Towards a sustainable Heathrow

A focus on the economy
As the UK’s only hub airport, we aim to enhance the economic benefits that Heathrow provides, while minimising its negative impacts on local communities and the environment.

This briefing explains Heathrow’s impact on the economy and explores aviation’s social benefits.

**Business travel**
Aviation connects UK business to global markets, with Heathrow serving 28 of the top 29 world cities ranked by GDP. Without it, the UK would have direct air services to just ten of them.

Heathrow offers more frequent services to those destinations than any other European airport. That’s an average of 40 departures per destination weekly, compared with 22 offered by our closest competitors.2

Heathrow also serves 40% of all UK business air travellers – of which 63% are from London.3

**Trade**
Aviation is vital to trade and plays a key role in importing and exporting lightweight, high-value items. So while UK airports handle less than 1% of UK freight by weight, they account for 42% of UK export value.4

Heathrow is also the UK’s most important trading port, handling 62% of UK air freight by weight. And it contributes significantly to long-haul trade. In 2009 £32.4 billion worth of UK exports departed Heathrow for non-EU destinations – 29% of total export value.5

**Inward investment**
Heathrow’s connections and convenience are vital to the UK’s attractiveness as an inward investment destination.

The UK is the largest winner of inward investment in Europe – outranked globally only by the US. It’s home to over half of European companies’ headquarters; and between 2008 and 2009, inward investment created 35,111 jobs in the UK.6

**Social benefits**
Air travel is central to the tourism industry – bringing visitors to the UK, as well as taking UK tourists overseas.

Along with cultural and leisure benefits, tourism supports many businesses, specifically in the hospitality and transport sectors. This contributes almost 4% of UK GDP, of which visitors arriving through Heathrow account for over one third.

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1  UK Economic Outlook, PricewaterhouseCoopers, 2009. Excludes London
2  To enable like-for-like comparison, departures between London and Paris are excluded
4  UK Inward Investment 2008/09, UK Trade & Investment, 2009
5  UK Airport Statistics 2009, CAA
6  Annual business Inquiry, NOMIS and Oxera

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**Aviation’s economic impact**
Aviation employs 234,000 people in the UK and plays an important role in maintaining the UK’s competitiveness. Its operations and supply chain make a significant contribution to the UK economy. This represents roughly £18 billion gross value added (GVA) each year or 1.5% of the UK’s gross domestic product.7 Aviation contributes a further £7.3 billion in tax revenues.

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29%
Almost 1/3 of the UK’s trade with non-EU countries passes through Heathrow.
Heathrow: the UK’s aviation hub

Heathrow is more than just an efficient place for aircraft to take off and land. As the UK’s only hub airport, Heathrow’s transfer passengers help airlines serve less visited destinations cost-effectively – supporting links to many countries.

More viable routes
Around one third of passengers use Heathrow ‘en route’ to other destinations. These transfer passengers make it economically viable for airlines to serve less frequently visited cities.

The Civil Aviation Authority estimates that two thirds of Heathrow destinations are supported by more than 25% of transfer passengers. Without these, many of the direct routes from the UK to leading economic destinations would not be financially viable.

Direct, frequent services
Heathrow is vital for the UK’s international competitiveness and mobility, serving 76% of passengers taking scheduled long-haul flights from the UK.

The airport offers the only direct links to increasingly important cities such as São Paulo, Mumbai, Shanghai and Beijing. It also operates more frequent services than ‘point-to-point’ airports which rely solely on local demand.

More efficiency, lower emissions
Hub airports enable airlines to use aircraft more efficiently than point-to-point networks – servicing multiple destinations with fewer flights.

They also offer opportunities to use larger aircraft and fill a greater proportion of seats.

Heathrow’s employment impact
Our sustainability briefing – ‘A focus on education, employment and skills’ – summarises the scale of Heathrow’s employment impact. It also shows how our programmes help people living close to Heathrow to enter airport careers.

The airport is the UK’s largest employment site, where over 76,500 people report for work at more than 320 companies each day.

Thousands more off-site jobs also support Heathrow’s operations.

In 2011, we’ll be publishing new research which quantifies local employment generated by:

- Heathrow companies procuring products locally – such as food, drink and other materials
- Off-airport companies servicing the airport – for example, hotels and taxis
- Airport employees’ local spending power – including retail, fuel and other services

To find out more visit www.heathrowairport.com/sustainability

25%
Around two thirds of destinations served by Heathrow are supported by at least 25% transfer passengers

Hub network

Point-to-point network

7 www.priorityheathrow.com

Larger aircraft in operation at Heathrow
Business passenger experience

In 2010, 65.7 million passengers travelled through Heathrow. Around 30% travelled for business purposes – approximately 40% of the UK’s total international business travel.3

Business travel priorities

Business passengers have three main travel needs. They require frequent services to a wide range of destinations (see page 4), as well as reliable departures and arrivals, and comfortable airport facilities.

Reliability

Flight punctuality has improved significantly at Heathrow since 2007. During 2011, Heathrow had its best ever day for punctuality with 94% of departures and 93.9% of arrivals within 15 minutes of schedule.

Passenger facilities

We continue to invest to make the airport more attractive for passengers.

Heathrow’s transformation reached an important milestone in March 2008 when we opened Terminal 5. This was complemented in 2011 with the opening of a second satellite building.

Terminal 1’s modernisation is now finished. A remodelled check-in area offers a more spacious, brighter environment.

Terminal 3’s overhaul includes a new landscaped forecourt and improved check-in area.

Terminal 4’s improvements encompass remodelled departure and check-in areas.

Our new Terminal 2 is set to open in 2013. New business passenger facilities will include self-service check-in desks, fast bag drops and extra security lanes.

“Without excellent [international airlinks] London would not have retained its place at the heart of global business.”

Boris Johnson, Mayor of London, January 2011

Quality of service

The Airport Service Quality (ASQ) survey, directed by Airports Council International, of over 200 airports globally shows that levels of satisfaction among business passengers at Heathrow have increased substantially during the last four years.

Heathrow’s performance continues to show a positive trend, with figures for 2010 achieving an average score of 3.73 (out of 5) compared to 3.14 in 2006.

Our position relative to other European hubs has also improved significantly.

Business passenger ASQ performance

94%

On March 22nd 2011, 94% of flights departed Heathrow on time

<table>
<thead>
<tr>
<th>% of flights on time (arrivals and departures)</th>
<th>Year</th>
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<tbody>
<tr>
<td>60.2</td>
<td>2007</td>
</tr>
<tr>
<td>62.9</td>
<td>2008</td>
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<td>63.8</td>
<td>2009</td>
</tr>
<tr>
<td>72.1</td>
<td>2010</td>
</tr>
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</table>

While extra capacity at our new Terminal 5 has supported this improvement, Heathrow’s operational resilience is affected by the congestion caused by capacity constraints.
International and local trade

Heathrow is a key UK trade gateway – enabling businesses to send and receive goods to and from over 170 worldwide cities – and is also essential to the local economy.

International business

In 2009, 1.3 million tonnes of goods passed through Heathrow. This represented 62% of total UK air freight by weight. Their value exceeded that of any other UK port.

Heathrow is particularly important for trade with more distant destinations, handling 29% of the value of exports between the UK and non-EU destinations in 2009, worth £32.4 billion.

Compared with other UK ports and airports, Heathrow is significant in terms of exports to non-EU countries. For example, 51% of the value of UK exports to Hong Kong depart from Heathrow, followed by Japan (48%) and the United Arab Emirates (45%). Heathrow also handles nearly 40% of exports to Australia, India and Singapore.

Heathrow is especially important for exporting low-weight, high value goods. For example, it handled 49% of precision instruments exported from the UK to non-EU destinations in 2009.

Developing local trade

We actively support programmes which help Heathrow contribute to the development of the local economy.

One example is our sponsorship of Gateway Asia. This enables Heathrow area companies to develop trade links with the Indian sub-continent and China – especially significant given our airport’s unique access to these countries and regions.

We expect Gateway Asia to help 250 businesses over two years and generate new sales worth £1.8 million during 2011.

Low-weight, high value exports from Heathrow to non-EU countries

Suppliers from five local boroughs attending ‘Meet the Buyers’

‘Meet the Buyers’

We’ve overseen and sponsored the annual Heathrow ‘Meet the Buyers’ event since 1997.

This gives local companies the opportunity to meet and trade with large companies and public agencies based in and around Heathrow.

‘Meet the Buyers’ has helped companies win new business worth an estimated £90 million over the last 13 years.

We held our most recent event in November 2010, attended by over 250 companies.

Responses to the 2009 ‘Meet the Buyers’ survey indicate that participants expect to win new business worth £7.7 million.

‘Meet the Buyers’ has enabled local companies to win an estimated £90 million of business since its launch in 1997.

UK trade performance, Department for Business, Innovation and Skills 2010
HMRC business trade and statistics 2009
Heathrow Area Supply Chains, 2010

£90 million

Delegates at Heathrow ‘Meet the Buyers’
Inward investment

Strategic transport links and access to international markets are priorities influencing most companies’ investment decisions.

International access

Heathrow provides the only UK services to many important international business destinations – including 28 of the top 29 world cities ranked by GDP.¹

The airport’s global hub status is key to the UK’s ability to attract inward investment. For example, countries with the greatest investment in the UK tend to have a high proportion of air passengers flying through Heathrow.

Frequency of service

Although Heathrow offers excellent connections to current top international cities, our service frequency to destinations in emerging economies has fallen behind other major European airports.

Heathrow’s extremely limited capacity to introduce new services is an important factor, as airlines prioritise high-value routes with a greater frequency of service.

By 2030, we expect that Heathrow capacity constraints will limit the airport to serving around half the number of destinations provided by Charles de Gaulle, Schiphol and Frankfurt.

60% of Europe’s top 500 companies consider good access to markets, clients and customers to be essential, and 51% feel that transport links to other cities and countries are also essential.

European Cities Monitor 2009, Cushman and Wakefield

Weekly seats to top business destinations

Heathrow offers travellers more flexibility on routes to top international destinations, with almost twice as many departing seats compared to other European hubs.

However, the competitive advantage that Heathrow’s connectivity provides for the UK is at risk, as increased capacity at other European hub airports enables airlines to open new routes to emerging business destinations.

Weekly seats from European hub¹ airports to top business destinations¹

% of UK passengers flying direct from Heathrow to the non-EU countries with greatest investment in the UK¹⁰

Weekly seats from European hub¹ airports to top business destinations¹

384,000

Almost 400,000 passenger seats are available from Heathrow to top business destinations each week

1 Source: Airport operators association schedules, 19 July 2009
Social benefits

Heathrow not only has a big influence on the trading economy, it also brings positive benefits for the way people work, live and interact with each other – and for tourism in particular.

Friends and family

A large hub airport such as Heathrow contributes significantly to social development.

Aviation is often the only way to travel to many destinations. The number of journeys to visit friends and family increased by a third between 2000 and 2007. Aviation accounted for 75% of this increase.14

Of passengers using Heathrow, 34% are travelling to visit friends and family. These journeys are vital for quality of life and maintaining relationships.

Leisure visits offer people the chance to experience new ideas and cultures, and to better understand their place in the global village.

Strengthening the workforce

The UK’s highly flexible, multinational workforce also relies on efficient air access. Of the estimated 3.8 million overseas-born workers in the UK, 2.6 million are from outside the EU.15

Providing air services to the diverse locations from which they originate is important if the UK wishes to retain them and continue to recruit from these locations.

Tourism: vital for UK’s GDP

Tourism contributes almost 4% to the UK’s GDP, largely through the hospitality and transport sectors.

In 2008, 75% of overseas visitors arrived by air, and contributed £14 billion (86%) of the £16.3 billion spent by all overseas visitors in the UK.16

Of these, visitors arriving through Heathrow spend around £6 billion each year in the UK – over one third of all tourist expenditure.17

Tourism spend in the UK (£billion)

<table>
<thead>
<tr>
<th>Method of travel</th>
<th>(£billion)</th>
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<tbody>
<tr>
<td>Heathrow</td>
<td>6.0</td>
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<tr>
<td>Other UK airports</td>
<td>1.0</td>
</tr>
<tr>
<td>Sea</td>
<td>8.2</td>
</tr>
<tr>
<td>Channel Tunnel</td>
<td>5.9</td>
</tr>
</tbody>
</table>

14 CAA, International Relations: The Growth of Air Travel to Visit Friends and Relations, March 2009
15 Quarterly Migrant Worker estimates, Table 2, ONS, February 2009 – cited in Economic Impacts of Hub Airports, British Chambers of Commerce, July 2009
16 Travel Trend 2008, Office for National Statistics
17 Extracted from the International Passenger Survey 2009, Office for National Statistics

London 2012

From July to September 2012, London will host the Olympic and Paralympic Games. Heathrow will play a vital role in supporting their success.

Around 1 million spectators, officials, athletes and media representatives are expected to visit London for the Olympics. A significant majority will choose to fly through Heathrow.

Over 1,000 volunteers from companies operating within the airport and from the local community will support passengers as they travel through Heathrow during the Olympics.

During the Games, Heathrow will host a variety of performances for passengers, including music and sports exhibitions.

Through supporting the London Ambassador Programme, Heathrow will be promoting London as a leading tourist destination, encouraging visitors to extend their stay and return in the future.

£6 billion

Tourists arriving in the UK via Heathrow spend over £6 billion in Britain each year.
Heathrow's vision is to be ‘Europe’s hub of choice’.

Delivering this vision relies on Heathrow being managed sustainably. This means enhancing the airport's social and economic benefits and reducing its negative impact on local communities and the environment.

Achieving the right balance between those impacts and aligning with the UK Government’s sustainable development principles will help Heathrow to earn the trust of its many stakeholders and to achieve our vision.

Our sustainability commitments are to:

1. Enhance the local, regional and national economic and social benefits of Heathrow.
2. Seek to prevent, reduce or offset Heathrow’s significant effects on the environment and local communities, and work with others to ensure that the airport plays its role in respecting environmental limits.
3. Provide good conditions of employment, respect diversity and equal opportunity, and provide a safe, healthy and secure airport for staff and passengers.

Where we do not directly control Heathrow’s impacts, we will work in partnership with stakeholders at and around Heathrow to improve performance, and we will work constructively to influence the development of appropriate Government policies.

We will ensure that our business strategies integrate the sustainability issues that are material to our business.

We will define objectives and goals in consultation with our stakeholders and will deliver these through action plans and performance targets embedded within our business functions.

We will measure and review progress against these targets and communicate performance transparently.

About this briefing

This document is part of a series of briefings which outline our approach to developing a sustainable Heathrow.

The series replaces the annual Corporate Responsibility Report we have previously published and is designed to provide an accessible, frequent insight into key sustainability issues.

In 2011, the series will cover:
- 2010 Sustainability performance summary
- Economy
- Waste
- Water

In 2010, the series covered:
- 2009 Sustainability performance summary
- Climate change
- Noise
- Air quality
- Education, employment and skills

Detailed information on the issues contained in these briefings as well as our wider sustainability programme is available at www.heathrowairport.com/sustainability

About BAA

UK airports
BAA owns and runs Heathrow, Stansted, Southampton, Glasgow, Edinburgh and Aberdeen airports.

Rail
BAA owns and operates the public rail service Heathrow Express and jointly owns Heathrow Connect.

Information relating to BAA and the airports it owns is available at www.baa.com

Contact us

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