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20th November 2020

Sent via email to: info@futureofaviationgroup.org.uk

Dear Siân,

All Party Parliamentary Group for the Future of Aviation: Inquiry into the impacts of Covid-19 on British aviation, travel and tourism sectors and the UK economy

We thank you for the email (received 10th November) on behalf of the All-Party Parliamentary Group (APPG) for the Future of Aviation and Henry Smith MP inviting the Thames Valley Chamber of Commerce (TVCC) to submit written evidence to the above inquiry.

We read with interest that the APPG, set up on 6th October 2020, is focused on promoting policies that allow the UK's aviation, travel and tourism industries to recover from the impacts of COVID-19 and to call for Government to protect these industries and the jobs that they provide as vital parts of our national economy.

And on behalf of our wider members, we welcome the APPG's first inquiry investigating the impact of coronavirus on the aviation, travel and tourism sectors and what the consequences will be on local and regional economies, such as the Thames Valley, and the UK economy more widely.

Reflecting on the summary outline of the inquiry provided, this letter forms our response, along with an open invitation for APPG members, including one of our in-region representatives, [Robert Courts](#), MP for Witney & West Oxfordshire, to actively engage with the Chamber and share with us the work of the APPG moving forward.

About Thames Valley Chamber of Commerce and the aviation, travel and tourism sectors

The TVCC is the only accredited Chamber covering the Thames Valley (Berkshire, Buckinghamshire and Oxfordshire) and Swindon areas, with 4000+ businesses in membership. These members include the full range of companies from start-ups and high growth innovators to large corporates and multi-national organisations.

Our membership includes many in the aviation, travel, tourism and hospitality industry and their supply chains. Most recently, a group of our tourism and hospitality members gathered (13th October) to discuss, inter alia, the very subject of the APPG's inquiry. We have drawn upon their comments in helping us to formulate and shape our submission.

Please note we do not comment, one by one, on your 13 questions. Rather we are providing commentary on the framework of questions with 'answers' covering more than one question at a time.

Recognising the inquiry is centred on the wider industry, the following points are the key ones that we would like to make:

1. A fully functioning London Heathrow - and wider airport network (i.e. maximum capacity to maximum of trade and commerce destinations) is key to the UK's economic recovery. And why Heathrow?
 - Contribution to the local and national economy
 - It is the best-connected airport in the world. It therefore puts UK plc right at the heart of the global economy.
 - You can get to 95% of the world's GDP in a single direct flight. 75% of all long-haul flights from the UK are from Heathrow.
 - 206 global destinations to 85 countries and 31 cities in the USA (plus 11 domestic routes).
 - 76,000 direct on-airport jobs; 133,600 indirect and induced jobs and innumerable catalytic jobs, i.e. generated by business and inbound tourism access to global destinations.
 - Major driver of foreign direct investment (FDI) into the UK. Approx. 70% of all UK FDI is located within 1 hour of the airport.
 - A flight every 30 minutes to JFK alone. Three flights a day to Tokyo - not only carrying Honda executives (to/from their UK offices in Bracknell and Swindon), returning students and tourists, they also carry high quality salmon that will be on the table in the sushi markets within 24 hours of leaving the farm in Scotland.
 - A vibrant Heathrow, therefore, is critical to HM Government's levelling up agenda – as only Heathrow can provide the frequency and range of international destinations required for commerce and complement the role of many other regional airports.
 - Reduced activity at Heathrow, due to the pandemic, has been estimated to be £4bn in lost gross domestic product (GDP) to the UK economy, including 37,000 fewer jobs in 2021 compared to 2019.
 - Heathrow is the UK's largest port by value.
 - Passenger planes (from Heathrow) carry 40% of the UK's physical exports and even more service exports.
 - £140 bn of UK exports passed through Heathrow in 2019.
 - 1.6m tonnes of air cargo moved in 2019; approx.. 40% of all UK exports by value to non-EU markets.

Air links have made this small island nation the 5th largest economy in the world and at the heart of the global economy.

2. We call for a comprehensive testing regime. This should be in place as soon as possible and cover, *inter alia*, test and release, pre-departure and arrival testing and rapid testing solutions (we refer you back to HM Government's [Global Travel Taskforce](#) [GTT]). The current quarantine period is putting a lot of people off travelling overseas (due to having to take more time off work when they come home) and other countries, such as Italy, have introduced systems to mitigate / reduce time spent quarantining. Consider, also, a targeted pilot – for example with the United States as one of our most important trading nations.
3. Clearer messaging around travel. Adding and removing countries 'at short notice' is far from helpful, as it is preventing people from booking flights and means more work for travel agents (providing quotes, having to change these once locations are placed on the list of banned countries, etc – all with no income generated). People are still wanting to travel, but the uncertainty generated by HM Government and its messaging is

having a direct, potentially catastrophic long-term impact on the industry sectors the APPG is reviewing as part of this inquiry. Time is – has – run out for many.

4. Inconsistent travel corridors. Some countries, with very high rates of COVID-19, are still within our travel corridor and others with very low rates are not – what is the methodology? If we knew this, those operating across all sectors would be able to advise people where they could travel at short notice, without the worry of a quarantine on return, or not.
5. We understand Heathrow airport is paying around £120 million in business rates. Paying this amount of business rates alone is simply incompatible with a business that has lost £1.5bn in the first 9 months of 2020. Airports across the UK, like Heathrow have experienced a 97% drop in traffic during the first lockdown, and we would suggest it's inconceivable that other industries experiencing increased profits have been granted retail rates relief whilst the aviation industry has been expected to survive alone.
6. Therefore, consider an immediate Business Rates relief for all UK airports, especially given the fact that the most recent, 2nd lockdown, has once again all but grounded most flights. This is relief from business rates for 2020 and 2021, mirroring the support already provided to retail and hospitality businesses.
7. Reversal of the abolition of VAT Retail Export Scheme and Airside tax free shopping as a result of HM Government's decision to end tax-free shopping post-Brexit (announced earlier this year). The UK will now be the only country in Europe not to offer tax-free shopping to international visitors. We refer you, for example, to the Association of International Retailers' recent summary of their key points [HERE](#)¹.
8. Ensure there is enough resource from UK Border Force both now and post-Brexit at Heathrow and other regional airports. Changes need to be made to the passenger locator form to prevent huge queues at the border (shorter/simplified forms with and upstream completion). This is now crucial to operators, as we are weeks away from Brexit and any disruption/impact will be very damaging to the UK's reputation.
7. The French and the Germans, for example, understand that their air infrastructure is as important to them as their autobahns and TGV lines. That is why they have supported their aviation sector, not only financially, but also with testing, wider infrastructure and connectivity, etc. That is why in July, Frankfurt Airport overtook Heathrow as the biggest airport in Europe. Therefore, commit to investment in surface access and on or near airport development, etc as key components to support the aviation industry and helping build-back business confidence. Most immediately:
 - The delivery of surface access from the west (i.e. the [Western Rail Link to London Heathrow](#)) which delivers on many fronts, including levelling up (14 million beneficiaries - Wales, South West, South Central and Midlands will benefit); carbon reduction and supporting FDI, regeneration and inbound tourism and hospitality sectors). The WRLtH project has extensive private and public sector support across all the benefitting regions.
8. It is not only aviation businesses that depend on Heathrow and a vibrant UK economy. It is critical to the national economy. The APPG will be able to see how devastating it has been for the 4 million+ people in the UK whose jobs rely on inbound tourism. The costs to jobs nationally across the entire visitor economy are particularly hitting hospitality and young people (quite apart from the devastation being caused to manufacturing and service businesses that rely on aviation).
9. Throughout the pandemic, and especially during the lockdown periods, there has been limited/no support made available to the travel industry – a sector working tirelessly throughout this period to help get people back home in the first instance, to support others with – delayed or cancelled – plans in 2020 and to now cancel trips for others, scheduled for 2021. The hospitality industry has seen the 'eat out to help out' initiative and has recently received the offer of some payments where businesses have been forced to close because of local lockdowns. Unfortunately, travel appears to have been missed out, which is affecting many businesses, from suppliers of food to airplanes, to the airlines, cleaning companies, right back to the high street agencies.
10. On the broader issues of Government support, we invite the APPG to note - it's the fact that there are many independent traders / travel agents that do not have shops and are either directors of a limited company (no

¹ <https://internationalretail.co.uk/wp-content/uploads/2020/10/TFS-Short-Brief-FINAL.pdf>

staff) or are sole traders with less than 3 years business. All these people appear to have been completely missed out by the Government for any funding, including grants, as they don't pay or have a track record of paying business rates. It is our understanding that (i) local authorities have so far excluded this group of potential beneficiaries, guided as they are by Government guidelines which didn't specifically mention or cover businesses in travel and tourism (they mentioned leisure and hospitality but as travel wasn't mentioned), and; (ii) the most recent round of grants didn't mention travel again, but we hope the inquiry will support and push for their inclusion and for businesses in this sector to benefit from some financial support.

And finally, linking to bullets 1, 2 and 9 above:

11. As we enter a post BREXIT era for the UK, on 'Global Britain':

- Aviation is key to global trade and Foreign Direct Investment (FDI). For example, the [Thames Valley](#) is the UK's true-turbo economy and delivers the highest volume and value of FDI outside of London. In terms of Trade, the Thames Valley has one of the highest overall rates of companies exporting in the UK (Slough as a town is one of the highest) and 40% of all the UK's exports by value travelled through Heathrow in 2019.
- While the Government strikes international trade deals with other countries, this might be conceived as a contradiction to its vision of 'Global Britain'. This vision can only be achieved by supporting the aviation industry to carry imports and exports from around the globe, efficiently and effectively.
- To date, there has been a lack of support for air freight as part of the recovery from COVID-19. The Government needs to protect the UK's trading ability. The first step is to set up a Strategic Air Freight Recovery Group working towards an Air Freight plan, and together identify ways Government can open-up capacity to maintain our international competitiveness.

In making the above comments we also refer to:

- The TVCC's recent consultations (see [HERE](#)), including, for example: Decarbonising Transport Setting the Challenge – Creating a Plan for Decarbonising Transport, [consultation response](#)² submitted August 2020; England's Economic Heartland Draft Transport Strategy, [consultation response](#)³ submitted October 2020, and; Aviation 2050 - the future of UK aviation, [consultation response](#)⁴ submitted June 2019. There will be further information here we would commend to the APPG for consideration in its inquiry review.
- The BCC's letter - dated 2nd October - to the Rt Hon Jesse Norman MP, Financial Secretary to the Treasury (attached to this submission), which we support.

In concluding, we cannot take our position in the world for granted – either as one of the world's great economies, or for the Thames Valley as the UK's true turbo economy and great places to live and work. But nor should we see decline as inevitable.

We commend the APPG in its deliberations on the future of aviation and the impacts of Covid-19 on British aviation, travel and tourism sectors and the UK economy. We also commend the comments of this Chamber, and our membership, outlined in this submission, and the hyperlinks we have provided.

² https://www.thamesvalleychamber.co.uk/wp-content/uploads/2020/09/28-08-2020_Decarbonising-Transport_TVCC-response_final.pdf

³ https://www.thamesvalleychamber.co.uk/wp-content/uploads/2020/10/06102020-Economic-Heartland_Consultation-Letter_TVCC-Response_FINAL.pdf

⁴ https://www.thamesvalleychamber.co.uk/wp-content/uploads/2019/06/130619_TVCC-Response_Aviation-2050-consultation-v.1.pdf

Our Chamber network is focused on a programme that is centred on a “Restart, Rebuild, Renew” agenda to support our region and UK plc’s economy moving forward. The aviation industry is a major driver of our economy and the sectors under review in your Inquiry. This is a wake-up call that we need to do things differently; we can probably think of many, but consider:

- Taking a lead in decarbonising our economy (and transport) as fast as we can – with many British companies already taking the lead in converting the global aviation industry to net zero by 2050.
- Connecting our regional and national infrastructure together. Which other country would have continued to dither as much as the UK over connecting their only national hub airport to their rail network? It is time to get on with building the Western Rail Link to Heathrow for the benefit of the whole of UK plc.
- As we look at a post BREXIT economy, making sure the UK is as well connected to the economies of the 21st Century – China, India, Singapore, South Korea – as we are to the United States of America.

On behalf of the Thames Valley Chamber of Commerce and our membership.

Yours sincerely,



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