



**LOGISTICS UK**

**Strategic Aviation Specialist  
Interest Group**

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1 October 2020

Introduction

Impact of COVID-19

EU Exit

Regional growth

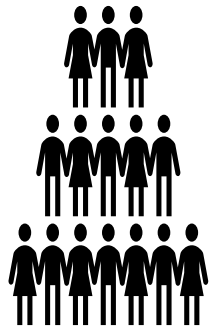
Freeports

Building resilience - Innovation / technology  
and decarbonisation

Logistics and local government

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**AGENDA**



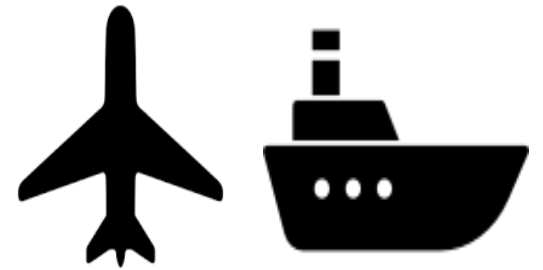
**18,000**



**200,000**



**90%**

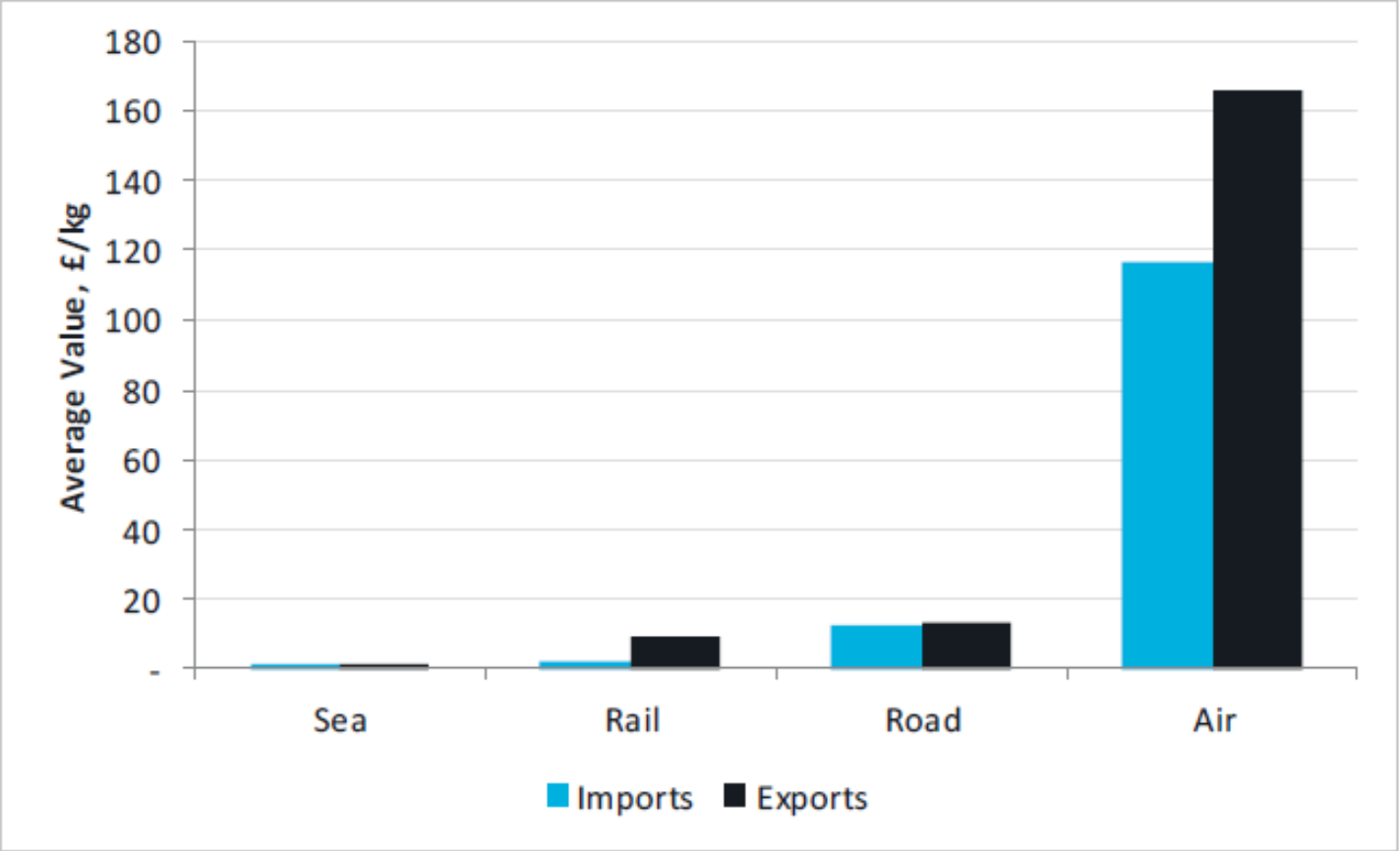


**70%**

- Air freight services contribute £7.2 billion to the UK economy and support 151,000 jobs.
- Across all sectors of the economy, £87.3 billion of UK gross value added (GVA) is currently dependent on air freight exports.
- In 2017 air freight represented 49% of the UK's non-EU exports by value (£91.5 billion) and 35% of non-EU imports (£89.9 billion).
- Germany ships just 25% of its non-EU export value by air, and most other major EU economies ship between 20% and 40%. Only Ireland ships a greater share of its non- EU exports by air than the UK.
- **9% of GVA in the North West (worth 14.9bn) is currently dependent on air freight services, compared to less than 2% of London's output. Figures are 8.6% in Wales, 7.6% in the East Midlands and 6.8% in the South West.**

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**Average value of goods transported by each mode, £/kg**



Source: HMRC

## COVID-19: The impact on aviation

- 60% of air cargo is carried in belly hold of passenger planes.
- Airports seen rise in cargo only movements.
- Impact of travel corridors / quarantine.
- Testing and workforce resilience.
- Capacity and rates.
- Transport of medical equipment.
- Slot flexibility.
- Poll: 13% believe the aviation industry was prepared for COVID-19 crisis.
- Recovery in aviation slowest across all modes.
- Digital technologies central to aviation recovery.
- Expert steering group – Department for Transport.
- Aviation tax reform.

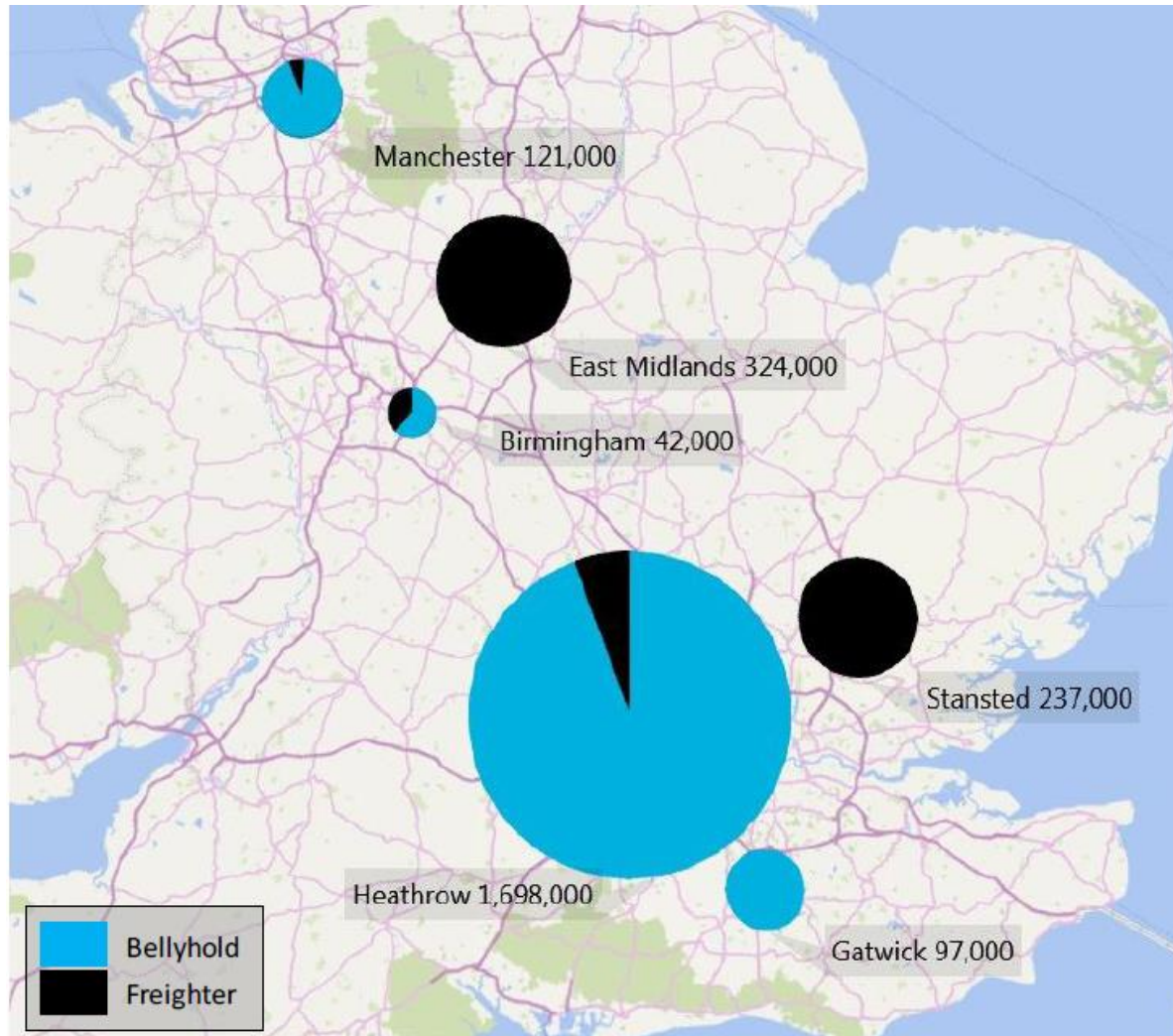






- Air Services Agreement:
  - Tied up in Free Trade Agreement negotiations
  - Freedoms / traffic rights
  - Alternatives to FTA
- Air Security
- Customs and infrastructure.

## Regional growth



**Freight volumes at six largest UK airports, tonnes (2017)**



## Heathrow expansion

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- Expansion will double cargo capacity.
- Vital as a hub for regional airports.
- Additional domestic routes.
- Air quality – judicial review.
- A large amount of North American bellyhold capacity available at Heathrow, means shippers and forwarders have little incentive to utilise regional capacity on North American routes.
- Heathrow has relatively less bellyhold capacity available on Asian and Middle Eastern routes, which means airlines have a greater incentive to utilise regional airports on these routes.
- Must focus on routes for regional airports.

## Manston airport

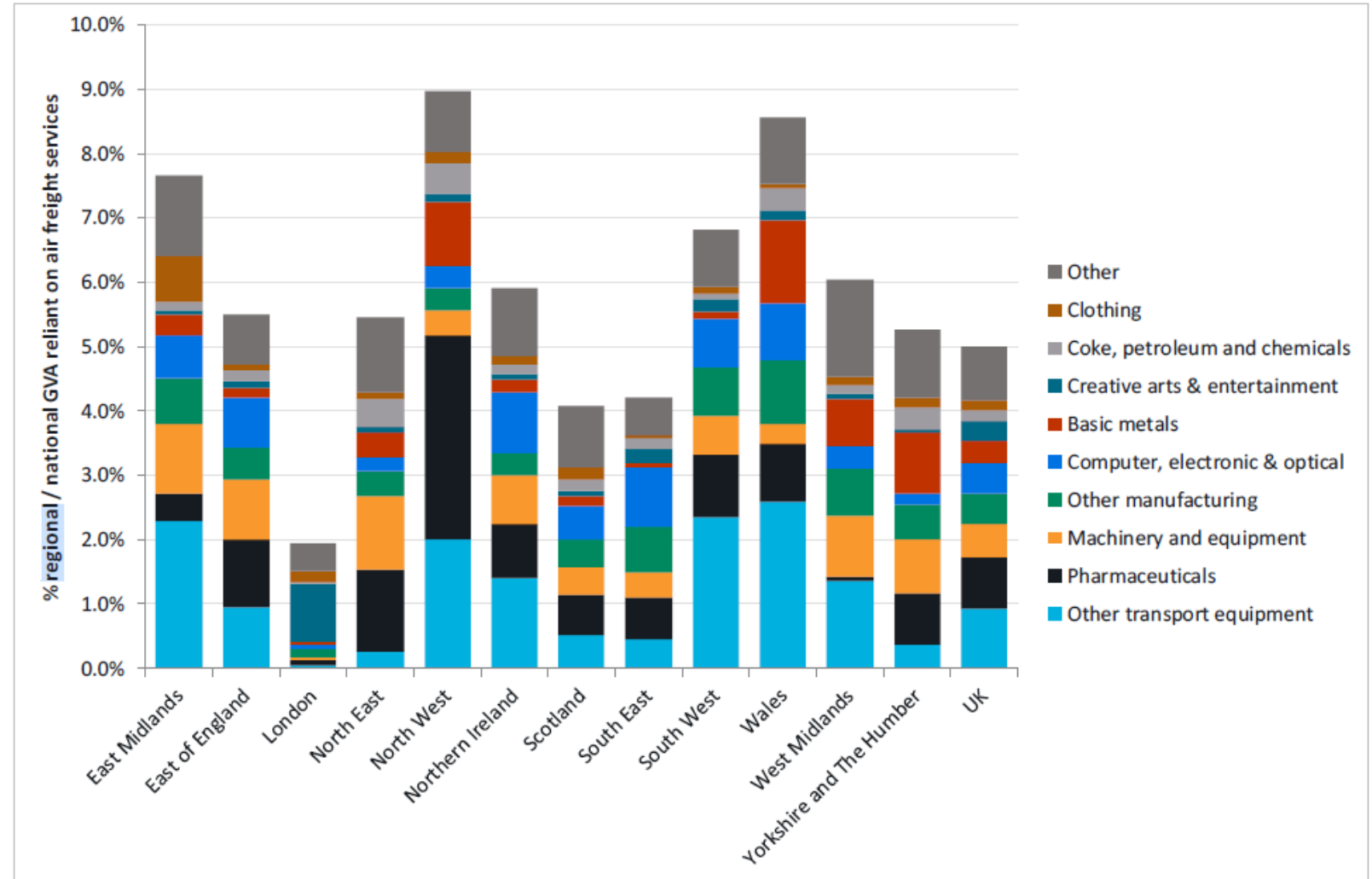
- Integrator model for traditional forms of freighter movements.
- Opportunities for e-commerce (which has seen a growth during COVID-19).
- Anticipated 23,000 jobs in the region.
- Fix for capacity issues in London region.
- Multimodal opportunities.
- Brexit.
- Night flights / environment.



# Supporting growth across UK

Proportion of GVA currently dependent on air freight by region and industry

- Focus on new international routes for regional airports.
- Planning flexibility and local support.
- Night flights / noise.



Source: ONS, HMRC, Eurostat, CAA, Steer analysis, 2016 values and prices

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- Freeports have a huge role to play in regional growth.
  - Additional clarity is needed from Government on economic assessment and the boundaries of a Freeport. Information at this stage is limited.
  - Multimodal approach - sea ports and airports involve more than just the transit of goods.
  - Multi-site concept should be considered, rather than limited to geography – a ‘virtual’ Freeport.
  - Welcome advantages to customs processes.
  - A degree of concern over fairness and competition.
  - Customs authorisations would need to add value beyond existing facilitations.
  - Planning freedoms should play an important role in bringing forward the development of Freeports.
  - Additional investment in Freeport locations is vital.

# Building resilience in aviation

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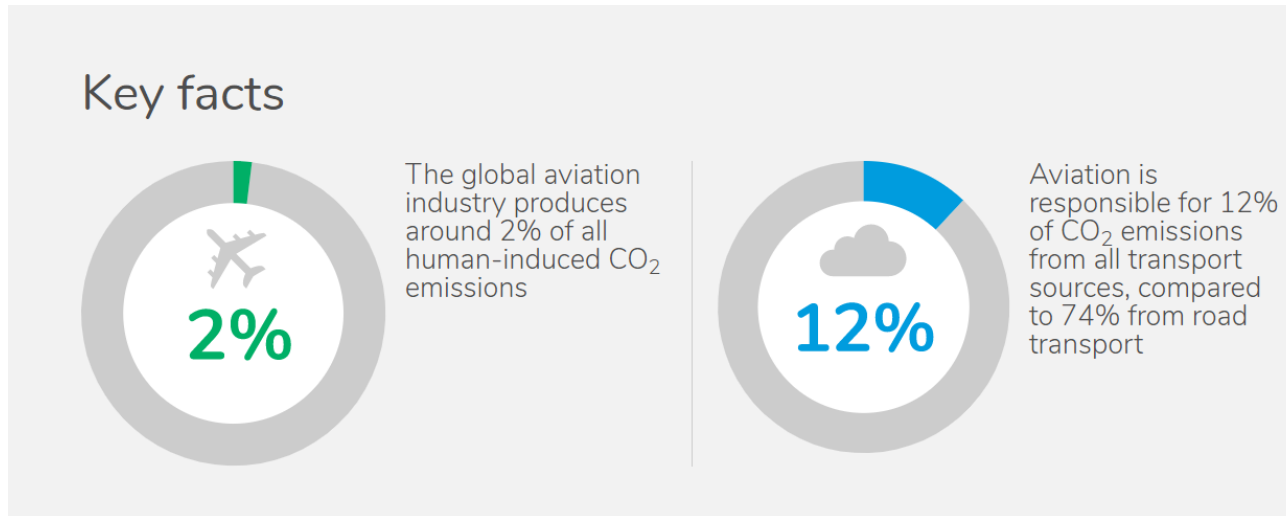


- Aviation 2050.
- Aviation recovery plan.
- Support for regional airports.
- Growth of e-commerce.
- Workforce resilience – fast track testing.
- Capacity for freight.
- Rate stabilisation.
- Support for ground handling services and airports / airlines.
- Quarantine / travel corridors.

- Connectivity – road, rail and sea.
- Robotics.
- Artificial intelligence.
- Drones.
- Automation.
- Regional growth.
- Research and development funding.



- Sustainable fuels – Energy from Waste / biofuels.
- Sustainable aviation road map – cleaner, quieter, smarter - [www.sustainableaviation.co.uk](http://www.sustainableaviation.co.uk).



- Efficiency in operations – co-loading and coordination of aircraft movements.
- Airport connectivity.
- Green technologies – electric operations both in the air and on the ground.
- Last mile deliveries.

# Logistics and local government

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- Planning flexibility for regional growth.
- Airport connectivity.
- Noise considerations.
- ‘Agent of change’ principle.
- Balancing the impacts of night and noise restrictions on local residents and air freight services.





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Questions