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## Plans for third runway at Heathrow hang in balance

A high court review in February could force ministers to reconsult on giving permission for any expansion at Heathrow

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Airliners queueing at Heathrow. Photograph: Tim Ockenden/PA

In 1998, the government began a review of its policy on airports. It took five years and 13 months of consultation to conclude what everyone knew already: that the UK's airports, and those in the south-east in particular, were bursting at the seams. The resulting white paper said that additional runways should be built at [Heathrow](#) and Stansted to ease the pressure.

Next February, a coalition of campaigners opposing airport expansion hope to drive the final nail in the coffin of the Heathrow expansion plan, more than a decade after it was first conceived. The high court will stage what lawyers describe as a "rolled-up judicial review". The three-day hearing could force ministers to consult again on the most contentious aspects of building another runway, such as the impact of noise pollution on local residents or the resulting rise in carbon emissions.

By the time they're done, the country, in all likelihood, will have voted in a Conservative government that has promised to ban the construction of new runways, at Heathrow and everywhere else. No wonder a despairing [BAA](#), the owner of Heathrow, has decided not to submit its planning application for the third runway until after the general election. Local campaigners are also hopeful of blocking similar moves to build new runways at Stansted and Gatwick, or at the very least of kicking the plans into the very long grass.

Welcome to airports planning, UK-style: toothless policy statements, countless consultations and legal challenges, all adding up to zero progress for those advocating expansion – or victory to those campaigners opposing it. Peter Morris, chief economist at Ascend, the [air transport](#) consultancy, gloomily predicts that the current political and economic landscape makes it unlikely that any new runway will be completed in the south-east in less than two decades.

Last month, BAA finally announced it had sold Gatwick, the UK's second largest airport after Heathrow, to investment fund Global Infrastructure Partners. BAA had already been ordered to sell the airport, along with Stansted and either Edinburgh and Glasgow airport, following a three-year review by the Competition Commission.

The watchdog argued that the company's ownership of Heathrow, Gatwick and Stansted constituted a monopoly that had resulted in severe congestion, because BAA had little incentive to spend billions expanding the airports when it could ramp up landing fees for airlines on the existing squeezed capacity it already owned instead. The watchdog also said that the monopoly had resulted in poor customer service because the alternatives for passengers to use other airports not owned by BAA were limited.

BAA used to boast that Gatwick's single runway was the world's busiest, handling more than 32 million people every year. It's a legacy GIP will be stuck with for some time to come.

In 1979, in return for the go-ahead to build the north terminal at Gatwick, BAA promised West Sussex county council that it would not build a second runway before 2019. GIP insists that the moratorium is legally binding. The fund also claims that the issue of a second runway is not on its agenda, not least because there is neither Conservative nor Labour support for it. But, if this were to change, there is a strong economic case for a second runway, particularly if the Heathrow and Stansted growth plans continue to be stymied.

In the meantime, GIP says that it will embark on an £850m investment programme to overhaul the airport's shabby terminals, which will allow it to handle more than 40 million passengers a year.

BAA now finds itself in the uncomfortable position of potentially being forced to scrap plans for a third runway at Heathrow, while looking on nervously as Gatwick's new owners expand the newly acquired airport. BAA insists that whatever the commission may say, Heathrow is not a competitor to Gatwick as the two airports serve two different kinds of passenger.

Gatwick traditionally was the UK's base for charter flights but as this market has shrunk, a large share of its traffic comes from low-cost airlines such as easyJet, its biggest user. While Gatwick operates long-haul flights, it operates on a point-to-point basis, rather than a "hub" like Heathrow, where over a quarter of its passengers are transferring flights. But if Heathrow does lose out on a third runway, and Gatwick expands, the two airports will come more directly into competition. Indeed, BAA has been warning for years that without a third runway, Heathrow will cease to be an important hub airport for transfers.

Whether there is the political will to build a runway at Gatwick, rather than Heathrow, is not clear. The Competition Commission questioned the government's decision to favour new runways at Heathrow and Stansted, instead of Gatwick. Because Gatwick is further away from London than Heathrow, there is also likely to be less fierce opposition to expansion from local residents.

Morris says that while it makes more financial sense to build a runway at Heathrow to protect its hub status, it would be pragmatic to focus on Gatwick. "If we are looking at a 20-year war of attrition to get a third runway at Heathrow, it might not be optimal to build a second runway at Gatwick but at least it's more likely we can get on with it." He also thinks London mayor Boris Johnson's plan to build a new airport in the Thames Estuary, lacks the political support from either party.

John Stewart from Haca, the group lobbying against Heathrow expansion, is keeping his fingers crossed that the Tories win the next election and believes their moratorium on new runways would hold for the duration of their first term of office at the very least. Exacting emissions targets are also incompatible with expanding airports, he argues.

Either way, whether Heathrow, Gatwick or neither are expanded, another dreaded review is certain. The government's consultation on a third runway at Heathrow last year was based on its 2003 white paper, which pre-dated carbon emissions targets. The paper also forecast huge growth in air travel demand, based on the assumption that fares would keep falling.

Given high oil prices and increasing environmental taxes – the government's air passenger duty increases this week – this is clearly absurd. Traditionally, economists forecasted that air traffic would increase at double the rate of GDP. Morris says demand is now more likely to rise at the same rate of economic growth as a result of rising fares.

With the UK still in recession and the weak pound also discouraging air travel, the clamour to expand the UK's airports has temporarily quietened. But once the economy recovers, so will demand – and congestion at the south-east's airports will get even worse, even if new high-speed rail links are built.

The alternative to incurring the wrath of environmentalists and local residents by building more runways is to price people out of air travel. Neither option is popular.

The next government – be it Conservative or Labour – will have some tough decisions to make.

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