has to serve its markets well, and have built-in resilience.

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So, should any unlikely decision be taken to close Heathrow, where should it be? Probably somewhere within the borders of Buckinghamshire, Berkshire or Oxfordshire.

Such a location would continue to be accessible from all directions, and would probably be near enough to all those businesses that have located to be near Heathrow.

Hopefully, and very importantly, it would also be close enough for all those employed at Heathrow not to undergo job losses or house relocation.

4. UK Border Authority Inspectorate

The announcement has been made that the UK Border Agency, responsible for managing the UK's border force and policies, will be subject to an independent inspection regime.

Its Chief Inspector will be John Vine, CBE QPM who has commenced duties by talking to as many external stakeholders as possible, including BAR UK.

We welcome his role and involvement.

In particular, the airline community has concerns on various UKBA projects, especially e-Borders, national ID cards, and controls within the Common Travel Area (see item 5 below). Whilst neither airlines, nor indeed the Inspectorate, devise UKBA policy, we both have an interest in resolving strategic issues that arise.

5. Common Travel Area (CTA) - border controls?

The CTA currently permits freedom of travel within the area of the UK, the Republic of Ireland and the Crown Dependencies (Channel Islands and the Isle of Man).

As an extension of its e-Borders programme, there is now a consultation by UKBA on immigration controls for travel from the Republic of Ireland into the UK.

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In brief, this would require:

- The provision of passenger data for air passengers by 2009
- The provision of passenger data for sea travellers by 2010
- Measures to verify the identities of CTA nationals
- Full immigration controls for all non-CTA nationals by 2014
- Carrier liability charges for carrying non-compliant passengers.

N.B. The land border between the two countries will not be subject to fixed controls.

BAR UK is considering the various issues that arise, including documents and identification of travellers, the facilities that apply to other EEA nationals, and what is required in order not be saddled with Carrier Liability Charges.

6. Airline relocations at Heathrow

The delays incurred with the opening of Terminal 5 have led to a significant revision to the timetable for the relocation of over 50 airlines to other terminals.

BAA and the airport community at Heathrow have been engaged in extensive dialogue to determine a set of new dates, probably in seven or eight different steps over the next few years.

It now looks as if final approval for those new dates will be jointly agreed in the next week or so, after which a full communications campaign concerning them will take place.

7. Gatwick Express - franchise and Network Rail issues

BAR UK was significantly involved in saving the Gatwick Express services from being scrapped last year.

More recently, two issues have arisen concerning this service: (a) the franchise of the train operating company, and (b) the funds to develop Gatwick Airport station, and to change the nearby track layout.

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(a) BAR UK has stated to the Department for Transport that it has no objection to a change of train operating company, on the condition that the service and product offerings remain the same.

These would be that the train continues to operate non-stop services between Gatwick and Victoria every 15 minutes, and that on-board ticket sales, un-gated platforms, and multi-lingual services are also continued.

(b) Network Rail, which operates the track and stations, had applied for GBP30m to redevelop Gatwick Airport station, and to make considerable track design changes nearby, so that greater efficiencies resulted.

However, the Office of the Rail Regulator (ORR) proposes cutting that budget back to GBP9m, so putting both projects at risk. Consequently, BAR UK has stated its objections to the ORR and is now waiting to hear if it will drop its proposed budget cuts.

8. News at BAR UK

Membership changes - welcomes and farewells

Whilst it is with regret that we say farewell to the following delegates, we warmly welcome their successors.

<u>Airline member</u>	<u>Farewell</u>	<u>Welcome</u>
Air Mauritius	Mr Rick Sagar	Mr Iqbal Bhayat
Asiana Airlines	Mr S B Kim	Mr H J Choi
Royal Air Maroc	Ms Saida Najjioullah	Ms Asmaa Hassouni

9. Diary date - next BAR UK General Meeting

The third general meeting for BAR UK members is being held on 28th October kindly hosted by the CAA. The keynote address will be by the CAA Chairman, Sir Roy McNulty.

The agenda will focus on three areas where we work with the CAA: Economic Regulation, Consumer Protection and Airspace Policy. Additionally, there will be a presentation by the Air Transport Users' Council.

The next BAR UK Newsletter will be published by 1st December

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