

Written Evidence submitted by RiverOak Strategic Partners (RSP) (AAS0006)

Aviation and airports: supporting recovery in the UK aviation sector

1. Introduction

The coronavirus pandemic has highlighted the important role of air cargo and the dangers of heavy reliance on belly hold capacity (cargo space on passenger flights) to import and export vital goods. Key factors influencing air cargo, particularly in the UK and at this time, include:

- capacity constraints at airports that are able to handle the import and export of goods;
- the reliance on trucking between the UK and airports in northern Europe; and,
- the growing and vital impact of e-commerce on air transportation.

Parties involved in guiding aviation development too frequently focus on passenger transportation, ignoring the specific and different needs of air cargo. Arguments about whether we should reduce passenger movement around the globe by air fail to pick up on the need for air cargo movements, which allow us to receive urgent and perishable goods and to connect with world markets to export goods.

RiverOak Strategic Partners' (RSP) plans for the redevelopment and revival of Manston Airport in Kent are focused on providing the UK with a dedicated air cargo hub, complemented by passenger, General Aviation, and engineering services. A revived Manston Airport will provide air cargo operators with dedicated facilities to meet growing demand and give businesses the opportunity to access export markets.

2. Aviation sector's support for the UK's economic recovery post coronavirus pandemic

Over recent years, the movement of vaccines, pharmaceuticals, PPE, food, and other essential items has relied on air cargo. These goods have mainly been carried on all-cargo freighters rather than passenger aircraft due to the dramatic downturn in the movement of people around the world. Already reduced air cargo capacity has been compounded by issues with global sea shipping such as incidents in the Suez Canal, containers being stranded at the

receiving end of supply chains, and lack of available crews, highlighting the UK's reliance on air cargo.

In the UK, truck driver shortages are also beginning to impact supply, with both imports and exports being affected. Due to the lack of capacity (including runway, warehousing, handling, machinery, and technology) for dedicated freighters, particularly in the South East where demand is highest, around 70% of the UK's airfreight uses belly hold and only 30% is carried on freighters. This is contrary to global norms, where the split is generally 50/50 with some routes as high as 80% in favour of dedicated freighters.

Post pandemic and post Brexit, there is little doubt that the aviation sector will continue to be vital to the UK's economic recovery. Increased trading outside the EU is essential to the Government's plans to maintain the UK's competitiveness and resilience. This strategy increases the importance of air cargo services, which provide rapid access to global markets for UK exporters and importers. As increasing reliance is placed on freighters rather than belly hold transportation, the UK is already behind much of the rest of the world in terms of specialist capacity for air cargo. Government must focus on addressing this issue as well as the work being carried out to support passenger markets.

This is particularly the case for e-commerce. The ongoing increase in online shopping has radically changed the way supply chains function and boosted the need for air cargo. Efficiency, transparency, and above all speed, are vital for successful e-commerce operations. Demand for same day solutions is becoming the norm. Even before the coronavirus pandemic, the growth outlook for air cargo was between four and five per cent. Boeing, for example, expects a 60% increase in the world freighter fleet over the next 20 years, driven by the rise in e-commerce demand for consumer goods as well as to meet general cargo needs.

As well as providing the UK with resilience in its air cargo capability, Manston will ease the considerable road congestion caused by trucks carrying air cargo via the Channel Crossings to airports in mainland Europe. Trucking to and from Europe is little understood but is likely to be in the region of 80,000 truck movements annually, with the associated number of drivers required to make these. We believe this equates to over one million tonnes of trucked air cargo per year and represents additional environmental impact and costs that would be unnecessary if the UK had sufficient dedicated air cargo facilities.

Additionally, an operational Manston will provide a major boost to economic growth and jobs to the UK economy and particularly in East Kent, an area of high deprivation, thereby assisting the Government's levelling up agenda. The airport is attracting considerable attention from investors around the world and can expect to leverage jobs throughout the airport's supply chain and related industries.

3. Regional and global connectivity

Connectivity is vital to the health of the UK's economy and air cargo must play a key role in regional and global links: no other means of transport can provide such rapid access to markets. Without air transportation, time sensitive and perishable items cannot be usefully imported or exported outside trucking distances. Cargo-only aircraft are essential to connectivity for various reasons including:

- Passenger aircraft (and their belly hold capacity) connect places that people want to visit – not necessarily where business needs cargo to be imported and exported
- Even when routes exist, passenger schedules may not meet shippers' timing needs
- Freight forwarders generally prefer palletised capacity, which rules out single aisle, narrow body aircraft belly hold
- Passenger belly hold cannot carry hazardous or large items of cargo
- Payload range considerations may limit cargo carriage on passenger aircraft

As an outward looking country, the Government's Global Britain agenda will need to be supported by the UK's air cargo capability. It is essential that the needs of this sector are not subsumed into the needs of the air passenger sector. Too frequently the focus of discussion is around the movement of people at the expense of attention to transporting goods into and out of the country. Instead, the Government must allow and actively encourage cargo routes to ensure connectivity between the regions and nations of the UK as well as the UK's global markets.

4. Sustainability

The pressing need to innovate in aviation can be leveraged through the deeper economic, diplomatic and security partnerships that are being built to tackle the challenges the world faces today. The UK has always taken a leading role in responding to global challenges and RSP/Manston Airport, as a greenfield site, will utilise the latest innovations, technologies, and practices to ensure that the airport is net zero almost as soon as it reopens. Without legacy infrastructure, a wide range of opportunities exist to reduce or eradicate greenhouse gas emissions. For example, the airport can be fully multimodal, with access to runway, rail, river, as well as road. To reduce truck movements, RSP are exploring and actively working with various agencies to use the river Thames to transport goods between Manston and London.

The air cargo sector may be the first to adopt sustainable practices due to the need for greater passenger confidence in new technologies and propulsion systems such as electric and hydrogen-powered flight. As such, Manston Airport is represented on the advisory board of Project NAPKIN (New Aviation Propulsion Knowledge and Innovation Network), ensuring focus is not solely on passenger air transport but importantly places air cargo at the forefront of innovation. Other initiatives under development at Manston include the use of drones to transport 'last mile' parcels and packages, applications for hydrogen and electric-powered ground vehicles, solar power generation, as well as best in class building design and construction. The best practice developed at a greenfield Manston Airport will demonstrate the viability and efficacy of sustainability initiatives to other UK and global airports.

5. DCO Timeline for Manston Airport

The DCO process for Manston Airport commenced in July 2016 and followed the following steps:

July 2016: RiverOak Investment Corporation, as we were then known, conducted a non-statutory consultation into our proposals for Manston.

June/July 2017: Publication of the formal, statutory consultation, along with the preliminary environmental information (PEI) report.

November 2017: RiverOak announced plans to give the public a further chance to comment on its proposals to reopen Manston. This further consultation took place from 12 January 2018 to 16 February 2018. This fulfilled a number of requirements set out in the Planning Act 2008 and

allowed the public and all stakeholders an additional opportunity to comment upon our proposals, which had undergone further development.

April 2018: The DCO application was originally submitted to the government Planning Inspectorate (PINS).

May 2018: The DCO application was withdrawn to satisfy PINS' requests for further information about certain parts of the application. These related to funding, to the categorisation of the project as being of national significance, and to certain aspects of the supporting environmental statements, before being resubmitted in July 2018.

August 2018: The Planning Inspectorate announced its decision to accept the application for examination, the first DCO application for a nationally significant airport project to be accepted for examination by the Planning Inspectorate.

January 2019: Examination of our proposals by the Planning Inspectorate got underway and, following a series of issue-specific and open floor hearings, the process closed in July 2019 – on the same day that RSP confirmed acquisition of the Manston site from Stone Hill Park (the site's previous owners).

October 2019: DCO inspectors issued their recommendations to the Secretary of State for Transport, with a decision initially expected from the Secretary of State in January 2020 – based on the three-month duty to decide an application.

February 2020: The Secretary of State for Transport set a new deadline for the decision for the application of 18 May 2020.

May 2020: A Statement was laid in Parliament by the Minister of State for Transport announcing a new deadline of 10 July 2020 for the decision.

July 2020: Decision made by the Secretary of State on 9 July 2020 to grant the DCO.

October 2020: A judicial review of the Manston DCO decision is granted.

December 2020: Government concede the transport secretary failed to give adequate reasons in the decision letter for approving the DCO.

Current position (September 2021): RSP awaits the Secretary of State's re-issued decision on the future of the airport.

6. Recommendations

RSP's experience is unique: the UK does not, and without Manston will not, have a dedicated cargo airport. We therefore make the following observations and recommendations for the Committee to consider:

6.1 Need for greater data and resources at Government Departments to aid decision-making: This is a recommendation we have made previously but it is worth reiterating in this context. Civil Servants, particularly in specialist policy areas, need access to data to inform their decision making. Air cargo policy, for example, has not been examined in the same way as air passenger policy and, as a result, data is more limited. Additional resources should be provided to Government Departments to support their work and ensure air cargo has at least equal attention to that given to air passenger issues.

6.2 Specialist policy expertise: The lack of resilience in supply chains has been of considerable concern for some time but is now making headline news. Christmas 2021 could be remembered for shortages in food and other consumer goods, which will impact both households and businesses. Relevant Government Departments should have the resources and expertise available to them to ensure supply lines move freely. Air cargo is a critical component of the UK's logistics sector and requires specialist knowledge across all Government Departments with influence on airports, airlines, and those engaged in shipping, forwarding, warehousing and clearing cargo.

6.3 Accelerated handling of airport-related planning issues: To avoid Global Britain being left behind and failing to maximise opportunities to export to non-EU countries, planning policy, including the DCO decision timeframe for Nationally Significant Infrastructure Projects such as Manston Airport, must be re-examined. Delays and the lack of information on decision-making timelines is incomprehensible, particularly to overseas investors. Global Britain must be open for business, which means ensuring timely handling of airport-related issues.

7. Further information

Should you require any further information, RSP would be happy to assist and provide oral evidence if requested.

September 2021