



24 to 31 December 2011 – Regional and Industry News

STRATEGIC AVIATION SPECIAL INTEREST GROUP
of the Local Government Association

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SASIG 2011/12 Meeting Date

Forthcoming SASIG meeting in 2011/12 will be on:

Friday 24 February 2012

Meetings are held between 11am and 1pm, at Local Government House, Smith Square, SW1P 3HZ, with lunch provided afterwards; a location map is at:

<http://www.lga.gov.uk/lga/core/page.do?pagelid=27909>.

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Regional News

Regional airport operators seek policy boost

30 December 2011

Links between regional and London airports

Whilst the Government is contemplating a new national aviation policy, including consideration of a new London airport, Plymouth Airport quietly shut after losing its London link in February 2011 despite the protests of local business leaders.

A stake in Durham Tees Valley Airport has just been put up for sale while Humberside Airport has been taken off the market because there was no interest.

Liverpool John Lennon Airport, which has grown quickly in the last decade to more than 5 million passengers a year, is losing after two years of operation its flights to Amsterdam operated by airline KLM, which linked Liverpool Airport to a global scheduled network for the first time.

Leeds Bradford Airport is still trying to re-establish a connection to London that ended in 2009.

The capital remains the most popular destination from Manchester Airport.

Call for differential rates of Air Passenger Duty (APD)

The Government has said it will go ahead in April 2012 with a double digit increase in Air Passenger Duty (APD), which adds £12 to a standard class short-haul flight, in the face of fierce lobbying by regional airport operators. These operators had called for a new system of differential rates determined by congestion – giving them a cost advantage over the operators of Heathrow and Gatwick Airports.

Ownership and activity at regional airports

The vulnerability of small airports is demonstrated by uncertainty over the loss-making Durham Tees Valley Airport, which has seen passenger numbers slump from more than 900,000 in 2006 to an expected 200,000 in 2011. In December 2011, Peel Holdings Ltd. put its 75% stake in the airport up for sale; the six nearest Local Authorities own the rest of the airport, however, there seems no prospect that they could take on the airport, despite local desire to see it continue operating.

Peel Holdings Ltd., 65% owned by Vancouver Airport Services, says it believes Durham Tees Valley Airport does have a future but that it does not fit in its portfolio, which includes Liverpool and Robin Hood Doncaster airports.

Airline services from regional airports

With the airline BMI (British Midland International) flying out of Bristol, Birmingham, Manchester, Newcastle, East Midlands, Norwich and Leeds Bradford airports, the airline's fate under new owners IAG (International Airlines Group – formed from merger of BA (British Airways) and Iberia) is also being closely watched.

<http://www.ft.com/cms/s/0/0777fa60-2d7a-11e1-b985-00144feabdc0.html#axzz1igwJl3fo>

Industry News

BA gains control of over half of landing slots at Heathrow following IAG acquisition of BMI

23 December 2011

Virgin Atlantic founder, Sir Richard Branson has hit out after International Airlines Group (IAG), the holding company of British Airways (BA) and Iberia, secured a £172.5m acquisition of the airline BMI (British Midland international). IAG will gain control of over half of the landing slots at Heathrow Airport from this sale, prompting Sir Richard to question the options being provided to passengers using Heathrow.

<http://www.independent.co.uk/news/business/news/ba-tightens-its-heathrow-grip-with-172m-bmi-buy-6280815.html>

European Union (EU) Court backs EU emissions trading scheme (ETS)

30 December 2011

The Court of Justice of the European Union has upheld EU plans to include international aviation in its emissions trading scheme (ETS) starting 1 January 2012. The Court found that application of ETS to aviation does not infringe on principles of international law or the Open Skies Agreement.

US and Canadian airline operators and industry associations have criticised the scheme, claiming that the EU infringed international law by seeking to apply the trading scheme beyond the EU's territorial jurisdiction. These parties consider that the EU ETS violates international agreements such as the Chicago Convention, the Kyoto Protocol and the Open Skies Agreement.

In terms of international law, the Court found that ETS does not infringe territoriality or state sovereignty, since the scheme is applicable only when an aircraft is physically in the territory of the EU – arriving at or departing from an airport – and therefore subject to EU laws.

With regard to the Open Skies Agreement, the Court found that ETS does not infringe on the obligation to exempt fuel from taxes, duties, fees and charges, as provided for in the Chicago Convention.

The Court also decided that the uniform application of ETS to all flights departing from or arriving at European airports is consistent with the provisions of the Open Skies Agreement, which is designed to prohibit discriminatory treatment between American and European operators.

The Court noted that the EU is not party to the Chicago Convention, and considered that the Kyoto Protocol is not unconditional and is not precise enough to be relied upon.

IFW: Freight and Logistics News Service

<http://www.ifw-net.com/freightpubs/ifw/index/eu-court-backs-ets/20017928775.htm>
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