



Manston Airport Air Freight Hub

*Reviving strategic transport infrastructure to
maximise Global Britain's trading potential*

Applicant's Response to Arup Assessor's Draft Report

Project: Manston Airport Development Consent Order
Document Ref: TR020002/RED2/Arup
Redetermination Deadline Date: 3 December 2021

MANSTON AIRPORT PROJECT

PINS REFERENCE TR020002

APPLICANT'S RESPONSE TO THE ARUP REPORT

DOCUMENT TR020002/Arup

Introduction

1. This document summarises the Applicant's response to the draft report prepared by the independent aviation assessor (**Arup**) published on 21 October 2021 (**the Draft Report**). The Draft Report was requested in order to advise the Secretary of State in respect of matters that needed redetermining following the judicial review of his decision to grant development consent. The Secretary of State conceded that his decision was unlawful on the basis that it was inadequately reasoned on the matter of need. The Applicant emphasises that the Secretary of State's decision letter clearly sets out that the definition of need does not equate to demand. The Draft Report was therefore ordered to provide further analysis to the Secretary of State to enable him to redetermine the application for development consent as it relates to the need for the re-opening of Manston Airport.
2. The terms of reference under which Arup worked do not appear in their report and have only been disclosed by the Secretary of State following a Member of Parliament making a freedom of information request for this information; even then the identities of the authors of the report have been withheld on the basis that it was prepared by a team. It is manifestly apparent that not only were the terms of reference unacceptably narrow, omitting any reference to the Secretary of State's decision letter, but were also interpreted too narrowly by Arup when they were asked to consider 'other matters'. As such, the result is a Draft Report that is not fit for purpose and amounts to a narrowly focused demand study. In addition, the continued absence of the publication of the authors names and their professional expertise is indicative that the authors were not sufficiently qualified to write the Draft Report which includes findings that cannot be sustained on even a cursory review of the available evidence, wrongly dismisses technical expertise and evidence, and appears manufactured towards a pre-defined conclusion.
3. The Applicant has patiently participated in the redetermination process but is unable to understand why the redetermination process has been so protracted. The letter published by the DfT on 21 October 2021 gives no indication of the next steps following the delayed deadline on 3 December 2021. This is entirely inconsistent with the philosophy of the DCO regime and the Planning Act 2008. The lack of procedural certainty is unacceptable for any scheme being redetermined, not just for applicants but to all interested parties. The Applicant notes that the three other decisions that have been quashed are in the same uncertain position as Manston Airport.

Executive summary

4. The Applicant strongly disagrees not only with the conclusions of the Draft Report but also the basis on which it was commissioned and its relevance to redetermining the application. The Secretary of State conceded the judicial review on the sole ground that further reasons should be given for reaching a different conclusion to the Examining Authority on need in paragraphs 20 and 21 of the decision letter. The Draft Report does nothing to assist with that exercise,

partly because the Secretary of State did not ask Arup to consider the decision letter and partly because Arup also interpreted its brief without doing so. Instead, it starts from the Examining Authority's conclusions, restricts its analysis to responses to the first consultation and ignores the abundant evidence that subsequent events have strengthened the Applicant's case. This submission redresses that and is to be preferred to the Draft Report.

5. Furthermore the report is superficial (at 41 pages for six months' work) and shows a lack of understanding of air freight, is written in a manner prejudicial to the Applicant, and does not give its authors' names or credentials. It referred to a chapter on climate change that did not exist (the reference has subsequently been removed). In contrast the Applicant has commissioned a further report, from IBA Global, an international aviation consultancy with a named author and credentials, which supports the Applicant's original case.
6. The status of need has been wrongly elevated in commissioning the Draft Report, which then incorrectly equates need with demand. It entirely ignores the additional factors set out in the decision letter in paragraphs 20 and 21, which should have been the focus of the exercise were it to have addressed the basis on which the judicial review was conceded. Need would have been more relevant had the Applicant been relying on public funding or compulsory acquisition powers, but this project is entirely privately-funded and the Applicant now owns the airport.
7. Specific rebuttals of the Draft Report are summarised as follows.
8. In Chapter 4 on policy, the Draft Report minimises the Making Best Use policy, which is the government's principal policy on aviation; it ignores the Stansted appeal decision which says that there is no need to demonstrate need (and although Manston is excluded to avoid affecting this project, this is despite the wording of paragraph 1.42 of the NPS). The Draft Report ignores the government's support for air freight in its consultation on the new Aviation Strategy. The Draft Report's missing chapter on climate change means this issue is not addressed, but a new state-of-the-art project that will be built quickly will achieve carbon benefits much faster than retrofitting existing operational airports.
9. In Chapter 5.2.1 on e-commerce, the Draft Report ignores the clear trends towards new integrators, where retail companies such as Amazon and Cainiao carry out the air transport themselves rather than relying on a third-party company, in response to customer demand for rapid deliveries from overseas locations. Existing airports do not cater for this trend; Manston will. These involve warehousing closer to customers rather than in locations in the centre of the UK. Instead, the Draft Report looks back at 2009-19 and assumes the future will be a repeat of that period, ignoring the unprecedented changes that have occurred since then.
10. The Draft Report acknowledges the dramatic increase in e-commerce, but did not find any forecasts in the existing material, nor did its authors look for any. Ample forecasts exist, including those provided by CEBR, Arup's own partner in producing its report. The Applicant provides several others in this following document, as well as industry news about cargo growth that is emerging almost daily. Other reports produced by Arup themselves support the rise of e-commerce, as cited below.
11. In contrast, the Draft Report does not even mention that freight is trucked to and from airports in mainland Europe that could be kept in the UK if the facilities existed to handle it - which Manston would provide - boosting the UK economy and resilience.

12. In Chapter 5.2.2 on the impact of Covid-19, immediately after noting the absence of dedicated freighter forecasts, the report concludes that the freighter/bellyhold split will return to pre-pandemic levels 'once the long-haul passenger market starts to recover'. It is typical of the Draft Report to err against Manston when there is a purported absence of evidence, when in fact evidence supporting Manston exists, as set out below. The pandemic has accelerated the growth in e-commerce, and has caused adjustments to global supply chains to reduce reliance on large centrally-located warehouses, and according to Willie Walsh, director general of IATA, this is permanent.
13. In Chapter 5.2.3, the short section on the shift to narrower-bodied aircraft, the report acknowledges that this does reduce bellyhold capacity but that it is not significant. The Applicant has commissioned a report from the IBA Group, which is appended to this response - on this issue the IBA report does agree with the Draft Report, although on other issues it supports the Applicant's findings.
14. In Chapter 5.2.4 on the effect of Brexit, despite remarks such as 'trade deals can be expected to increase demand for air freight capacity' and 'the argument that more long-distance trade could lead to increased air freight is plausible to the Independent Assessor', the Draft Report concludes that the long-term impacts are unclear and there is no evidence one way or the other that Brexit will affect long-distance trade, again a typical feature of the report that a positive analysis nevertheless leads to a neutral or negative conclusion. Furthermore, Arup's partner CEBR has separately reported on the criticality of aviation in 'Global Britain' post-Brexit, and trade deals with 67 non-EU countries and territories have been reached since 1 January 2021 with a value of nearly £2bn. The report minimises the contribution to GDP of such trade deals (e.g. Australia's represents 0.02% of GDP) but of course that contribution will disproportionately consist of air freighted goods.
15. Chapter 5.2.5 on GDP is the most depressing part of the Draft Report as it implies that because GDP and air freight are linked and GDP is expected to shrink, this counts against the Manston project. What Arup completely miss is that the reverse is also true - increasing air cargo capacity with privately-funded state-of-the-art facilities will encourage growth in GDP at no risk to the government, which is exactly the sort of action the government should be taking rather than the 'managed decline' that Arup suggests.
16. Chapter 5.2.6 on resilience does at least acknowledge that Manston would be good for the UK's resilience. However, by assuming that all the unprecedented events that have taken place recently such as Covid-19, Brexit, the Suez Canal blockage, strikes, terrorist attacks, floods and fires are (individually) rare and so the report minimises the weight to give to the contribution Manston would make to resilience. Given climate change and the increased human conflict that will bring, it runs entirely counter to common sense that the UK should not build its resilience, and counter to mathematics that a large number of individually rare events means the likelihood of any happening would be rare, and so the Draft Report is clearly wrong once more.
17. In chapter 5.3.1 on capacity at Heathrow the report at least acknowledges that a third runway is unlikely to be operational before 2030, although that is the most optimistic figure that can be found; even York Aviation say 2033. Investors are in fact withdrawing from Heathrow making the runway an even more distant prospect, if it ever comes forwards. The Draft Report minimises the prospect of a successful judicial review delaying the project, when even the ultimately unsuccessful challenge to the NPS took 2.5 years; the Draft Report ignores the

prospect of a Heathrow expansion DCO being refused, despite the government's lukewarm attitude to it and its significant climate impacts. The Draft Report's claims of freight capacity at Heathrow disregards that utilisation is unlikely to exceed 75% of theoretical capacity, still leaving a shortfall in the south-east.

18. Chapter 5.3.2 on capacity at Stansted gives no weight to the airport applying to reduce its freight cap in favour of more passenger flights, saying there is still freight capacity. Businesses are unlikely to flock to an airport that is officially focusing elsewhere; furthermore the Draft Report ignores the practical difficulties of expanding dedicated freighter operations.
19. Chapter 5.3.3 on capacity at East Midlands Airport and 5.4 on locational requirements conclude that although London and the South East of England are the largest markets in the UK, the model for freight is still to locate facilities in the centre of the country. This takes us back to the Draft Report ignoring the new integrator model where warehousing is closer to customers to speed up the delivery of goods; net zero will also drive cargo to take shorter routes to customers, which the report vainly tries to argue might not actually be in London and the south east of England. As with Stansted, the practical difficulties of expanding freight are not considered, but are set out by the Applicant (again) below. When passenger flights were cancelled during the pandemic and freight capacity was available, the market chose Heathrow (407% increase in tonnage) rather than East Midlands Airport (14% increase); the Draft Report resorts to questioning the accuracy of the HMRC figures these are based on.
20. The Draft Report does not consider Gatwick and Luton but the Applicant does address them; their focus on passenger expansion is clear.

Status of need

21. Before providing a detailed rebuttal of the Draft Report, the Applicant would like to address the assumption that flows throughout the Draft Report that need is the determinative factor as to whether the DCO should be granted. Simply, it is not. The only reference to 'need' in law or policy for an airport project requiring development consent, such as this, is in paragraph 1.42 of the Airports National Policy Statement (ANPS), which states:

"airports wishing to make more intensive use of existing runways will still need to submit an application for planning permission or development consent ... the Government accepts that it may well be possible for existing airports to demonstrate sufficient need for their proposals, additional to (or different from) the need which is met by the provision of a Northwest Runway at Heathrow."

22. The statement applies equally to airport projects seeking planning permission, such as Stansted, and development consent, such as Manston. There is no further explanation as to what 'sufficient' need means in this context. The Applicant acknowledges that need was previously an important part of the case for compulsory acquisition powers. However, agreement was reached with the majority landowner, Stone Hill Park (**SHP**), during examination. SHP withdrew their objection to the airport in its entirety as a result. The remaining compulsory purchase requirements were immediately reduced to a few minor interests only. RSP own 96.07% of the land within the Order Limits. It is therefore wholly inappropriate for the Draft Report to consider the submissions of SHP as this has been withdrawn in full.

23. In redetermining the application, the Secretary of State is expected to employ a similar test to that in section 104 of the Planning Act 2008 of comparing the benefits to the adverse impacts. The Applicant has clearly demonstrated that the benefits of the project significantly outweigh the adverse impacts. The benefits identified during examination increased by the time the decision was taken and have only continued to grow since then. Need is only one factor to be taken into account when assessing the level of benefits and adverse impacts; it is not the decisive factor, nor is it a benefit or adverse impact in and of itself as the Draft Report repeatedly implies.
24. One demonstration of need constitutes evidence that certain of the benefits are likely to be realised, such as the creation of jobs during the operation of the airport. Other benefits will be realised in any event, such as the creation of construction jobs, and the highway, ecological and other improvements linked to work that must be carried out before the project can come into operation. These matters fall outside the test for 'need' but constitute material benefits to the project. The self-evident nature of this interpretation can be seen by looking at The London Resort project. As a leisure facility it is not required to address a 'need'. It will nevertheless bring significant benefits, not just to the local area, but the country as a whole as an international-level tourist attraction employing many thousands of people. It would be absurd to suggest that The London Resort should be refused consent solely because it does not address a specific need and it would be correspondingly incorrect to apply such a restrictive interpretation to need when determining the question of whether Manston Airport should be consented.
25. The ground on which the Secretary of State conceded the judicial review challenge was Ground 1(b), which was failure to give [adequate] reasons on the issue of need (need being the overall Ground 1). The panel of inspectors incorrectly, for reasons unexplained, chose to define "need" as "demand" when drafting their recommendation report. The Secretary of State correctly recognised the broad scope of need in the decision letter. However, the brief treatment of the issue resulted in the concession.
26. The Secretary of State's decision letter, particularly paragraphs 20 and 21, clearly sets out the correct scope of need that should be considered (emphasis added):

*20. Whilst noting the ExA's consideration of need [ER 5] and conclusion that the Applicant's failure to demonstrate sufficient need weighs substantially against the case for development consent being given [ER 8.2.25 - 8.2.26], the Secretary of State disagrees and concludes that there is a clear case of need for the Development which existing airports (Heathrow, Stansted, EMA and others able to handle freight) would not bring about to the same extent or at all. The Secretary of State concludes that **significant economic and socio-economic benefits would flow from the Development to Thanet and East Kent as well as more widely including employment creation, education and training, leisure and tourism, benefits to general aviation and regeneration benefits. In addition, as a result of the Development, the potential exists for Manston Airport to develop and grow into a transport asset for the UK which would provide a number of significant benefits locally, regionally and nationally, complementary and in addition to those able to be provided by existing airports. These include increased capacity available in North Kent for import and export of freight by air to, from and within the UK including support for high value and time-critical transport of goods, increased connectivity to the North Kent area, benefits which flow from its location in terms of its accessibility, enhanced access to markets and to end users, the facilitating of inward investment, support for the advanced manufacturing sector in***

which the UK is looking to build competitive strength, and the provision of a passenger and executive airport in North Kent. The Secretary of State gives substantial weight to the above public benefits both individually and cumulatively.

*21. In addition, it is to be concluded that the Development would **support the government's policy objective to make the UK one of the best-connected countries in the world and for the aviation sector to make a significant contribution to economic growth of the UK.** It is the Government's aviation policy that airports should make the best use of their existing capacity and runways, subject to environmental issues being addressed. Substantial weight is given by the Secretary of State to the conclusion that the Development would be in accordance with such policies and that granting development consent for the Development would serve to implement such policy. Although the Secretary of State considers the Development would also be consistent with the aims of emerging aviation policy, he considers that as such, it should be afforded limited weight.*

27. The Applicant was astonished to see that Arup's Draft Report entirely ignores several of these aspects, particularly those relating to the economic benefit, employment and education that would occur should Manston Airport reopen. This has resulted in Arup producing a narrowly focused demand study. As explained above, an incorrect and overly restrictive interpretation of 'need' can easily result in absurd outcomes, and runs contrary to the intention of the consenting process: namely to grant planning or development consent to projects that will benefit the communities they serve.
28. The scope of the Draft Report is far too narrow and inappropriately uses the Examining Authority's report as a starting point and to the exclusion of the Secretary of State's decision letter. The Draft Report was commissioned as a result of a challenge to paragraphs 20 and 21 of the Secretary of State's letter for not containing sufficient detail. As such, it makes no sense to ignore the decision letter and the reasons for the challenge. However, the Draft Report not only uses a wholly separate document as the starting point for its review, but it makes no reference to the document that was subject to the challenge from which the requirement for the Draft Report was borne. It is unfathomable that the paragraphs of the letter that were subject to legal challenge, and the reasons contained therein, are not mentioned once in the 41 page Draft Report.
29. The Applicant would like to re-emphasise that no public funds are being used to finance any part of the re-opening of Manston Airport. The entire project is being privately funded. Any risk of failure lies solely with the Applicant and its investors; there is no risk to the government or any public body. The Applicant has concluded that there is sufficient demand to make the re-opening of Manston airport successful. The ExA examined the project on a worst-case basis. Should it transpire that once the Airport comes into operation the demand for its services is less than predicted, the main adverse impacts identified by the Examining Authority would be correspondingly reduced or eliminated, e.g. those of noise and traffic impacts. Any failure to reach anticipated levels of service would result in a loss to the Applicant and its investors and *no-one else*.
30. Furthermore, it would be extremely short-sighted for the post pandemic and post-Brexit UK to remove an existing near-3000m runway from the London Terminal Manoeuvring Area that also benefits from a significant amount of local support¹. As a functioning airport with a runway

¹ The Manston Airport project has the support of more than 65% of councillors that voted on its reopening

capable of supporting widebody airports, it would both reduce strain on London airports that are already approaching capacity, and may provide invaluable diversion options in the event of mass disruption such as that seen in the recent drone incidents at London Gatwick Airport. Removing a runway of this stature would not only result in the benefits of Manston Airport not being realised, but it may hamper the UK's ability to accommodate existing air traffic in the event of disruption. The closure of the runway would be the direct consequence of the refusal of this application. Space for aviation in the UK is extremely constrained and existing airports are struggling to locate land that would be appropriate for expansion. They are also rarely supported by private backing to the degree seen in the case of Manston Airport, or at all. It would be a significant and material loss to the industry as a whole for the runway to be closed.

31. It should also be noted that congestion is affecting major airports around the world. Airports were primarily designed for optimal passenger flows with cargo as an after-thought. This means that cargo has played and continues to play a secondary role at most airports. Land is not often available to maximise freight operations and, as with Heathrow, inefficiencies even at globally significant hub airports create huge problems for the logistics industry. Moving significant tonnage of freight 'off airport' to find land available for handling, simply does not work as it adds complexity, security issues, time, and cost to cargo operations.
32. Airports in the UK were privatised in 1986 to ensure greater efficiency, a reduction in the use of public funds, greater competition and correspondingly lower costs, and to incentivise investment and innovation in the industry. The re-opening of Manston, as a specialised cargo hub, by a private Applicant embodies the aims of privatisation and would provide much-needed inward investment to the UK's economy.

Approach to Independent Assessment

33. The Applicant is disappointed to see that after having 6 months to perform its analysis and over £150,000 of public funds, the Draft Report is severely lacking in detail and contains many errors and omissions. Most startling of these is the absence of an entire chapter on climate change that was clearly envisaged as it was expressly referred to. The Applicant acknowledges that this has now been corrected, however startlingly this was done by removing all references to the climate change chapter, rather than providing it. The Applicant would conclude that the Draft Report had been published prematurely, had Arup not had such an extended period to conduct a complete analysis of the situation. This omission is further indicative of a broader issue of the authors' clear lack of fundamental knowledge of the air freight sector. The Draft Report blatantly mischaracterises the Applicant's case and ignores the significant tonnage of freight trucked to and from mainland European airports that Manston could reduce and retain as part of the UK economy. These are material factors relevant when assessing the need for Manston Airport and the Applicant can only conclude that the anonymous author(s) of the Draft Report lack the requisite industry knowledge and experience to identify fundamentally relevant information.
34. The Draft Report also ascribes undue weight to the submissions of those opposing the re-opening of Manston, by relying on the withdrawn objections of Stone Hill Park (SHP). It also repeats figures made by third parties despite the figures being demonstrably wrong, as set out in Appendix 1 which has been submitted with document reference **TR020002/RED2/Arup/APP1**. The Applicant emphasises that any aviation expert would have recognised the error. Further, the tone of the Draft Report is dismissive as to the sources of the Applicant's submission, without providing any basis for why these sources should be considered unreliable or less persuasive. The Applicant is uncertain of the independence of the

indecent aviation assessor, Arup, and has set out its concerns in Appendix 2 with document reference **TR020002/RED2/Arup/APP2**. Where the Applicant has referred to online articles as the source of data, these originate from the trade press. The nature of these articles is that they have undergone sector-specific review to ensure that they are accurate and reflect the data available at that time. It is indicative of a failure by Arup to consider the data in detail, as it has failed to provide any justification for accepting or dismissing the accuracy of the data source, or to even clarify the approach taken to assessing the data. The Draft Report's conclusions are either unevidenced assertions or the unquestioning adoption of opponents' submissions, indicating that proper analysis has not been conducted or the Draft Report was written to reach a pre-specified conclusion. Neither option is sustainable and the Draft Report should be disregarded as being without merit.

35. It is entirely inappropriate and concerning that the authors of the Draft Report have been anonymised, and no credentials have been provided. The experts that the Applicant has employed had to provide detailed evidence of their eligibility to comment on the aviation industry and the re-opening of Manston airport during the examination of the application. The same standard should be applied to the authors of this report for it to carry any evidential weight. The publication of the Draft Report assumes that the experts are suitably qualified which the Applicant is not convinced of based on the poor quality of the analysis and conclusions therein. The failure to identify the authors' identities and qualifications severely undermines the integrity of the Draft Report.
36. The Applicant submits that the authors of the Draft Report may not hold the necessary aviation industry knowledge relating to freight. This may explain the volume of errors, poor and misleading analysis, and the unaccountable focus in the Draft Report on the past. It makes the warrantless assumption that the future of air freight would be similar to the situation ten years before the pandemic, ignoring numerous advances in technology that have fundamentally altered the passenger and freight aviation markets in this period. The Draft Report entirely ignores the rapidly-changing air freight industry, accelerated by the pandemic and interprets data incompatibly with the actual current working practices of the aviation industry. This is highlighted by the misconception that logistics have remained unchanged since the sizeable shift to ecommerce from bricks-and-mortar retail trading. The Applicant also notes that at paragraph 27 of the Stansted decision letter, the Planning Inspectorate states that they dismissed evidence "*which was not prepared by a person qualified or experienced in air traffic forecasting*"². This underpins the absolute need for the details of the authors, including their relevant qualifications and experience, to be published.
37. As explained above, the Draft Report uses the Examining Authority's decision letter as a starting point, ignoring entirely the decision of the Secretary of State. The Applicant considers this to be wholly inappropriate as it does not seek to address the terms of the consent order made in the High Court on 15 February, exacerbated by there being no analysis shown of the examination documents. It is not possible to follow Arup's workings to identify how it has reached the same conclusions as the ExA. This further undermines the reliability of the report as an independent and comprehensive analysis of the matter of need relevant to the grant (or not) of development consent. Nowhere does the Draft Report explain, let alone cogently consider, the reasons it has departed from the Secretary of State's conclusions on need.

² Appendix 5.1 – Appeal Decision – London Stansted Airport, Essex – 26 May 2021 (appeal reference APP/C150/W/20/3256619)

38. The Applicant submits that due to the fundamental and insurmountable issues with the Draft Report, it should be dismissed as unsound and not relied upon in any part when redetermining the Manston application. Whilst the remainder of this submission details the Applicant's specific criticisms of the points raised and conclusions reached in the Draft Report, this criticism is provided notwithstanding the Applicant's view that the Draft Report should be dismissed in its entirety.

Policy – section 4 of the Draft Report

39. The Applicant has already considered the changes that have occurred to national and local policy since the Examination. These are set out in Annex 2 of the Applicant's submission to the SoS dated 9th July 2021 (document reference TR020002/RED).
40. It is considered that Arup does not apply sufficient weight to the fact that making best use of existing runways has been a longstanding aviation policy objective which will also feature in updated aviation policy in the forthcoming Aviation Strategy.³ Making best use of existing runways therefore receives very strong support from national aviation policy and this should not be summarily dismissed as it is in the report.
41. Similarly, the Proposed Development is strongly supported by local planning policies in the adopted Thanet Local Plan 2020 which safeguard the airport for aviation use. Arup concludes correctly that all relevant policies in the 2020 adopted Local Plan should carry more weight in the redetermination of the application than given in the Examination because the Plan is now adopted (it was only at Regulation 19 draft stage during the Examination). However, Arup fails to recognise that the ExA concluded at the time of their reporting that the principle of the Proposed Development was also supported by the 2006 adopted development plan. Consequently, the adopted 2020 Plan doesn't alter the local planning policy support for the Proposed Development from that presented at the time of the Examination. This is materially significant in the redetermination of the Application.
42. In January 2019, the Secretary of State (SoS), issued a direction to the Council in relation to the Local Plan. Part of the direction was to amend the Council's Local Development Scheme (LDS), to provide for the completion of a review of the Local Plan within six months of its adoption. The new Local Plan was adopted on 9 July 2020, which meant that the review should be completed by January 2021, with a new LDS published. The new LDS was published in December 2020. TDC has agreed that the Local Plan needs to be updated and that the scope for the update must include a review the provisions of the Plan in relation to Manston Airport in the light of a decision on the Development Consent Order. The new LDS states that the Local Plan update will conclude in 2023 but the timetable is already delayed (the Regulation 18 draft was due in October 2021 and was not published). The decision on the redetermination of the Application can still be taken into account in updating the Local Plan. There is no suggestion from Thanet District Council that it will alter its current policy position to safeguard the airport for aviation uses until the DCO is redetermined.
43. Whilst the authors make reference to the ANPS in Section 4.2, they fail to acknowledge that the ANPS makes no requirement for promoters of schemes which make better use of existing runway capacity to demonstrate the 'need' for doing this. This was the conclusion recently

³ Appendix 5.1 – Paragraph 16 of the Stansted Airport appeal decision dated May 2021 (appeal reference APP/C1570/W/20/3256619)

reached in the May 2021 Stansted Airport appeal decision⁴. Instead, the ANPS simply sets out the importance of aviation to the UK economy; the fact that the UK faces a significant capacity challenge with aviation demand likely to increase significantly up to 2050 and how the consequences of not increasing airport capacity in the South East would be detrimental to the UK economy. The proposed development will positively address all of these issues.

44. Additionally, the proposal will provide dedicated, and much needed air freight capacity within the UK airport system – something that the DfT recognises as being very important in their consultation on the new Aviation Strategy “Beyond the Horizon – the future of UK aviation” (June 2018). The authors fail to recognise the Government’s clear emerging policy intentions to support and promote air freight and aviation’s crucial role to promote exports which they recognise as being very important to the wider economy . This is an inexplicable and regrettable oversight.
45. The report states in Section 4.2 (page 13) that the Transport Decarbonisation Plan and Jet Zero consultation material do not appear to have a material effect on the need case for the Proposed Development. This view is shared by RSP recognising that the Government in their emerging Jet Zero strategy does not seek to stifle airport expansion in order for UK aviation to achieve net zero by 2050. RSP are encouraged by the statements made by the Government in the Jet Zero consultation which state that “we currently believe the sector can achieve Jet Zero without the Government needing to intervene directly to limit aviation growth” (paragraph 3.41) and that aviation CO2 can be cut by as much as the CCC says is needed by “focussing on new fuels and technology, with the knock-on economic and social benefit, rather than capping demand.” (paragraph 3.41)
46. In terms of the Transport Decarbonisation Plan and Jet Zero consultation, it should be noted that the new goals included around the carbon impact of airport operations and domestic aviation emissions are likely to change. Naturally, as the Jet Zero Strategy progress closer to adoption, the weight to be applied to it will increase. However at present, this strategy is in its earliest stage of production and it is very likely that the strategy goals and targets will change. Therefore, very little weight can be applied to it at present. The weight to be applied to the Transport Decarbonisation Plan (as a published document) is obviously greater. The advantage presented by the Proposed Development is that from day one, the Scheme can be designed to purposefully deliver on the necessary aviation/airport carbon reductions as outlined in the Transport Decarbonisation Plan (pages 121 to 127) insofar as the Applicant can influence these matters, as part of providing a state-of-the-art, low carbon operating airport. This is a vastly more efficient and more cost-effective means of achieving benefits from day one when compared to the task of retrofitting existing airports to reduce carbon emissions which will be costly and may take a long time to be realised/delivered. Whilst this is not material specifically to the ‘need’ case, it is nonetheless a significant benefit of the Scheme that needs to be weighed in the balance.

Need – e-commerce – differentiating new integrators from traditional integrators

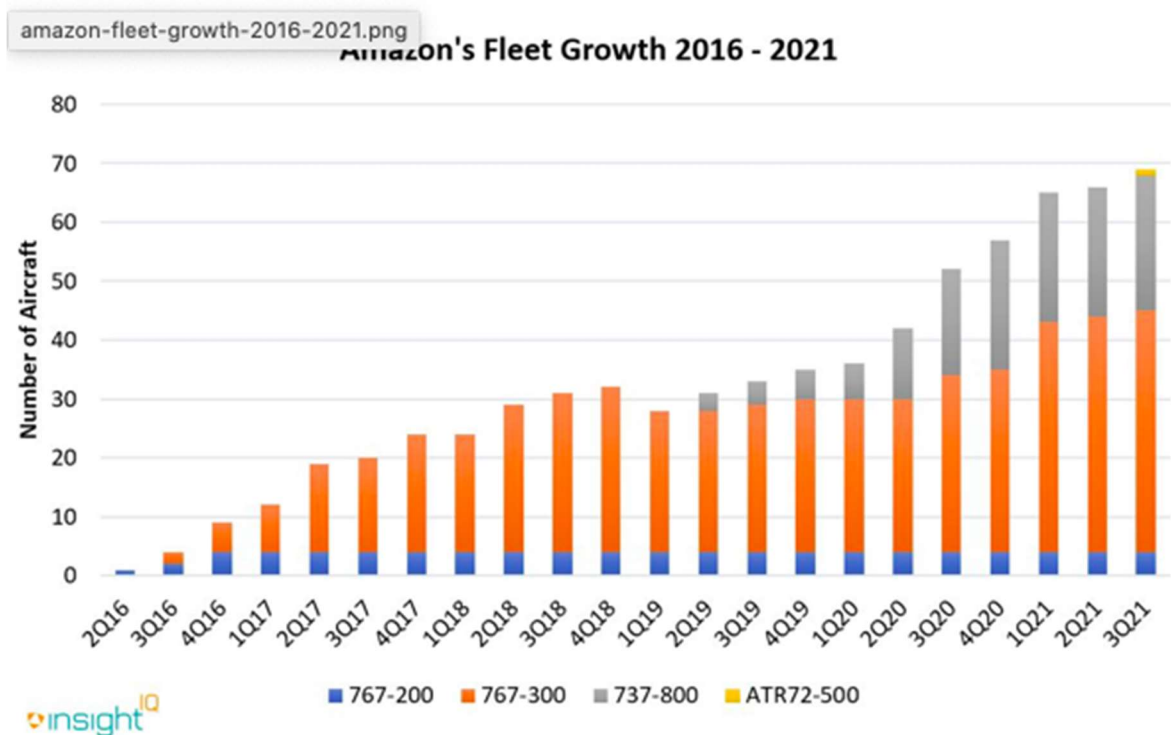
47. The Applicant considers it useful to make clear the difference between new integrators and traditional integrators as the Draft Report does not. Manston Airport would be ideally placed to cater to new integrators. Accelerated ecommerce flows have created a huge market opportunity

⁴ Appendix 5.1 – Paragraph 17 of the Stansted Airport appeal decision dated May 2021 (appeal reference APP/C1570/W/20/3256619)

for 'new' integrators. Traditional integrators, as separate entities from the manufacture/retail despatching company, generally have a high incidence of mishandled shipments, missed delivery schedules and other similar problems. The new integrators, tightly linked to parent companies and with in-house processes controlling every step in the journey between customer order, transit, and receipt of goods, are fully accountable and focused on rapid delivery and customer care.

48. Manston Airport would be ideally placed to cater to new integrators. As pointed out by the Applicant in a previous submission, in the US, around 70% of Amazon's departures are between 06.00 and 22.00, a less nocturnal operation than FedEx Express or UPS⁵. This entirely contradicts Arup's statement that, "the reference to movement of freight at night is not helpful to the Applicant's case – proposed night flight restrictions at Manston may limit its ability to serve the e-commerce market" (page 17).
49. With Amazon at the vanguard of the new integrators, the move towards vertical integration in the supply chain is expanding rapidly. In a move away from the intense specialisation so popular in the mid-twentieth century, companies are increasingly switching to vertical integration strategies, including logistics. Vertical integration in shipping is one of the keys to a rapid and agile supply chain, allowing companies to reduce delivery times and improve customer satisfaction.
50. Amazon now competes directly with traditional integrator companies such as UPS and FedEx and has increased capital investments in logistics-related operations by 80%, including fleets of vans, trucks, aircraft (of which it now has approaching 70 as shown in the figure below), and warehouses. The company will be its own end-to-end logistics operator and its fleet of aircraft will continue to grow in line with the ecommerce market.

⁵ Appendix 5.2 - Chaddick Policy Brief - Primed & Positioned - Strategic Moves by Amazon Air - Winter 2021 - 16 February 2021, page 3



“No forecasts of future e-commerce volume or market share have been put forward through the SoM consultation. The Independent Assessor considers that the extent to which recent trends in e-commerce will persist long-term following the Covid-19 pandemic is not yet clear.” (Page 16)

54. The Applicant wonders why Arup considered it could only rely on forecasts submitted in response to the Statement of Matters consultation, which did not ask for forecasts, rather than doing its own research, which one might reasonably expect to have formed part of its work. Indeed, in compiling their Draft Report, Arup are stated as having been working with CEBR, who themselves conducted research for Adyen (e-commerce, mobile, and point-of-sale payments) in July 2020. The report shows the cushioning effect of e-commerce on retail sectors during lockdown and helps predict future impacts on retail business. In August 2021, CEBR undertook research on behalf of Virgin Media Business. Their findings describe the role of digital transformation in accelerating the UK’s rebound from COVID⁶. CEBR found a significant acceleration, around three years, in digital technology adoption, with this change forecast to be permanent. CEBR, Arup’s partner, found the most reported reason for permanent changes in the use of digital technologies is the improvement in service quality and experience through digitalisation, ecommerce, contact centre and access to new markets (page 30).
55. **The Secretary of State is asked to question why the Arup Independent Assessor, working with CEBR, decided to ignore all major forecasts for e-commerce, including their own partner in the authorship of the Draft Report, who have made their predictions explicit.** In complete contrast to the Arup statement that the long-term trend in e-commerce is unclear, CEBR specifically states that changes to digital platforms we have witnessed are most likely to be permanent.
56. If the work of their partner, CEBR, is not sufficient for Arup, there are many other reports available to Arup should they wish to check industry forecasts for the growth in ecommerce. For example, a report published by CBRE, “Global E-Commerce Outlook” in June 2021⁷ states that, *“internet sales have increased rapidly during the pandemic with a lasting effect”* (page 12). The report shows the UK is a market with a strong presence of e-commerce drivers (also page 12) at more than 30% internet sales as a percentage of total retail sales. This report also provides a forecast to 2025, concluding that, *“E-commerce penetration will continue to grow in established markets. Less established markets will gradually catch up as the presence of e-commerce drivers in these markets is increasing.”* (Page 14) CBRE also states that, *“Over the next five years, 138 million sq. m. of additional e-commerce-dedicated logistics space will be required worldwide to support the growth of internet sales.”* (Page 17) Such a huge growth in logistics space will demand an increase in air cargo services. A reproduction of the CBRE summary is as follows:
 - a. *E-commerce has rapidly grown globally over the past five years.*
 - b. *Certain key factors including demography, usage, cultural and infrastructure factors are driving e-commerce growth.*
 - c. *Due to COVID-19, internet sales in most markets rapidly increased in 2020 with a lasting effect.*

⁶ Appendix 5.4 – CEBR - The role of digital transformation in accelerating the UK’s rebound from Covid-19 – August 2021

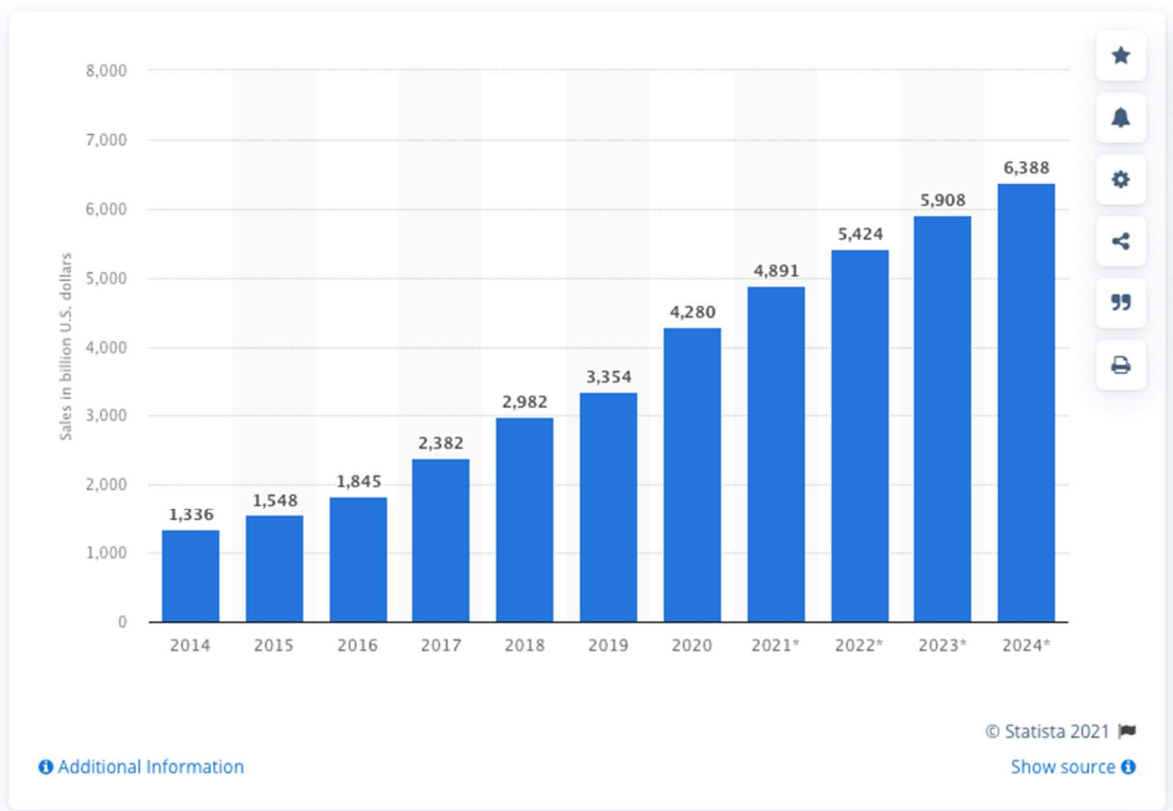
⁷ Appendix 5.5 – CBRE Global E-commerce Outlook 2021

- d. *Markets with a stronger presence of e-commerce drivers experienced higher growth of e-commerce during the pandemic.*
- e. *E-commerce penetration will continue to grow in both established and non-established markets as the presence of e-commerce drivers gradually increases in all markets.*
- f. *Over the next five years globally, 138 million sq. m. of additional e-commerce-dedicated logistics space will be required to support the growth of internet sales worldwide.*

Statista

Retail e-commerce sales worldwide from 2014 to 2024

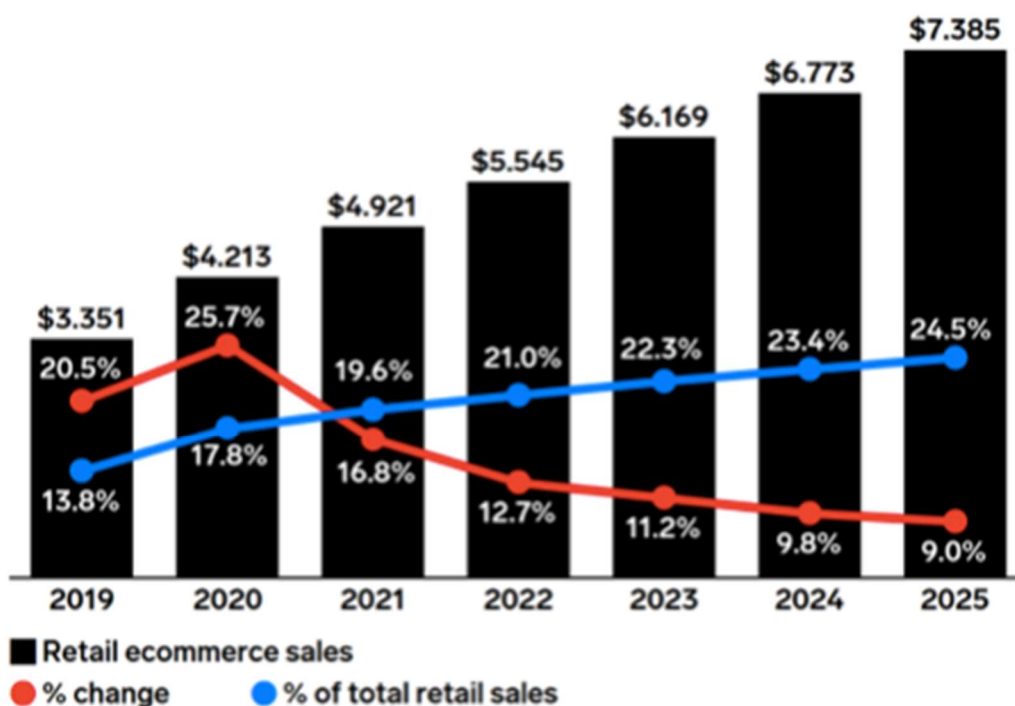
(in billion U.S. dollars)



Source: Statista – Worldwide retail e-commerce sales from 2014 to 2024

Retail Ecommerce Sales Worldwide, 2019-2025

trillions, % change, and % of total retail sales



Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, food services and drinking place sales, gambling, and other vice goods sales

Source: eMarketer, May 2021

T11547

eMarketer | InsiderIntelligence.com

Source: Appendix 5.6 – eMarketer – Global e-Commerce Forecast 2021

57. In terms of the extent to which growth in e-commerce creates a more favourable environment for air freight, Arup again fails to consider the considerable amount of UK air freight trucked to and from European airports, which could be kept in the UK if Manston were to become operational. What Arup's figures show (Table 1 and Figure 1) is that UK airports have been unable to accommodate cargo for some time. The Applicant draws attention to the York Aviation report for the FTA and TfL entitled 'Implications for the Air Freight Sector of Different Airport Capacity Options', dated January 2015.⁸ This report clearly shows the "freight tonnes to be diverted elsewhere" (see page 19), which amount to 2.1 million tonnes with no airport expansion, 1.2 million with a third runway at Heathrow, and 1.7 million with a second runway at

⁸ Appendix 5.7 – York Aviation – Implications for the Air Freight Sector of Different Airport Capacity Options – January 2015

Gatwick. The York report, at page 23, also shows where this “diverted” tonnage is forecast to go: 34% to Paris CDG, 19% to Amsterdam, 18% to Frankfurt, 13% to Birmingham, 8% to East Midlands, and 7% to Manchester.

58. The York Aviation forecast, using a gravity model, finds that only 8% of ‘diverted’ freight tonnes would go to East Midlands. They say:

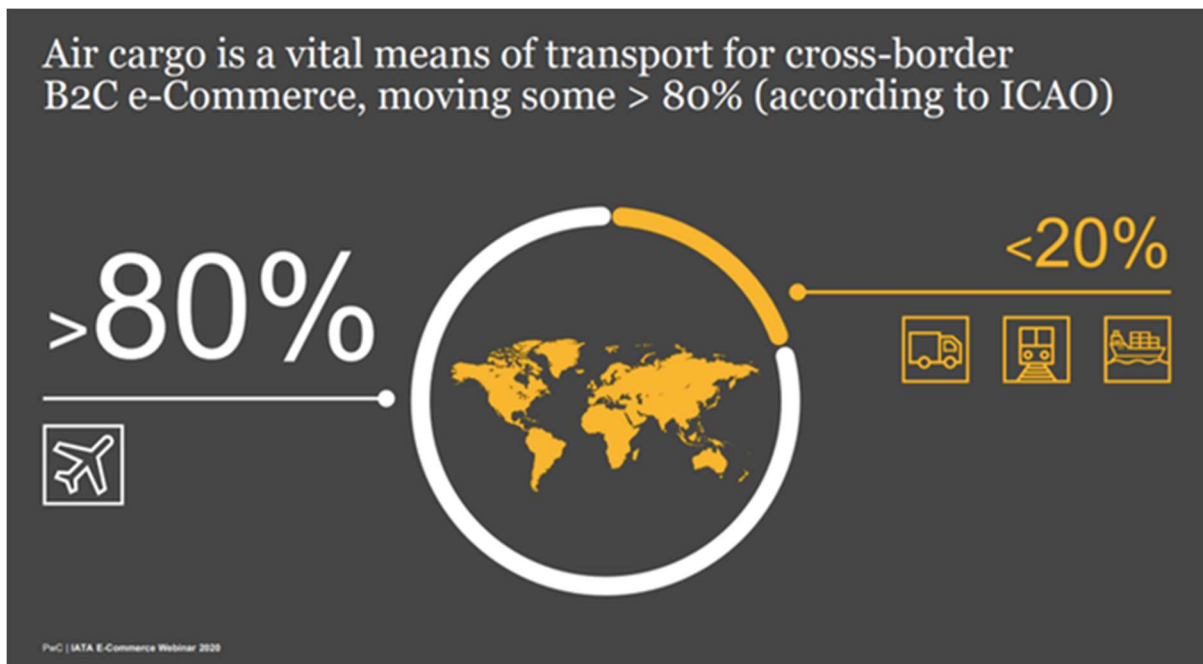
“This demonstrates that we would anticipate that a significant proportion of the excess demand will be trucked overseas to the major continental hub airports to take advantage of their extensive long haul networks.

UK regional airports, despite being substantially closer to London in most cases, cannot match the level of attractiveness offered by the continental hubs and their wider global networks. Consequently, other UK airports are only expected to handle around 28% of any excess demand.” (Page 23)

59. The York Aviation predictions were derived before Manston Airport was purchased by the Applicant and plans to create an air freight hub were established and categorised as a National Significant Infrastructure Project (NSIP) and before York Aviation was instructed by an opponent of the project. The attractiveness of Manston as a dedicated freight hub coupled with the decrease in belly hold capacity on passenger flights, should help the UK recapture a considerable proportion of the excess demand trucked to and from continental airports, increasing the resilience of the UK’s supply chains.
60. Table 2 of Arup’s Draft Report shows the percentage market share of unitised shipping and air freight, which it says is unchanged since 2009. Arup’s overly simplistic and unrealistic interpretation takes no account of the context of the decade of change we have experienced in logistics, driven in large part by the growth in e-commerce. In the first instance, Arup miss the tonnage of UK air freight flown into or out of European airports (as described above). The Independent Assessor says he would expect to see significant gains in both volume and market share for the air freight sector over the same period that there has been a growth in e-commerce. Failing to factor in the constraints, in particularly the South East airport network – where the Applicant has demonstrated that demand is highest and confirmed in part by the York Aviation gravity model – gives a misleading picture as shown in Table 2 of the Draft Report on Manston.
61. In conjunction with PwC, the International Air Transport Association (IATA), who represent, lead, and serve the airline industry, provide a wealth of data Arup could have drawn upon before reaching their out-of-step conclusion. Industry data from November 2020 shows that 80% of cross-border e-commerce is transported by air and there has been a 74% growth in average transaction volumes in March 2020 compared with 2019⁹. A PwC/IATA webinar presentation¹⁰ includes the following graphic:

⁹ Appendix 5.8 – IATA – The e-Commerce Impact on Air Cargo Operations – November 2020

¹⁰ Appendix 5.9 – IATA Cargo Webinar – Air Cargo E-Commerce – 15 October 2020



Source: Appendix 5.8 – IATA Cargo Webinar – Air Cargo E-Commerce – 15 October 2020

62. To illustrate how out of step with industry experience Arup is, the Applicant includes some recent industry news:

- Malaysia-based Teleport, AirAsia's logistics subsidiary, will soon begin its own-controlled freighter service with its first 737-800BCF to support the region's increasing demand for e-commerce and general cargo¹¹.
- Lufthansa Cargo is targeting the e-commerce market with the conversion of two Airbus freighters to be used on intra-European services. . . . The company pointed out that cross-border e-commerce shipments are forecast to grow by around 20% per year for the next five years¹².
- 'E-commerce is hot; each year we see e-commerce volumes rise, as consumers are more confident to shop online anywhere in the world. Countries with the highest online spend are China, the UK, and Germany.' (Source: thuiswinkel.org)¹³
- Growing at double-digit rates prior to the pandemic, e-commerce has accelerated its effect on the air cargo market as more businesses shifted to online selling platforms. As a result, express carriers saw a 14 percent increase in traffic through September [2020] compared with the same period last year¹⁴.
- Sony's rare PlayStation 5 is being flown to the UK in large quantities with the help of Korean Air. The highly in-demand console has been out of stock everywhere, but is top of the wish

¹¹ Appendix 5.10 – Air Cargo World – AirAsia's Teleport serves e-commerce demand with own-controlled 737 freighter

¹² Appendix 5.11 – Air Cargo News – Lufthansa Cargo targets e-commerce with A321 conversions

¹³ Appendix 5.12 – Schiphol – E-commerce is hot: dnata elaborates on how to handle growing e-commerce volumes

¹⁴ Appendix 5.13 – AIN Online – Boeing sees big need for freighters amid E-commerce growth – 17 November 2020

list for many Christmas presents. To save Christmas, Sony has chartered several flights using Korean's 747 freighters to get the PS5s to London in time¹⁵.

63. Returning to the Draft Report, one of the most obvious issues with Table 2 is that it shows percentages of the two different transportation modes and not absolute figures. The growth in tonnage moved by both modes is considerable, in large part driven by the growth in e-commerce, but Arup have not pointed to this in their Draft Report. Instead, they assert that the lack of change in transportation modes is explained by how main retailers (both traditional and e-commerce) have organised their supply chains in the UK, continuing to focus on, “*centrally located warehouses [that are] often termed Customer Fulfilment Centres (CFCs).*” (Page 20)
64. This assertion is at complete odds with industry reality. With direct-to-consumer business (where the manufacturers sell direct to consumers without using traditional retail intermediaries) is skyrocketing under e-commerce (as shown in the ONS figure below) from around 3% in 2006 to nearly 30% in 2021 with peaks of more than 37% at the height of the pandemic, distribution networks have been forced to move faster and closer to the end customer. Shippers organising distribution through a central location as described by Arup, simply cannot meet customer delivery demands quickly enough in an e-commerce channel. Therefore, shippers have moved to smaller warehouses and distribution locations that are located close to large numbers of customers.



Source: Office of National Statistics – Internet sales as a percentage of total retail sales (ratio) (%)

65. As well as huge growth in Business-to-Consumer (B2C) ecommerce, a recent report by DHL¹⁶ states ‘Tradition is out. Digital is in’, forecasts that by 2025, 80% of all Business-to-Business (B2B) sales interactions between suppliers and professional buyers will take place in digital channels. Moreover, there will be an increase in online B2B of more than 70% by 2027 to US\$ 20.9 trillion from US\$ 12.2 trillion in 2019. The report cites the main drivers of global e-commerce growth as, “the impact of the Covid-19 pandemic on the pace of digitalisation and the purchasing behaviour of technology-savvy millennials, who are now of an age to be the professional B2B decision-makers”.

¹⁵ Appendix 5.14 – Simple Flying – Korean Air’s Boeing 747s Save Christmas with PS5 Flights to Heathrow – 5 November 2021

¹⁶ Appendix 5.15 – DNL Express uncovers next wave of E-commerce growth – 30 March 2021

66. A range of technologies are employed in the supply chain, including new and improved digital systems, to keep up with customer demands. International fulfilment and shipping have become the norm, with marketplaces dependent on their partners in the supply chain having the ability to produce products, manage inventory, ship across borders, and maintain quality control. Speed between a sale (online click of a button) and delivery to customer, as well as facilitating returns, is vital to remain competitive and means that shipping is not relevant as it is far too slow.
67. The unevidenced assertions put forward by Arup in the Draft Report also conflict with statements contained in an earlier report published by Arup entitled the 'Future of Retail' (August 2017) in which, Arup clearly identifies and explains the importance of rapid distribution channels:
"Logistics is another area where retailers can differentiate themselves on value and sustainable practices. Once a product has been chosen and ordered, customers expect to receive it at speed. This has resulted in a move towards next day and same day shipping. Time-poor customers want to have items delivered to the most convenient location, and at the most convenient time, leading to ever-shortening time windows for fulfilment and delivery. Data driven logistics and fulfilment using smart tracking, accurate data and analytics can deliver better real-time solutions, more efficient inventory planning and improved customer service."
 Page 48
68. A different Arup report 'Hybrid Retail Asia' dated 2021 shows how important rapid delivery is:
"The new normal will be deliveries to a live location, such as a personal phone, delivery within a pre-booked 10-minute time window, or delivery in less than an hour after ordering. The consequence will be a significant global and local increase in the demand for and movement of small- to medium-sized parcels. An automated network of delivery will be necessary to allow for community fulfillment." (Page 86)
69. Clearly air freight plays a vital role in reducing time in transit. Far from there being no clear evidence, as Arup conclude, IATA assert the opposite. They say:
*"E-Commerce has revolutionized the way we do logistics. With online businesses and consumers requesting fast deliveries, operating models had to evolve to speed up transportation. Air cargo is naturally suited for this logistic challenge: IATA estimates that e-commerce represented 15% of air cargo volumes in 2019. This number is continuously growing, and the trend has accelerated during the COVID-19 pandemic."*¹⁷
70. They continue:
*"This number is continuously growing, and the trend has accelerated during and after the COVID-19 pandemic."*¹⁸
71. The 'Hybrid Retail Asia' report by Arup themselves, asserts that:

¹⁷ Appendix 5.16 – IATA – E-Commerce and Logistics

¹⁸ Appendix 5.8, *ibid*

“Brands will have to continuously realign their strategies and update their offerings with innovative solutions to deliver memorable user experiences, meet changing consumer needs and attract targeted customers.” (Page 4)

72. Indeed, in this report, Arup say:

“To provide seamless user experience to customers, effective delivery after online purchase is key.” (Page 20)

73. Without rapid delivery, Arup explain the dire consequences:

“The expectation of customers on delivery is very high. Around one third will never shop with that brand again if they have one bad experience.” (Page 21)

74. Indeed, the Arup report ‘Hybrid Retail Asia’, goes on to say that:

“Customers also expect their goods to be delivered within an acceptable time frame. The tipping point would usually be around 3-5 days in the US and 0-1 day in China. Apart from free and fast shipment, customers would look for other options on how they receive their goods. A robust and efficient logistics system with latest technologies such as RFID, AI, big data, etc is now of paramount importance to retailers.” (Page 21)

75. When considered in the round, it is very clear that in addition to having no discernible remit, **the Independent Assessor has erroneously evaluated the evidence, particularly the reports available to it from its own consultancy and that of its partner organisations**, when it says, *“the Independent Assessor does not agree with the Applicant’s position that growing e-commerce sales are driving a demand for additional runway capacity” (page 21).*

Need – The impact of COVID on bellyhold capacity and use of freighters and shift to narrow bodied aircraft (sections 5.2.2 and 5.2.3)

76. In this section, the Arup Independent Assessor:

“concluded that the increase in dedicated freighter ATMs at Heathrow is a temporary direct replacement of the lost bellyhold capacity. Once the long-haul passenger market starts to recover, it is expected that the market will revert to the use of bellyhold freight capacity for air cargo movements.” (Page 25)

77. The Applicant strongly refutes this conclusion and points to:

- a. a fundamental structural change to logistics that has been precipitated by the impact of COVID and Brexit (which is dealt with separately although both are interlinked); and
- b. the severe constraints on capacity at Heathrow Airport.

78. Whilst many organisations have been affected by the global pandemic, the logistics sector has been particularly impacted. For example, there have been difficulties obtaining cargo shipping containers and the cost of these, the blockage of the Suez Canal, the rise in shipping rates, the backlog of containers at ports and congestion generally, shortages of wooden pallets, a lack of truck drivers, and constraints on warehousing capacity.

79. Aside from public health issues and those listed above, one of the key impacts of the COVID pandemic was the significant acceleration of B2C and B2B e-commerce growth and digital transformation . A 2021 DHL report explains the acceleration of e-commerce:

“Even in times of worldwide shutdowns, globalization has shown its resilience, fuelled by digitalization and the power of global trade”, says John Pearson, CEO of DHL Express. “These trends have led to an ever growing number of consumers to shift their shopping activities online. The pandemic has accelerated this development like never before, with a sharp rise in businesses selling their goods in the global marketplace. E-commerce and global logistics thus provided the key to unlock local shutdowns, keep economies running and mitigate the impact of Covid-19 for many of our customers.” DHL March 2021

80. Whilst COVID has exacerbated the issues, pre-existing problems were already demanding structural adjustments in global supply chains and logistics operations. Without change, these issues can and do impinge on economic development and trade. While e-commerce previously relied on a traditional warehouse fulfilment model, “at the centre of the new shift in strategy are micro-fulfilment centres that allow for more flexibility and shorter delivery windows” . This means a move from the centralised dependence on warehousing in the centre of the UK (often around the East Midlands area) towards a distributed model of distribution.
81. As a hub airport close to the huge London and the South East market, Manston will be ideally located. Indeed, Wille Walsh, director general of IATA says the pandemic focus on cargo will be a permanent structural shift (World Cargo Symposium, Dublin, 3rd November 2021) .
82. It is also vital to point out to the Secretary of State that severe congestion at Heathrow could limit cargo movements. Heathrow, *“is not a good place to be from a cargo perspective currently¹⁹.”* Heathrow is not alone: Many airports were designed for optimal passenger flow with cargo an afterthought. This leaves particularly legacy airports such as Heathrow with unprecedented congestion problems. Manston, as a uniquely designed airport for cargo, can provide the UK with resilience, preventing shortages of vital goods such as medicines, food, and equipment.
83. In Summer 2021, freighters had a cargo market share of 70% compared with 51% in the first quarter of 2020. As well as speed, convenience, and delivery where required (rather than following a passenger aircraft routing), price is also a key factor in the use of freighters. Air cargo prices, usually around 11 to 15 times higher than sea freight (2019 figures), have a differential of around six to eight times in 2021. Although shipping rates are expected to decrease, the price difference between air and sea is expected to continue to be closer than in the past.
84. In terms of the continued use of freighters, Boeing's Tom Crabtree, regional Director, Boeing Commercial Airplanes market analysis, air cargo, says:

¹⁹ Appendix 5.17 – The Loadstar – Transatlantic capacity opens up, but Heathrow ‘screwed’ by congestion – 8 November 2021

“It wasn’t that long ago that some were saying you don’t need freighters, just pax bellies — they will take care of the entire industry. Nothing can be further from the truth²⁰.”

85. As such, the Secretary of State should be aware that the conclusion of the Draft Report that the market will revert to the use of belly hold freight capacity for air cargo movements, is not the general consensus of the aviation industry. Without Manston Airport, the UK will be unable to provide sufficient runway capacity for cargo movements, state-of-the-art warehousing and equipment for handling, at a location where the market demands air freight logistics.
86. The Applicant is pleased to see that Arup acknowledges that the shift to narrow bodied aircraft has resulted in a reduction in bellyhold capacity. However, the Applicant disagrees that this issue can be considered in “isolation” and thus deemed insignificant. Given, the severe capacity constraints in the SE airports, as detailed below, this reduction in bellyhold capacity is an important constraint which further strengthens the need for the UK to have a dedicated air freight hub.

Need – Post-Brexit trade – section 5.2.4 of the Draft Report

87. *“New research has highlighted how the UK could undergo an economic pivot post-Brexit, with non-European Union (EU) trade potentially increasing by 20 per cent over the next five years, from nearly £473 billion in 2019 to £570 billion in 2025. According to the Centre for Economics and Business Research [CEBR], aviation will need to be at the heart of this pivot.”²¹*
88. This is a quote from July 2021 research by CEBR, a partner of Arup, the Independent Assessor who wrote the recent report on Manston Airport. In this report CEBR go on to say that:
89. *“Aviation is critical to the UK government’s plans for a Global Britain post-Brexit. Heathrow alone has the potential to facilitate a £204 billion trade bonanza, benefitting British businesses in every corner of the country, creating opportunities for the entire aviation sector and strengthening the UK’s trade network. However, this trade boost won’t be realised unless the UK’s aviation industry is supported by government policies and is allowed to resume.”*
90. Whilst CEBR seem focused on expansion at Heathrow Airport in this and many of their other reports, they are not alone in pointing to the need for improved UK infrastructure to handle trade post Brexit. Remarkably, this advocacy for new trade infrastructure was echoed in The Thames Estuary Growth Commission, in a report prepared by Arup (Thames Estuary 2050 Growth Commission, 2050 Vision, June 2018²²), says:
 - a. *“The impacts of Brexit on economies are still uncertain and may require changes to the ports, logistics and aviation sectors. The Commission believes that the Thames Estuary can capitalise on the challenges and opportunities presented by Brexit, transforming the area and reducing pressure and reliance on London. This is reflected in the planned and on-going investment, for example, at the Port of Tilbury and London Gateway Port.”*
(Page 4)

²⁰ Appendix 5.18 - Air Cargo News - Ongoing boost from shipping and bellyhold shortages for freighter operators - 11 August 2021

²¹ Appendix 5.19 – CEBR – International Airport Review – Heathrow and UK aviation industry to support economic pivot post-Brexit – 14 July 2020

²² Appendix 5.20 – Thames Estuary 2050 Growth Commission – June 2018

91. Efficient markets require that producers are linked to consumers throughout global and local supply chains at a speed that meets both the needs of the producers (e.g. product does not degrade in transit) and consumers (e.g. product arrives when and where it is needed). Speed in a key source of competitive advantage for firms and rapid and efficient logistics are vital for the UK both in post Brexit trade and post pandemic resiliency.
92. Brexit and the limitation on cabotage²³ have reduced the ability of European trucks to pick up return loads from the UK. This has meant supply chains are not optimised, with around 26% of trucks departing the UK travelling empty²⁴. This is inefficient, creates delays, additional cost, can lead to shortages, and unnecessarily increases CO2 emissions. Shortages across a range of goods, as the UK has experienced this year since Brexit and COVID²⁵, lead to price increases and can spell disaster for businesses.
93. Already the building trade is stalled, with the shortage of construction materials set to continue into 2022. Dwindling supplies of key building materials including roof tiles, cement and steel have impacted the construction industry throughout 2021, with prices soaring to many times the norm in some cases. The Department for Business, Energy and Industrial Strategy (BEIS) said that the price of building materials had increased 23% in August 2021 compared to the previous year. Overall, ONS figures show construction output fell by 0.2% in August 2021 and output is now 1.5% below pre-COVID pandemic (February 2020) levels.
94. Post Brexit, a shortage of workers has impacted a wide range of sectors. There are around one million job vacancies in the UK, with half in the food and beverage sectors²⁶. Chronic labour shortages have resulted in a crisis in supply chains, affecting a growing list of products, with industry leaders blaming Brexit for these shortages. Consequently, fruit and vegetables have been left to rot on trees and vines, resulting in the need to import produce, using air freight from overseas to keep shelves stocked and British people fed.
95. Supply chain disruption continues to boost demand for air freight. The re-opening of Manston airport with state-of-the-art facilities, will make best use of an existing runway, and will allow the UK to effectively and more efficiently manage this increased demand, which is expected for the foreseeable future. Acting now to avoid future crises is vital to the resilience and future prosperity of the UK. Manston Airport, with state-of-the-art technologies, can play a key role in connecting the UK to the rest of the world and ensuring supply chains function efficiently. Without a dedicated air freight hub, the country will find it increasingly difficult to manage the myriad of natural and political disruptions that seem likely to occur with increasing frequency.
96. The Applicant is therefore incredulous, mystified and at a total loss to understand why the Assessor believes he, *"has not seen any evidence – one way or the other – on how changed trading arrangements post- Brexit will affect long distance trade or air freight demand."* (Page 29).

²³ Cabotage allows domestic freight movements to be undertaken by foreign-registered trucks/aircraft e.g. an overseas truck driver bringing a load from a non-UK country to the UK can collect a load and make a return journey

²⁴ Appendix 5.21 – The Loadstar – More than 25% of trucks leaving the UK for EU are empty as exports dive – 10 March 2021

²⁵ Appendix 5.22 – Euronews – Lack of lorry drivers in UK leads to empty shelves and uncertain futures – 3 September 2021

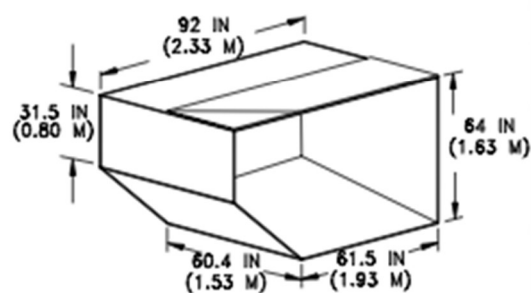
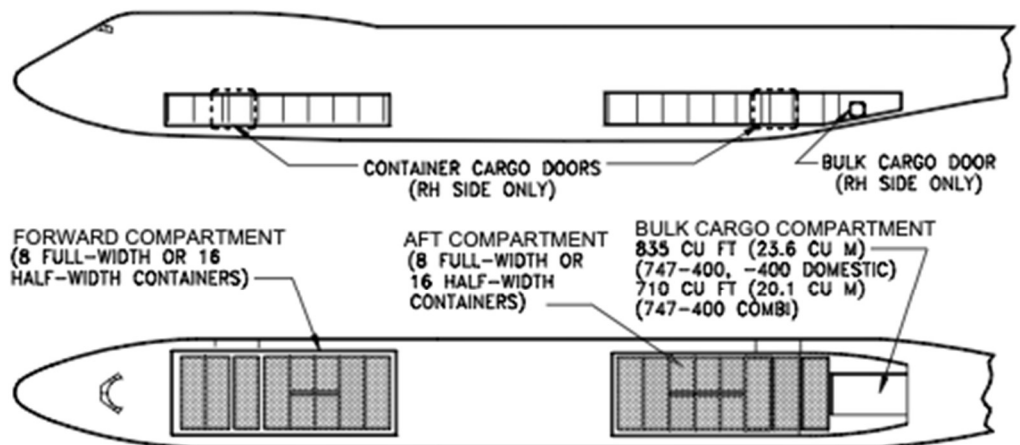
²⁶ Appendix 5.23 – The Guardian – Is Brexit or Covid to blame for Britain's supply chain crisis – 24 September 2021

97. Post Brexit, the Government indicates that 36 agreements covering a total of 67 countries and territories outside the EU have taken effect from 1 January 2021 corresponding to £200bn-worth of trade in 2020²⁷ - after the Examination period. It was therefore correct for the Applicant to have drawn attention to these various 'new' agreements in their previous submissions. However, Arup write that, *"Whilst the liberalisation of the African aviation sector may increase air freight demand, the SAATM was launched over a year before the Examination, so in itself this does not represent a new development."* (Page 26)
98. This is clearly an inaccurate and biased statement, which downplays the importance of post Brexit overseas trade to the Manston Airport need case. Trade between nations/regions develops over time and so will continue to present 'new developments'. Indeed, in terms of Africa, it was on 13th September 2021 that James Duddridge, who was then the UK's Minister for Africa at the Foreign, Commonwealth & Development Office (FCDO), signed a Memorandum of Understanding (MOU) with Wamkele Mene, the Secretary-General of the Africa Continental Free Trade Agreement (AfCFTA) secretariat. Ranil Jayawardena, the UK's minister for international trade said the MOU, "shows our commitment to boosting bilateral trade and investment, leading to sustainable economic growth across the continent."
99. On 29th December 2020, the UK secured a trade agreement with Turkey worth £18.6 billion. This deal is particularly important for British automotive, manufacturing and steel industries. The recent trade deal with Australia, agreed on 15th June 2021, is expected to be worth around 0.02% of GDP annually over the next 15 years. Whilst this may seem small (and certainly is by comparison to previous trade with the EU), it removes tariffs on £4.3 billion of exports, many of which will require air freight transportation, and so its logistics and benefits will be concentrated in that area.
100. On 1st February 2021, the UK formally applied to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which is made up of 11 nations, including Australia, Canada, and Japan. These countries together have a population of 500 billion and account for 13% of global GDP. The UK would be the first non-founding country to apply to join the CPTPP and would be its second biggest economy after Japan. This deal is forecast to increase the UK economy by around 0.1%, a figure that may seem small but UK GDP in 2020 was £1.96 trillion, so 0.1% is £1.96 billion. Membership would again increase the need for air freight transportation, with many exporters reliant on rapid delivery of their goods to CPTPP countries. Further trade deals continue to be negotiated by the UK which will result in similar increases in the need for air freight transportation. The importance of these deals cannot be underestimated given the UK's historical dependence on international trade and correspondingly high trade intensity levels underpinning the economy, jobs and living standards. It is not credible to dismiss the prospect of new trade agreements when assessing future need, and by dismissing the potential impact of future trade deals, Arup presumes the government will act in a way that will be harmful to UK growth and in contradiction to the policy of Global Britain, and by doing so it artificially minimises and misleads the reader about the level of need for Manston Airport in the post-Brexit economic landscape.
101. The Draft Report, gives no weight to these factors and simply states that:

²⁷ Appendix 5.24 - UK Government Guidance - UK trade agreements with non-EU countries - published 29 January 2020; updated 23 November 2021

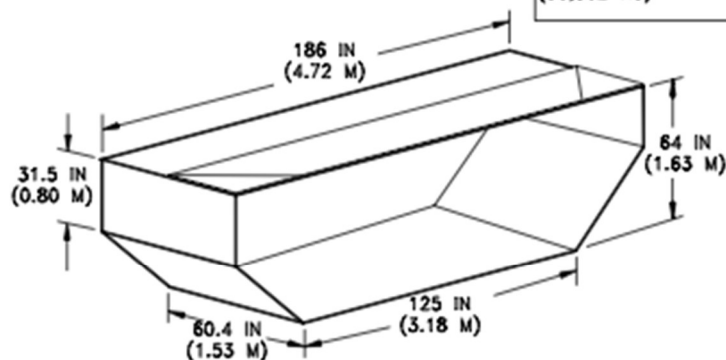
“The Independent Assessor is not aware of any forecasts of the trade or air freight impact of post-Brexit trade deals more generally – which is unsurprising given the uncertainties outlined above. Therefore, while other things being equal these trade deals can be expected to increase demand for air freight capacity, both specialised and bellyhold, current evidence on the scale of these impacts is limited.” (Page 27)

102. The Assessor goes on to cite incorrect CAA figures provided by York Aviation on behalf of Jenny Dawes. Incorrect CAA figures were also provided by Peter Forbes (Alan Stratford) for Ramsgate Town Council. These figures derived from an incomplete dataset that a competent air cargo specialist would have noticed. The Applicant has pointed out the inaccuracy of these figures in their submission in Appendix 1, document reference **TR020002/RED2/Arup/APP1**. Arup did not notice the obvious inaccuracy and reproduced it in their own Draft Report on page 28. This demonstrates that the Draft Report relies on evidence from objectors without sufficient analysis to verify the validity of these objections. In addition to being inaccurate, the graph in Figure 4.5 is confused by the use of two different scales on the left and right of the data presented, and also without a metric (which is presumably tonnes) on the right-hand side. Using a different scale without clear explanation obscures interpretation of the chart and should have raised questions of its intention and the reliability of interpretation. These errors are not an isolated incident within the Draft Report, but are representative of the wider standard of accuracy. The sheer number of errors in the Draft Report mean it is difficult to follow the authors' reasoning or accept the assertions and conclusions as reliable or correct.
103. In respect of 'belly hold tonnes available', the original graphic produced by York Aviation has been misinterpreted by both York Aviation and Arup. Whilst York Aviation believe the graph showed there to be available belly hold capacity that is unused, correctly interpreted and together with industry intelligence, the figure indicates that **tonnage is a poor metric for available capacity**. As has been pointed out by the Applicant on several occasions, aircraft capacity requires a volumetric calculation, i.e. the space available in an aircraft by height, width and length. The aircraft also has a tonnage limitation. For example, a 'full' load of flowers would not get close to the maximum tonnage limitation for the aircraft although the aircraft would, by volume, be full. In all events, carriers are typically looking to optimise profit as opposed to optimising either value or tonnage and make decisions on how to load their aircraft accordingly.
104. York Aviation have persisted in misinterpreting the data by focusing on tonnage only and concluding there is spare capacity available in the UK system. This is a dangerous misconstruing of important data and could, if taken seriously by HMG, expose the UK to supply chain catastrophes in the future and dramatically reduce the UK's resilience. To illustrate the importance of understanding the difference between 'at capacity' in terms of volume and 'at capacity' by weight, the Applicant reproduces a figure from their previous submission, which shows the lower deck of a Boeing 747-400:



HALF-WIDTH CONTAINER (LD1)

CONTAINER DATA		
	HALF-WIDTH	FULL-WIDTH
INTERNAL VOLUME PER CONTAINER	173 CU FT 4.9 CU M	350 CU FT 9.9 CU M
TARE WEIGHT	270 LB 123 KG	470 LB 213 KG
MAXIMUM CARGO WEIGHT PER CONTAINER	3,230 LB 1,467 KG	6,530 LB 2,965 KG
MAXIMUM GROSS WEIGHT PER CONTAINER	3,500 LB 1,590 KG	7,000 LB 3,180 KG
TOTAL VOLUME OF 16 FULL-WIDTH CONTAINERS IS 5,600 CU FT (158.6 CU M)		
GROSS WEIGHT FOR 16 FULL-WIDTH OR 32 HALF-WIDTH CONTAINERS IS 112,000 LB (50,802 KG)		



FULL-WIDTH CONTAINER (LD2)

NOTES:

1. CONTAINER WEIGHT AND DATA ARE TYPICAL. CONSULT USING AIRLINE FOR SPECIFIC DATA.
2. OPTIONS ARE OFFERED FOR CARRIAGE OF CERTAIN STANDARD MILITARY AND COMMERCIAL PALLETS IN CONTAINER COMPARTMENTS.

2.6.1 LOWER CARGO COMPARTMENTS - CONTAINERS AND BULK CARGO
MODEL 747-400, -400 COMBI, -400 DOMESTIC

D6-58326-1

DECEMBER 2002 39

Source: Appendix 5.25 – 747-400 Airplane Characteristics for Airport Planning

105. The figure clearly indicates the volume constraints in the hold. A similar point can be made about the carriage of goods on pallets. To be very clear – many aircraft will not be loaded to their maximum weight capacity but will likely be full in terms of volume. This applies to both belly hold and dedicated freighters.

106. Arup states that, *“During the pandemic, long haul bellyhold capacity and the tonnes carried by bellyhold fell by similar levels – so even when bellyhold capacity was scarce, usage of it remained at 30-40% of the total.”* The Applicant finds this statement unbelievable. To say that airlines, in dire need of cash flow, would not fill their available capacity during the pandemic shows the author of the Draft Report has limited understanding of the industry. Instead, it highlights the point made above – that tonnage is a poor indicator of available capacity - particularly at a time when air cargo contained a considerable quantity of vaccines, pharmaceuticals, and PPE, which are light but voluminous. The basis for this assertion is unclear and the assertion is, on the face of it, demonstratively incorrect. The Applicant has no way to identify or check the evidence on which the assertion was based, and the absence of any supporting evidence only serves to undermine the veracity of the statements made.
107. For some unexplained reason, Arup found it important to quote the Nethercourt Action Group, who said, *“At the oral hearings RSP’s own expert Sally Dixon could not say whether the project was economically viable. She said it was something she had never been asked.”* In fact, Dr Dixon had made it clear that a forecast for demand is not the same as a viability study. In the former and in this case, the purpose was to determine the number of ATMs, the tonnage, the origin and destination of flights and the aircraft type. The latter is to determine the likely profitability of the business.
108. It is quite proper that the forecast was undertaken separately from the viability study. This ensures independence of the assessment of demand from the calculation of the business required to ensure a profitable operation. To take an example away from air cargo to help those non-specialists understand this point, a pharmaceutical company might undertake a forecast of the potential demand for a new drug by calculating the number of people with a particular condition and forecasting the likely increase or decrease in this number in the future. Only then could the viability of investing in developing the drug be assessed.
109. *“Overall, the Independent Assessor has not seen any evidence – one way or the other – on how changed trading arrangements post- Brexit will affect long distance trade or air freight demand. There is some available capacity for long-haul bellyhold freight, which is expected to increase as passenger demand recovers.”* (Page 29)
110. The Applicant disagrees: a wealth of evidence was provided, and we repeat a quote from Logistics UK from February 2021. Logistics UK is an important and respected industry voice, but was never referred to by Arup:
- “Aviation is vital for new opportunities and growth post-Brexit, and to the UK’s economic recovery from the COVID-19 pandemic. Our air links, not least those with our largest trading partners including the US, are not a frivolous luxury. They connect Britain with the world and link British products and expertise with billions of potential buyers overseas. Pre-pandemic, some 49% of the total value of UK exports outside of the EU travelled by air, across a combination of dedicated freighters and onboard passenger flights.”*²⁸
111. The issue of trucking UK air freight to and from European airports is also noticeable by its absence from Arup’s Draft Report. This is an extremely important topic and cannot be ignored

²⁸ Appendix 5.26 – Logistics UK / AIPUT – Call for action: What next for UK air freight in a post-Brexit world? Summary of policy recommendations arising from a joint webinar conducted in February 2021, with Logistics UK and AIPUT

by the UK Government; it is also a great opportunity for the UK to reclaim air cargo traffic and reduce lorry emissions. To reiterate and because of its importance, we reproduce the entire section on trucking from the Applicant's previous submission:

The result of capacity constraints in the UK airport network, and particularly in the South East, has been the trucking of considerable amounts of cargo to Northern European airports to access available capacity. Previous research undertaken on 2018 data for outbound Road Feeder Services (RFS) looked at mid-week movements for 15 out of 50 cargo carriers for those routes reported. Extrapolating from this data shows that around 41,800 annual RFS truck journeys are made to European airports, including Amsterdam-Schiphol, Brussels, Paris-Charles de Gaulle and Frankfurt Main.

Since submission of the Manston DCO, this figure has been validated by the Airline Operators Committee at Heathrow, where they believe around 100 to 125 export RSF trucks per day and approximately the same for imports connect with the airport. This equates to between 36,500 and 45,625 truck movements each way per annum. Whilst the average payload is unknown, as reported to the Inspectorate in the Azimuth Report Volume I, at 19.4 tonnes (midway between the maximum load on a six metre, two-axle tractor unit of 10.6 tonnes and the maximum on a 12 metre, three-axle tractor of 28.1 tonnes) per truck this equates to in excess of 700,000 tonnes of air freight per year in each direction.

In addition, forwarders report that cargo booked onto a passenger flight can be denied loading in favour of other customers, usually large integrators. This 'bumping' may happen numerous times before the goods are loaded into the belly hold of a passenger flight or the shipper decides to use a different route or transport by road to another airport, often outside the UK. The quantity of air cargo trucked to Europe through bumping is unknown but could be substantial and has increased since the COVID crisis, due to the lack of cargo capacity on aircraft.

An additional factor with the issue of trucking is the impact of the UK's withdrawal from the EU. This has added friction at Channel crossings, increasing the time and cost of trucking air cargo to non-UK airports. Whilst the friction due to paperwork, currently frequently incorrectly completed and resulting in refused transport, may abate, French blockades could continue to cause chaos at Channel Crossings. This particularly impacts the transportation of perishables and time sensitive goods, including both those destined for EU countries as well as those that are UK air cargo flying from/to European airports.

Manston Airport would alleviate the need for much of the trucking to and from northern European airports. This is not only an environmental benefit but ensures the UK is resilient by onshoring its own transportation needs.

112. **The Applicant implores the Government to take note of this issue and the potential impact on the resilience of UK supply lines going forward**, particularly post Brexit when increased friction at border crossings such as Dover to Calais add considerable time to trucked freight journeys. Brexit is therefore driving demand for air cargo, and the availability of a dedicated airport such as the **Manston is vital to keep Britain competitively trading globally**.

Need – Longer-term impacts of GDP on freight demand – section 5.2.5 of the Draft Report

113. The premises of the argument by Arup concerning longer-term impacts of GDP on freight demand are that 1) the relationship between GDP and air freight continues to hold and 2) the UK will suffer a severe downturn in GDP post-Brexit.
114. Whilst there is no doubt that trade increases with economic growth and this positively impacts cargo traffic between countries, Arup, and the other commentators they quote in terms of air transport's relationship to GDP, miss many of the nuances of this correlation. Firstly, air transport is not passive in its relationship to GDP: it drives economic and social progress, playing a vital role in facilitating growth, innovation, and job creation. There is, therefore, a reciprocal relationship between these two variables and economic growth also increases with the trade facilitated by air freight.
115. IATA²⁹ (2018) agree there is a strong link between air freight and GDP (and have been quoted by Arup), although their full description points to more detailed links than Arup have appreciated. For example, globalisation is also a key driver for air freight and, post Brexit, there can be no doubt the UK will need to leverage the global trade in goods to support GDP. IATA say:
- "The strength of demand for air freight each year depends on the broader health of global goods trade flows, as well as factors specific to air freight. These influences are captured by two key relationships:*
- 1) The relationship between global GDP growth and global goods trade growth; and,*
- 2) the relationship between global goods trade growth and that of air freight volumes."*
116. Arup states that the UK will experience a 4% drop in GDP and that air freight will fall in tandem. This statement misses air freight's connection to "global" GDP and not exclusively to local or national downturns. Without sufficient dedicated freight airport capacity in the UK, this relationship becomes a fait accompli – post Brexit UK GDP will decline irreversibly. Arup have failed to recognise that air cargo facilitates world trade, and in turn economic growth. To achieve economic growth in the UK, it is essential that there is sufficient air cargo airport capacity. This is an objective that the UK should be prioritising. **The Applicant would therefore ask the Secretary of State to consider the importance of air transport in stimulating the economy at this difficult time.**
117. ICAO³⁰ point out that:
- "Air transport is one of the world's most important industries. Its development and its technical and service achievements make it one of the greatest contributors to the advancement of modern society."* (Page 4)
118. **The Applicant does not believe the UK should be closed for business.** The Applicant and its investors do not accept Arup's view that Manston Airport is not needed because the country's

²⁹ Appendix 5.27 – IATA – Forecasting air freight demand – Forecasts for the 2018-2022 period, prepared by IATA Economics – March 2018

³⁰ Appendix 5.28 – ATAG – The economic & social benefits of air transport – September 2005

trade will decline so much as to render it unnecessary. The outlook presented by Arup is not only excessively pessimistic and contrary to the intentions stated in the Global Britain policy, but entirely overlooks the key role of air freight may play in countering any economic shrinkage caused by Covid-19 and/or Brexit. Should the Secretary of State accept Arup's argument, it will send a clear message that undermines confidence in investment in the UK. The need for current and future DCO applications across a range of NSIPs could be questioned and this could become a self-fulfilling prophecy.

119. Unlike the Government's Independent Assessor, the Applicant and their private sector investors are confident in the future of the UK and of Manston Airport. Prohibiting the growth of the UK's privatised airport network could very well hinder the UK's recovery from both Covid and Brexit. Sending a negative signal to investors around the world that the UK expects such an economic downturn, unrecoverable in the foreseeable future, cannot be the intention of the Government, which should be looking for opportunities for economic growth such as Manston.
120. Air transport is a significant taxpayer, employer, stimulates job creation in the supply chain, enables businesses to import and export goods, develops and transfers technologies, and is a capital intense industry with "very high"³¹ productivity. Air transport is also a driver for inward investment, badly needed in Thanet, one of the country's most deprived areas. As such, it is recommended that the Draft Report's argument be disregarded.

Resilience – section 5.2.6 of the Draft Report

121. The Applicant has proven its commitment to providing resilience to the UK. Despite Manston Airport not being operational, the Applicant has ensured it aids the UK's supply chain resilience. The Applicant permitted the site to be used as a post-Brexit lorry park as shown in the photograph below, which also demonstrates the size of the runway.

³¹ Appendix 5.28, *ibid*, page 2



122. Section 5.2.6 of the Draft Report demonstrates the lack of research carried out by Arup, or the failure of the authors to properly consider any research that may have been conducted. Manston Airport is perfectly placed and would clearly be capable of supporting increased vaccine exports, increasing global resilience to the pandemic. Arup has both failed to consider this properly and continues to dismiss the impact of COVID-19. Cases have been rising and the scheme for delivering booster jabs is underway; simply, the pandemic is not going away and it and its impacts cannot and must not be ignored. It is naïve in the extreme to dismiss the prospect of further strains of coronavirus, as the Omicron variant is currently demonstrating, and when infection rates remain high and vaccination levels vary significantly at a global level. The reason for increasing resilience is to ensure that the UK is prepared for new strains or outbreaks should they occur, or any other unforeseen systematic global shock. It is important that the UK should have the capability to support itself in such emergencies.
123. The Draft Report does acknowledge that *“The brief closure of the Port of Dover in December 2020 certainly did pose a temporary risk to the import and export of perishable goods including food and medicines.”* The Draft Report then claims that Manston airport would not be able to meet this demand. No analysis or evidence is provided to support this conclusion. Indeed, the Draft Report then goes on to discuss, *“Trade in relatively high-volume, low-value goods, travelling the relatively short distance to or from continental Europe is not a natural market for air freight”* ” The Applicant accepts this but refutes the overall assertion that Manston Airport and air freight generally have no role to play in addressing further supply shortages in the UK.
124. The Draft Report goes on to say:

“Moreover, the closure of the Port of Dover due to the ‘Alpha variant’ of coronavirus is an exceptional circumstance, and one unlikely to be repeated on a regular basis. There is no sign yet that Brexit has generated or will generate similar closures.”

125. The Applicant refutes this assertion and evidences the error of this statement through reference to the Secretary of State for Foreign, Commonwealth and Development Affairs. The SoS has said that Britain will look to mitigate threats of disruption to cross-Channel trade by finding alternative routes to and from the continent. Using aviation to provide resilience to the UK’s trade and supply lines is pragmatic and could well prove vital in future years.

126. The Draft Report does acknowledge a number of scenarios in which greater resilience to the UK’s aviation industry would be beneficial:

More broadly, the provision of increased freight airport capacity can provide resilience against unforeseen events which would otherwise disrupt trade through restrictions on capacity elsewhere or sudden increases in demand. These might include events such as pandemics or natural disasters which cause global disruption, isolated events like a fire or terrorist attack at another airport putting cargo handling capacity there out of action, or disruption to trade by other modes, leading to demand for air freight rather than road, rail, or sea. As an example the recent blockage and closure of the Suez Canal resulted in some sea freight being diverted to rail and air instead. The Proposed Development could create dedicated freight capacity which provides a degree of redundancy, mitigating the impact of such events.

127. The Applicant agrees that Manston Airport would be well placed to mitigate the impacts of the events described. In fact, it is widely accepted that *“Events like the pandemic and Suez vessel blockage have demonstrated that integrated logistics, including airfreight solutions, provides critical flexibility to manage supply chain disruptions”*³². However, the Draft Report counterintuitively concludes that these events are rare and should be given little weight when looking at mitigating them and providing resilience in the UK. The Applicant completely disagrees with this dangerously passive outlook. The lack of forethought is startling in light of the ongoing pandemic and need to navigate the impact of Brexit on international logistics, irrespective of if any further disruptive events occur. This is a dangerous approach to take to the UK’s economy and takes no account of current uncertainty when dismissing the potential for disruption. The Applicant understands that these emergency events are arguably more likely to occur as a result of climate change and argues that the UK should be taking a pro-active approach to decision making in order to effectively safeguard the aviation industry. The consequences of a lack of resilience may be far reaching and damaging to public wellbeing and can already be seen with astonishing clarity in the complications that the UK is facing within the energy sector.

128. The Applicant submits that the UK’s aviation resilience should be considered a priority and that any attempt to minimise the risk of extreme events occurring is to place the UK economy and welfare of its people at risk. A dedicated cargo airport, unlike any facility in the UK, will support the UK’s resilience to external shocks. The UK is facing unprecedented levels of uncertainty as it navigates the international marketplace as an independent nation for the first time in decades and does so with the ambition of realising a Global Britain. This position is entrenched in government policy as seen by the recent consultation on the National Resilience Strategy. The

³² Appendix 5.29 – Brett, Damian (02.11.21) Maersk targets air cargo with Senator acquisition and freighter order

Draft Report's dismissal of considerations of resilience is out of touch with government policy and overlooks both realised risks and potential future events.

129. The Applicant reiterates that the re-opening of Manston airport makes no reliance on any public funding. It will constitute considerable private, inward investment in UK infrastructure, consistent with the vision of an independent Global Britain. The entire risk relating to the success of the project is borne by the Applicant and its investors alone. The Applicant remains justifiably confident that the project will succeed, with investors remaining convinced despite the uncertainty caused by the development consent being redetermined. The amount of time and money that has been invested in the project now stands at over £40m and stands testament to the confidence of the Applicant in the viability and deliverability of the project.

Need – Capacity at Heathrow – section 5.3.1 of the Draft Report

Draft Report's naïve outlook of Heathrow

130. On Heathrow as an alternative location to Manston for dedicated freight flights, the Draft Report concludes that a third runway there is unlikely before 2030; if it is delayed because of lack of passenger demand, freight can take up the spare capacity, which would not support the case for Manston, but if it is delayed for other reasons such as successful legal challenges, then this would support the case for Manston (pages 34-35).
131. This analysis is incorrect on several grounds. First, on the delay to 2030 that is already an optimistic figure and there remain no signs of Heathrow expansion plans re-starting and all the indications point to further delays or cancellation. Even York Aviation, who are opposed to Manston reopening, say (without evidence, but nevertheless reproduced in the Draft Report) 'many commentators' assume 2033 as an indicative delivery date. Ferrovial, the largest shareholder of Heathrow, recently decided that it will no longer invest in Heathrow, according to the Sunday Telegraph on 31 October 2021 ('Death knell for Heathrow's third runway as Spanish investor cuts off funding').
132. Secondly, the idea that freight companies will be happy to use Heathrow while the airport is trying to displace them as it seeks to increase passenger flights, as an alternative to a dedicated specialist airport that wants their business long-term is fanciful and runs counter to common sense. Heathrow Airport Holdings (HAL), owners of Heathrow Airport, do not own cargo facilities at the airport. It has long been known that the 'Horseshoe' (Heathrow's cargo area) suffers severe congestion, with trucks frequently backed up waiting to load and unload. A recent article in the Loadstar³³, one of the leading industry magazines, (dated 8th November 2021) reported one of the forwarders using Heathrow as saying:

"LHR transit sheds are absolutely in turmoil. Imports are taking up to five days to check in. One handler has admitted it is congested and can't take any more freight."

"Exports are queuing for hours to deliver, and then being turned away as there is no room to offload, so freight is missing flights."

³³ Appendix 5.17, ibid

"It's a major trauma to air freight, and now it is at a point where it is difficult to recover." He added that freight was piling up in remote warehouses – "it's a mess, and the customers don't like it".

"How do you explain to a customer that we have managed to get their freight here at rates in excess of \$10 per kilo, only for it to be delayed on arrival by between two and five days?

"LHR is not a good place to be from a cargo perspective currently."

133. Thirdly, it is misleading to conclude that non-demand related delays are unlikely because a successful legal challenge is unlikely. While we would question the confident assertion that a successful legal challenge is unlikely (there have been four successful legal challenges to DCOs that were all supported by government policy this year, including Manston), a challenge does not need to be successful to delay the project. The Airports NPS was designated in June 2018 and the legal challenge was concluded in December 2020, causing a delay of more than two and a half years even though it was unsuccessful. Multiple challenges to any grant of a Development Consent Order for Heathrow expansion are almost certain.
134. There is no guarantee that a DCO for Heathrow expansion would in fact be granted despite the support of the Airports National Policy Statement, something that has not been considered in the Draft Report. The most recent Parliamentary question to be answered on Heathrow expansion was by Transport Minister Robert Courts MP on 22 July 2021: "The Government has always been clear that Heathrow expansion remains a private sector project which must meet strict criteria on climate change, air quality, and noise, as well as being privately financed, affordable, and delivered in the best interest of consumers." That is hardly a ringing endorsement of the project, and the government chose not to appeal the striking down of the Airports NPS in the Court of Appeal. The Prime Minister said in the House of Commons on 3 November 2021 that clean, green aviation 'has every chance of arriving a lot earlier than a third runway at Heathrow'. Furthermore, the challenges that any application will need to overcome on climate change and air quality in particular are significant given that an expanded Heathrow will take up 80% of the planning assumption for carbon emissions for all UK airports on its own (25MtCO₂ vs 31MtCO₂).

Capacity Constraints at Freight Airports Serving London and South East

135. The Draft Report is dismissive of the argument that the Applicant has made throughout the DCO process, that pre-pandemic, and impliedly when the industry has fully recovered (which we consider is unlikely to be before 2024), that there was little or no spare capacity for dedicated freighter operations at the principal airports serving London and South East, which currently serve two-thirds of the UK air freight market. The basis upon which Arup have derived this conclusion is neither explained or evidenced, seemingly placing undue weight, as the ExA had done previously, on the erroneous assertions of Stone Hill Park Ltd (who are no longer participants in these proceedings) and York Aviation latterly employed to restate their previous views to ensure they are on the record during the Secretary of State's review. Arup does not seem understand the dynamics in the airline industry with low-cost carriers likely to absorb all remaining capacity at London airports outside of Heathrow.
136. There are two important overarching assessments which demonstrate that pre-COVID London and the South East airports were approaching their capacity limits for freight, and there is no reason to believe that this situation will not arise again when the industry has fully recovered,

thought likely to be between 2023 - 2025, depending on the airport and the type of traffic they host.³⁴ The first is from the DfT itself, as set out in its latest UK Aviation Forecasts from 2017, see table below.

	2016	2030	2040	2050
Heathrow	100%	100%	100%	100%
Gatwick	100%	100%	100%	100%
Stansted	70%	88%	100%	100%
Luton	81%	100%	100%	100%
London City	80%	100%	100%	100%
London	93%	98%	100%	100%
Manchester	89%	81%	70%	91%
Birmingham	50%	66%	95%	100%
Bristol	76%	95%	100%	100%
East Midlands	79%	63%	87%	100%
Southampton	82%	99%	100%	100%

Source: DfT: UK Aviation Forecasts (2017) – Table 33, page 102; 2017

137. The DfT's forecasts anticipated that there was effectively no spare slot capacity at Heathrow and Gatwick pre-COVID and that this situation would also occur at Luton and City by 2030 and Stansted by 2040. Effectively the Department was forecasting the London system would be full by 2040. This would mean not only that freighters would not be able to access these airports, but also that any further growth in passenger aircraft, and therefore the possibility of expanded bellyhold capacity would also be constrained. We have provided extensive evidence in this submission, from paragraph 85 to **Error! Reference source not found.**, to demonstrate that bellyhold capacity will not be increased through larger planes, and that in-fact the average size of aircraft and their associated bellyhold space is declining and large 4-engine wide bodies are removed from airline fleets and production of these fuel hungry aircraft types is terminated by their manufacturers. The Applicant notes that industry opinion is that Stansted could reach capacity by 2030 (sooner than the DfT prediction) as a result of Ryanair and Jet-2 expansion as well as new entrants (fuelled by cheap aircraft leases) on long-haul filling the few gaps in the schedule. The Applicant has analysed capacity constraints with DfT's forecasts in mind, so as to represent a conservative scenario.
138. Confirming this picture of an airport system at or close to its capacity limits, and therefore unable to cater for any material further growth either in bellyhold or freighter volumes is the slot review undertaken by IATA, which the table below demonstrates categorised the London Airports as Level 3 in 2019, which means they are full or close to full.

³⁴ Short haul leisure traffic driven by LCCs is for example recovering more quickly than domestic, and especially long-haul traffic



This document lists e-mail addresses of coordinators requiring SCRs (Level 3 airports), and of schedules facilitators requiring SMAs (Level 2 airports), for the airports specified. It is based on information provided to IATA.

Please note that the airports concerned are listed in alphabetical order by region, country and then by airport code.

The list is not guaranteed to be comprehensive, as its validity depends upon input from the addressees.

An airport will be shown as requiring SCRs (Level 3) only if the Coordinator provides information specifying applicable scheduling constraints for each forthcoming season plus data depicting the extent to which the airport is full or close to full, thus demonstrating the need for

If possible, details of the latest capacity and utilization information should be displayed on the coordinator's website.

Upon request from any airline acting as schedules facilitator to the Head of Scheduling, any airport may be shown as requiring SMAs.

Last Updated: 11-Jan-19

Region	Country	City	Airport Code	W18 Level	S19 Level	W19 Level	SCR/SMA Email	Online Portal	Website
Europe	United Kingdom	Aberdeen	ABZ	2	2	2	lonacxh@acl-uk.org	www.online-coordination.com	www.acl-uk.org
Europe	United Kingdom	Belfast- Belfast City	BHD	2	2	2	lonacxh@acl-uk.org	www.online-coordination.com	www.acl-uk.org
Europe	United Kingdom	Belfast- Belfast International	BFS	2	2	2	lonacxh@acl-uk.org	www.online-coordination.com	www.acl-uk.org
Europe	United Kingdom	Birmingham	BHX	3	3	3	lonacxh@acl-uk.org	www.online-coordination.com	www.acl-uk.org
Europe	United Kingdom	Bristol	BRS	3	3	3	lonacxh@acl-uk.org	www.online-coordination.com	www.acl-uk.org
Europe	United Kingdom	East Midlands	EMA	2	2	2	lonacxh@acl-uk.org	www.online-coordination.com	www.acl-uk.org
Europe	United Kingdom	Edinburgh	EDI	2	2	2	lonacxh@acl-uk.org	www.online-coordination.com	www.acl-uk.org
Europe	United Kingdom	Glasgow	GLA	2	2	2	lonacxh@acl-uk.org	www.online-coordination.com	www.acl-uk.org
Europe	United Kingdom	Leeds Bradford	LBA	2	2	2	lonacxh@acl-uk.org	www.online-coordination.com	www.acl-uk.org
Europe	United Kingdom	Liverpool	LPL	2	2	2	lonacxh@acl-uk.org	www.online-coordination.com	www.acl-uk.org
Europe	United Kingdom	London-City	LCY	3	3	3	lonacxh@acl-uk.org	www.online-coordination.com	www.acl-uk.org
Europe	United Kingdom	London-Gatwick	LGW	3	3	3	lonacxh@acl-uk.org	www.online-coordination.com	www.acl-uk.org
Europe	United Kingdom	London-Heathrow	LHR	3	3	3	lonacxh@acl-uk.org	www.online-coordination.com	www.acl-uk.org
Europe	United Kingdom	London-Luton	LTN	3	3	3	lonacxh@acl-uk.org	www.online-coordination.com	www.acl-uk.org
Europe	United Kingdom	Manchester	MAN	3	3	3	lonacxh@acl-uk.org	www.online-coordination.com	www.acl-uk.org
Europe	United Kingdom	Newcastle	NCL	2	2	2	lonacxh@acl-uk.org	www.online-coordination.com	www.acl-uk.org
Europe	United Kingdom	Southampton	SOU	2	2	2	lonacxh@acl-uk.org	www.online-coordination.com	www.acl-uk.org
Europe	United Kingdom	Stansted	STN	3	3	3	lonacxh@acl-uk.org	www.online-coordination.com	www.acl-uk.org
Europe Level 2 Total				75	79	73			
Europe Level 3 Total				78	104	79			

Source: IATA Worldwide Slot Guidelines (WSG) – Annex 11.6 – Contact List for Level 2/3 Airports

139. The same analysis also points to East Midlands airport becoming congested in the longer term, with slot capacity beginning to come to a head before 2040 as passenger services will always be prioritised over freight only operations as they generate substantially more money for the airport in fees and charges, as detailed in this submission from paragraphs 155 to 164.
140. With these independent assessments as context, we have then examined the capacity position of each of the airports in the London system capable of taking freight and East Midlands in greater detail, in order to illustrate that as soon as the market recovers capacity constraints on the rapidly growing air freight sector will rapidly become apparent if strategic investments to address them, such as Manston are not brought forward quickly.

Capacity constraints at Heathrow

141. The pre-pandemic years of 2017 and 2018 were the period during which Heathrow handled its highest freight volumes, with just under 1.7MT throughput being achieved in each of those years. Of that just 97,000 tonnes was carried by freighter in 2017 and 93,000 tonnes in 2018 – an average of 32.5 tonnes per movement. In both years, freighters used 2,970 of mainly off-peak slots (0.6% of the total), with the primary operator being DHL with 19 designated slots per week. In 2019, of the total handled, only 93,231 tonnes was carried in a freighter, around 6% of the total which stood at 1,587,486 tonnes.
142. During COVID as airlines parked-up or disposed of large sections of their fleet two offsetting trends affected Heathrow's capacity to handle air freight. On the one hand with passenger aircraft movements, particularly those providing international and long-haul services,

significantly reduced the available bellyhold capacity decline proportionately. However, at the same time this released slots to be used tactically to accommodate freighter aircraft offering 4-6 times the capacity of their bellyhold equivalents to use Heathrow. This led to a situation in the first half of 2021 where freighter tonnage was exceeding bellyhold tonnage at Heathrow and freighter movements in a month were exceeding by some margin, those that would have taken place in a whole year pre-COVID. This scale of disruption to the historic source of freight capacity at Heathrow is slowly beginning to unravel as passenger services return; and HAL have themselves said they expect normal service – i.e. similar to that experienced in the years immediately pre-COVID to be resumed around 2024-25.

143. It is in this context that the Applicant has looked at future constraints on freight capacity at Heathrow. Constraints on volumes that can be handled have always depended on three main issues – slots, stands, handling capacity:

Slots

144. Heathrow operated less than 3,000 freighter ATMs per annum for several years before COVID, typically at times when passenger airlines did not want them. Given the difference in value between a passenger and freight aircraft, there is no prospect this position will change without a new runway being built and as the Prime Minister said recently in the House of Commons, he thinks it more likely Net Zero in UK aviation will be achieved before a new runway is operational, implying a timescale well beyond 2040.

Stands

145. Pre-COVID Heathrow had only three dedicated freighter stands – commensurate with movement volumes; plans to increase this were being examined as part of the Runway 3 proposals but required a major re-configuration of the cargo area and loss of remote stands at Terminal 4. It is not clear whether these plans could be taken forward independent of Runway 3 and even if they could whether they would be needed without the availability of additional slots to cater for more freighters. Bellyhold freight, is of course handled on the passenger stands and then shuttled to and from the cargo area using airside ground transport.

Handling Facilities

146. The freight handling facilities are focused around the Heathrow Cargo village on the South Side of the airfield. In their July 2018 Scheme Development Report, HAL explored how they might be able to increase freight throughput at the airport to the 2.8-3.2 MT they were forecasting given a new runway and the increased bellyhold capacity this would give rise to. HAL initiated this proposal by developing a baseline estimate of the capacity of the existing configuration of buildings, as summarised in the Table below.

Heathrow: Heathrow Cargo Building Footprint and Theoretical Capacities

Internal Temporary Storage Facility	Site Ownership	Site (MSq)	Footprint (Msq)	Estimated Capacity in Tonnes	Ratio: Footprint/Tonnes
Dnata City inc Southpoint	AIPUT	90,420	40,000	420,000	10.50
IAG	SEGRO	161,700	34,100	890,000	26.10
Horseshoe	SEGRO	155,919	68,177	645,000	9.46
Dnata Cathay Pacific	AIPUT	15,806	5,363	54,000	10.07
Swissport (inc Swissport Cargo)	AIPUT	12,596	8,700	87,000	10.00
Kuehne & Nagel	SEGRO	15,000	11,366	114,000	10.03
X2 (Airworld)	SEGRO	28,239	1,735	35,000	20.17
Animal Reception Centre	City of London Corp	6,109	1,615	16,000	9.91
Total		485,789	171,056	2,261,000	13.22

Source: Figure 196 - Scheme Development Report - Heathrow Expansion

Note: Site and footprint values based on HAL analysis, capacities based on industry standard of 10T/m²

Source: Heathrow Expansion – Scheme Development Report; Figure 196

147. Like all UK airports, London Heathrow is a privatised business. The owners of Heathrow sold their cargo facilities to third parties and so the airport's management is distinct from that of the cargo operation. As a private business with shareholders, Heathrow's priority is to maximise return on investment - not to maximise the efficiency of the cargo facility nor to maximise the resilience of the country's logistics network or minimise the time and cost of importing and exporting goods through Heathrow Airport. Since privatisation, the only way to encourage investment in the cargo facilities at Heathrow is to create a competitive situation, where forwarders and other users have choice. As a dedicated freight hub, Manston Airport would create the competition which is desperately needed in the UK's airport network.

Need – Capacity at Stansted – section 5.3.2 of the Draft Report

148. At Stansted as at Heathrow, constraints on freight operations come in 3 parts:

Slots

149. At the recent Planning Inquiry to optimise use of the runway to 274,000 ATMs and allow growth to 43mppa, MAG (owner and operator of Stansted and East Midlands airports) indicated that their plan was to reduce freighter movements by 4,500 from the original Airport Masterplan total of 20,500. Based on an average tonnage per freighter between 2016-20 of 22.5 tonnes (see table below), that implies a loss of 100,000 tonnes of freight out of a total of 460,000 tonnes if all the residual 16,000 freighter ATMs were to be retained for that purpose. Given the differentials between the overall revenue the airport can earn from one slot being used for passenger vs freight only operations (i.e. 2.8-3.8 times) and the pressure that will come on the use of night time slots for freighters on night noise quota grounds over the next 5 years, this seems extremely unlikely.

UK Airport	Year	Tonnage Bellyhold	Tonnage Freighter	Freighter ATMs	Tonnage/ATM Freighter
Stansted	2016	196	223,006	11,246	19.83
	2017	0	236,892	10,126	23.39
	2018	0	226,128	9,478	23.86
	2019	6,874	217,265	10,208	21.28
	2020	3,263	251,319	10,406	24.15

Source: Civil Aviation Authority – Annual Statements of Movements, Passengers and Cargo

150. If MAG retain their core freighter business in the form of FEDEX, which currently utilises around 8,000 slots per annum, at 22.5 tonnes per movement, that would retain a freighter-based throughput of 180,000 tonnes but release a further 8,000 slots for passenger services in the medium term. In 2019, Stansted handled only 7,000 tonnes of bellyhold traffic although the airport sees bellyhold as a source of future freight without utilising slots that could be used for valuable passenger services. However, given that Ryanair, which currently has 70% of Stansted slots, and Jet2 who purchased Thomas Cook's slots at Stansted, do not fly freight, MAG envisage the growth in bellyhold throughput will come from attracting long-haul low cost airlines, who do carry cargo.
151. In reality, the scope for this source of traffic making a major impact on Stansted's freight capacity is limited as most of the aircraft types used by such carriers (i.e. B787 and A330's) only carry a maximum of 18-20 tonnes of belly-freight, and at a utilisation of 60% indicates optimistically 10 tonnes per movement. It would therefore take 5,000 such ATMs, combined with the retention of Fedex to maintain Stansted's current levels of cargo handling. With competition from Gatwick and to some extent Luton and even Birmingham and Manchester for these carriers, even if Heathrow is closed to them the potential for Stansted to attract over 10,000 such ATM's seems unlikely, limiting the scope of freight throughput on slot grounds to 275,000 tonnes - a net increase of only 50,000 tonnes. Stansted will not therefore be a repository for large amounts of additional freight post COVID as the Draft Report implies.

Stands

152. Arup's analysis of freight capacity at Stansted ignores the pressure there will be on stands at the airport as it grows to its full approved capacity of 43 million passengers. This potentially constrains any expansion of the eight existing dedicated freighter stands (four for Fedex and depending on the code of aircraft used by other freighter airlines, between three and four to the north east of the main cargo building), due to the proximity of the cargo facilities to the terminal building. This points to expansion of cargo being limited to bellyhold operations as these are handled on the passenger stands.
153. It should be noted that the recent Stansted Airport planning application showed no increase in dedicated freight stands in the Masterplan. Given the size of the stands required (IATA Code D for Fedex and Code E for other freighters), the scope for any meaningful expansion is limited if contact with the existing cargo handling facilities is to be maintained. In a worst-case scenario, where night noise quota reductions or shortages of stands for passenger aircraft create further pressure to curtail dedicated freighter facilities, it is even possible that the existing stands could be relatively easily cannibalised for remote passenger aircraft stands or for parking MRO

aircraft. Airports in the SE will continue to prioritise passenger aircraft movements as this will result in greater profits for these airports.

Handling Facilities

154. Existing handling facilities at Stansted comprise two buildings, one is a dedicated Fedex Station overlooking their dedicated B767-300F stands, and the other a mixed tenanted building facing on to the general cargo stands. The width of the two buildings, their configuration relative to the airfield, control tower and internal road system, makes substantial expansion extremely difficult. Indeed, it is understood that pre-COVID, MAG resisted proposals by Fedex to expand their building by 20,000 sq ft. Handling facilities are therefore another major constraint on freight expansion at Stansted, even if MAG envisaged it would be profitable to expand them, which the recent Masterplan and planning application indicate they do not.

Need – Capacity at East Midlands Airport – section 5.3.3 of the Draft Report

155. Without Manston Airport, East Midlands most likely to provide capacity for the UK's air freight. UPS has recently opened a new dedicated facility that is highly automated and capable of handling close to 400,000 tonnes at maximum capacity, whilst DHL's long- standing operation has approved plans to expand from 250,000 tonnes to close to 325,000 tonnes. Taken together with other smaller operations, this currently provides the airport with around 750,000 tonnes of capability, against a throughput in 2019 of 335,000 tonnes.

UK Airport	Year	Tonnage Bellyhold	Tonnage Freighter	Freighter ATMs	Tonnage/ATM Freighter
East Midlands	2016	0	300,101	19,357	15.50
	2017	0	324,216	21,286	15.23
	2018	1	335,947	22,219	15.12
	2019	1	334,536	23,202	14.42
	2020	11	381,942	25,932	14.73

Source: Civil Aviation Authority – Annual Statements of Movements, Passengers and Cargo

156. Daytime slots at East Midlands Airport are also not an immediate threat to increasing capability. The highest ATM throughput the airport has achieved is 56,945 in 2018 of which 23,202 (or 40%) were freight movements (CATMs). The runway is well configured to accommodate at least 180-200,000 ATMs once the supporting RETS, holds and taxiways are built out, so even at 750,000 tonnes, based on current tonnes/ATMs, the total number of freight movements would be around 50,000 alongside perhaps the same number of passenger movements.
157. The opportunity such spare capacity creates is demonstrated by the airport's increase in freight throughput in 2020, in the middle of the pandemic. In the short to medium term further growth seems likely, not least because there are few other options for the existing big three Integrators or other operators wanting to access London and the South East of England, which is where a large proportion of East Midlands traffic is heading or exiting.

158. However, there are major constraints at East Midlands that are likely to limit its ultimate capacity to the 1.0MT envisaged in the airport's most recent development plan. These are:
- a. a lack of stand capacity
 - b. a lack of space for further handling facilities, and
 - c. night noise limits
159. Stand capacity is the most important and immediate of these constraints. Even though approval has been secured to create three additional stands close to the new UPS facility, it is now far from clear where further stands could be provided. Remote stands are not suitable for efficient freight handling operations and the existing passenger aircraft stands next to the terminal complex are unlikely to be given over to freight as they are in constant use during the day and based passenger aircraft are parked on them at night. Moreover, the economics of passenger aircraft being more valuable commodities to existing airport business planning, with freight playing second fiddle once again come firmly into play.
160. Hence it is far from clear, how the airport plans to match stand capacity to that of the current handling facilities once it reaches the 750,000 tonne limits they engender. The problem becomes acute in the context of a theoretical throughput of 1MT.
161. The 1MT target will also need further handling facilities, and the nature of Integrator operations means that these facilities tend to need to be larger than those used for bellyhold or indeed even general cargo operations, of which there is little evidence EMA has attracted much beyond the UK network operations of West Atlantic.. What is perhaps most interesting is that although SEGRO are building a large 5 million sq. ft distribution park, adjacent to EMA, it is not linked airside to the airport and consequently does not offer a solution for long term growth.
162. In relation to night noise, the Government have been consulting on a new long-term night noise policy, and as a result, there can be no certainty that EMA's relatively benign regime will be maintained, let alone expanded. This again, therefore, offers a threat to medium to long term expansion.
163. Finally, even the relative success East Midlands Airport is currently enjoying, can in no way be said to offer a better option for general cargo traffic. With drive times of three to four hours for trucks to reach the M25, it is less well placed than Manston (one hour 45 minutes to the M25) to deal with the 35-40% of the UK freight market that has an origin or destination in London or the South East and East of England. Our Deadline 3 responses, specifically the Applicant's response to ND.1.8 (from page 254 of REP3-201) and the associated Appendix ND.1.8 (Part A-C)(from page1162 of REP3-187), dealt with this constraint in some detail through reference to travel time analysis to strategic destinations in and around London and the M25 and detailed trucking time contour plots.
164. The undeniable fact remains, that in any objective evaluation of the location of air freight capacity to serve London and the South East, EMA is not ideally located and the existing airports that are more conveniently situated to serve those markets are, to a greater or lesser extent, already capacity constrained for freight operations, or will become so in the near future.

It is in filling this critical and immediate capacity need that Manston has an important strategic role to play for Global Britain.

165. Capacity at Gatwick

166. The Draft Report does not consider freight capacity at Gatwick, but for completeness the Applicant includes an analysis of its capacity.
167. When Gatwick was at its busiest, reaching 46.5 mppa in 2019, its dedicated freighter movements were limited to 48 out of a total of 283,000, and as the Table below indicates, that was 47 more than in the previous 3 years combined. Tonnages reached 110,000 in 2019 but only 2008 were carried in cargo aircraft (i.e. 4.3T per aircraft).

UK Airport	Year	Tonnage Bellyhold	Tonnage Freighter	Freighter ATMs	Tonnage/ATM Freighter
Gatwick	2016	79,588	0	0	0.00
	2017	96,983	0	1	0.00
	2018	112,600	0	0	0.00
	2019	110,150	208	48	4.33
	2020	24,707	1,356	118	30.70

Source: Civil Aviation Authority – Annual Statements of Movements, Passengers and Cargo

168. In its recent draft Masterplan consultation document³⁵, Gatwick airport claimed its own route-level analysis reveals that, in terms of cargo volumes carried, long-haul routes at Gatwick perform at a level similar to comparable routes at London Heathrow. They went on to argue that it is the resurgence in long-haul services currently being experienced at Gatwick that is causing cargo volumes to respond proportionately (2017-18 saw a 24% increase in cargo on the previous year). The evidence points to this being true, and that if Gatwick's long haul business recovers, so might freight volumes – the airport handled only 26,000 tonnes in 2020 at the height of the pandemic and of that, even though large numbers of slots had been freed up only 1,356 tonnes was carried by dedicated freighters.
169. Put simply in the period to 2019 cargo was not a mainstay of Gatwick's business, being merely an adjunct to its long haul business in the form of network carriers with secondary operations at the airport (e.g. BA, Virgin and Emirates) and low cost long haul operators weighting to secure their preferred slots at Heathrow (e.g. Air Asia, West Jet and formerly Norwegian – although that business has been lost to the pandemic).
170. There is no evidence, even in the airport's DCO consultation on re-purposing its existing main taxiway to act as a runway, that they intend to move into the freighter business. The DCO sets out a target of achieving 350,000T of cargo throughput when the additional runway capacity is fully utilised, in 2035-40, but there is no suggestion that this will be anything other than predominantly bellyhold freight. In this context it needs to be recognised that around 55% of slots at Gatwick are owned by easyJet, who do not carry freight; with substantial pressure from Ryanair and Wizz to bring more LCC passenger operations to the airport and BA announcing

³⁵ Appendix 5.30 – Gatwick Airport – Master Plan 2019

its intentions to establish its own low cost airline at Gatwick, it seems unlikely that dominance of passenger operations will decline, even if the DCO application is successful.

171. This means that there is no evidence that Gatwick will be able to or is planning to compete with Manston for dedicated freighter operations and that the capacity the latter offers in the South East would be unique and therefore highly valuable.

Capacity at Luton

172. The Draft Report does not consider capacity at Luton, but for completeness the Applicant has included an analysis of its capacity.
173. There is also no reason to surmise the situation is different at Luton, which as the table below shows pre-pandemic was handling up to 35,000 tonnes of mainly freighter-based cargo. This was almost all in the form of integrator operations by DHL using B757 aircraft and two dedicated stands.
174. Luton is currently consulting on plans to double the size of its passenger operation to between 32-34 mppa. Passengers are the focus of its existing operation and its forward plans. While the consultation document reports that³⁶:

“The concessionaire currently earns a sizeable income stream from business aviation activity and gains income from cargo and MRO aircraft parking. These will be important for the attractiveness of the future concession but may not deliver significant direct income to LLAL. Options which have land available for the expansion of these activities could increase employment opportunities in these activities, and a longer runway could facilitate services by aircraft with greater freight capacity ”

175. In paragraph 5.12.8 it indicates that:

“LTN currently has substantial MRO activity at the airport (with hangars in the west of the site) and retaining at least the current level of operations is important to ensuring the Airport continues to deliver skilled job opportunities. Cargo is located currently in a facility to the north of the terminal, with two dedicated aircraft stands, and there are two fixed base operators (FBOs), Signature and Harrods.”

176. The new proposals do not appear to include any proposals for the expansion of that existing capacity and we have therefore assumed it will remain at or slightly below its current level of 35,000 tonnes, unless increased night time constraints (its principal attraction to DHL its primary freight customer, cause it to be reduced.

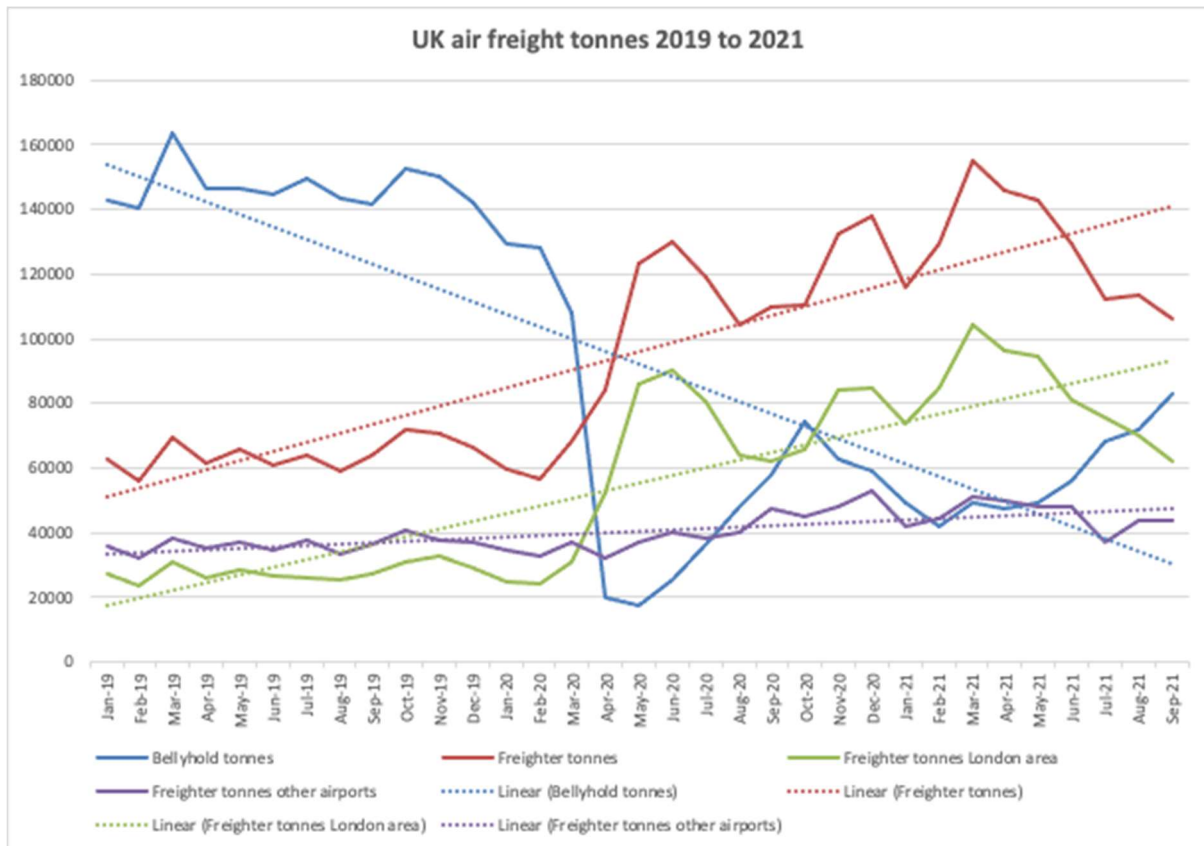
Need – Locational Requirements for Air Freight – section 5.4 of the Draft Report

177. Manston Airport is located in Thanet, one of the UK's most deprived areas. Arup point to the entrenched deprivation in their June 2018 report for the Thames Estuary Growth Commission³⁷:

³⁶ Appendix 5.31 – Luton Airport Expansion Project – February 2019 – extract from page 87.

³⁷ Appendix 5.20, *ibid*

178. *“The area is characterised by a ‘low wage’ economy with limited connectivity to employment centres and a shortage of jobs and skills. The average weekly household income in the area is £800 before housing costs, which is below the combined average for London, South East and East of England at £885. Most settlements in the Thames Estuary therefore contain neighbourhoods with high levels of deprivation (in the top two deciles of the Index of Multiple Deprivation). The area also has higher levels of unemployment (5.3%) compared with the average for England (4.5%).”* (Page 3)
179. Thanet is, however, well connected to the rest of the South East and London as well as accessible to the east of the UK, particularly once the Lower Thames Crossing is constructed, and onward to the rest of the country. Indeed, with the Port of Dover and Eurotunnel close by and used by many millions of trucks per year, accessibility is multi-layered and nearby.
180. Margate and Ramsgate rank in the list of the Commission’s priority areas (page 25), making the reopening of Manston significant if the entrenched deprivation described by the Report for the Commission is to be addressed. Without a major employer, as Manston will be, and without the stimulation to the local and regional economy that airports are renowned for providing, addressing the long-term deprivation suffered by the area will, as it has been for decades, be almost impossible.
181. In the previous submission, the Applicant demonstrated that London and the South East represent a considerable proportion (by far the largest in terms of value) of imports and exports to and from the UK. However, the Arup Assessor claims he does not agree, referring to a chart reproduced by the Applicant from the HMRC trade information website and showing 2019 total imports and exports by UK region. He says he, *“does not therefore recognise Figure 12 from the Applicant’s representation as being an accurate record of international trade by region.”* (Page 39) This means Arup do not have confidence that trade data provided by HM Revenue & Customs is accurate. The chart was unaltered from the HMRC original by the Applicant.
182. In the Applicant’s submission, the import and export data were coupled with CAA data showing how the London and South East airports, particularly Heathrow, were used in preference to other locations during the pandemic. The market chose London and the South East and this is still the case as shown in the following figure.



Source: Civil Aviation Authority data, Table 15

183. The addition of trendlines highlight that 1) freighter tonnes increased considerably during the pandemic and remain above 2019 levels, 2) London airports took and continue to take a considerable share of the market, and 3) other airports outside London and the South East did not increase their share of the market or at least only marginally. It should be noted that East Midlands Airport is included in the data for 'other airports'.
184. It is hard to understand why the Arup Assessor has concluded that a 407% rise in freighter tonnes through London Heathrow between 2019 and 2020 is not significant and does not point to the market choosing to fly goods to and from the London and South East area when capacity became available. The latest CAA data is for September 2021 and shows that for the period January to September, Heathrow continued to increase freighter tonnes by 68% compared to the same period for 2020.
185. As such, it is extremely hard to fathom the Assessor's further argument on page 39, regarding their explanation of imports and exports and their movement around the UK. Arup first cite HMRC: "*Regional Trade in Goods Statistics (RTS) data is compiled by merging trade data collected by HMRC with employment data from the Inter-Departmental Business Register (IDBR). A business' trade is allocated to a region based on the proportion of its employees employed in that region.*" Arup then decide, "*This means, for example, it could lead to imported goods being allocated to one region (where the importer's employees are located), albeit the goods are actually handled in another region by an out-sourced logistics provider. In the case of a large national retailer, imports will be distributed across each region whereas in reality the goods will be imported and stored initially at one central location.*" (Page 39)

186. As Arup say, it “could” mean a misleading allocation - but it also may not. Arup have chosen a hypothetical circumstance and proceed to **base their analysis on the assumption that HMRC data is inaccurate** and does not, against all the evidence, show that London and the South East are the UK’s major regions for imports and exports. From this, Arup decides that East Midlands is better placed to serve all UK regions. It is disappointing that the analysis has been restricted to this assumption, without clear reasons being provided for why the data provided by HMRC should be discounted as inaccurate and misleading. The Applicant submits that the data provided by a body such as HMRC should be accepted and, if it is to be disregarded or reduced in evidential weight, this must be based on more than supposition. The foundation of Arup’s analysis of this point is fundamentally flawed.
187. Data provided by NISRA (Northern Ireland Statistics and Research Agency) for UK Regions Imports and Exports of Goods by Country and World Region³⁸ (2019 figures) also base their figures on HRMC data. Interrogating the statistics via NISRA also shows London and the South East as the main import and export regions. For example, the South East exports £4.7 billion medicinal and pharmaceutical products (with £2.2 billion to the USA) and imports £8.5 billion. In this category, London exports £1.5 billion and imports £1.4 billion. No other region comes close to the South East in this category. In contrast the East Midlands exports £323.4 million and imports £318.5 million in medicinal and pharmaceutical products and the West Midlands £259 million and £319.5 million respectively. It should be noted that medicinal and pharmaceutical products are an important category of air cargo.
188. The Applicant requests an explanation as to why Arup would make this supposition without taking account of CAA data provided by the Applicant.
189. Looking forward, the Thames Freeport, announced in March 2021, is expected to increase trade to and from London and the South East and increase GVA by £2.5 billion. Warehousing and distribution in the Dartford area has grown rapidly, with Amazon constructing one of the largest warehouses in Europe close to the Thames at site of the decommissioned Littlebrook Power Station. With the Thames Estuary Growth Commission striving to increase the local economy, the South East will strengthen its role as a powerhouse of the UK.
190. It is again “interesting” that Arup was commissioned to develop, “*a long-term vision based on the area’s key challenges and opportunities, alongside future trends*”³⁹ for the Thames Estuary area. Their remit was described by Arup as follows⁴⁰:

“The Thames Estuary is an area with great potential. It has sizeable economic power, a strong feeling of collaboration and a ‘can do attitude’ from London right out to the sea. The Estuary has an important brand and status, which makes a significant contribution to the UK economy and UK plc.

However, over the past few decades it has consistently been unable to deliver the same levels of economic growth as other parts of the UK. Whilst there are recent success stories, including Canary Wharf and the Thames Estuary’s ports, the benefits of these pockets of growth have not necessarily been felt across the area. This has resulted in a large disparity in wealth and opportunity.

³⁸ Appendix 5.32 – NISRA – UK Regions Imports and Exports of Goods by Country and World Region (2019 figures)

³⁹ Appendix 5.33 – Arup – Transforming the Thames Estuary through an innovative growth scheme

⁴⁰ Appendix 5.33, *ibid*

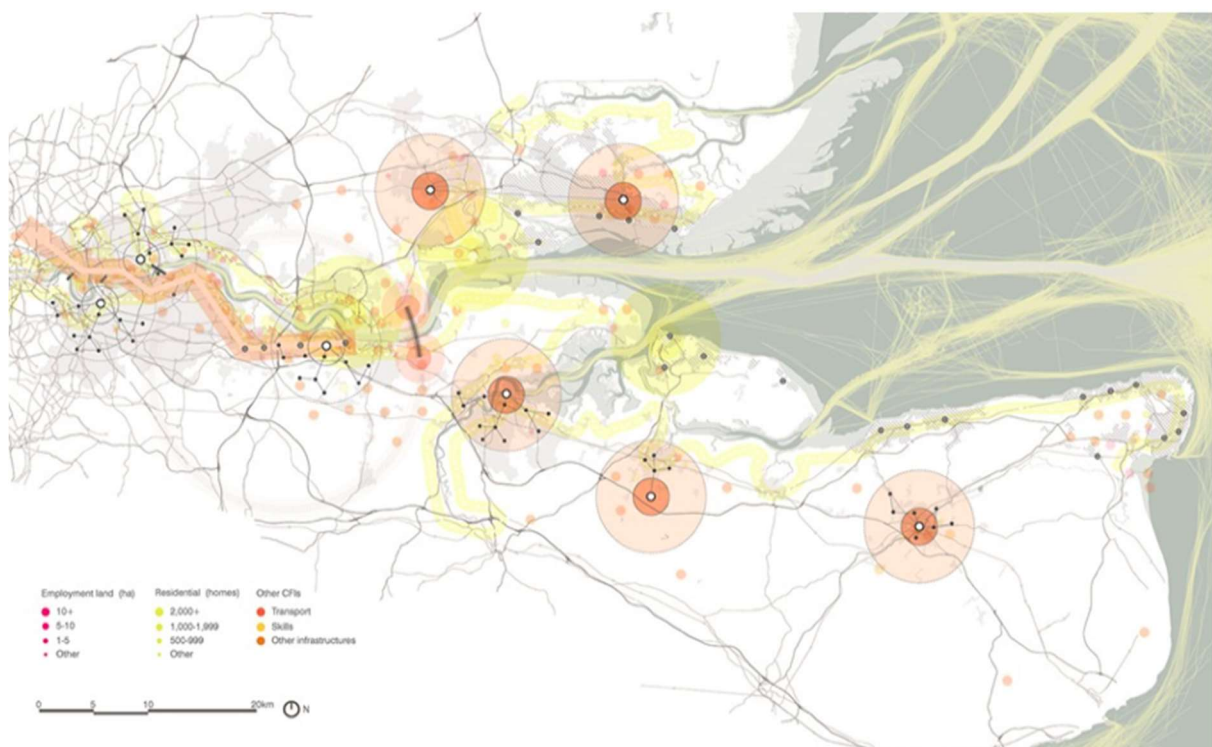
The UK Government commissioned Arup to ensure that this is not an enduring problem. A multi-disciplinary team of city economists, town planners and urban designers developed a long-term vision based on the area's key challenges and opportunities, alongside future trends."

191. Arup describe the potential of the area, saying:

"The Thames Estuary presents a complex challenge given the size, scale and diversity of the place; it is urban, rural, coastal, suburban, a commuter belt and more. It has significant potential as an economic area, but there is not a clear economic or spatial framework to realise this potential."

192. It is worth reminding Arup of their own findings and the vision for the area they provided, which is shown in the figure below. It comprises five key areas, which are:

- a. City Ribbon
- b. Inner Estuary
- c. South Essex Foreshore
- d. North Kent Foreshore
- e. The River Thames



Source: Appendix 5.33 – Arup – Transforming the Thames Estuary through an innovative growth scheme

193. The Thames Estuary Growth Commission believes that up to 1.3 million new jobs could be created in the Thames Estuary by 2050. Without the global connectivity for air freight that Manston Airport offers, this ambitious target would be difficult to achieve. As a part of their plans for growth, the Commission, guided by Arup, say they will prioritise infrastructure investment. They say:
- “There are over 327 infrastructure projects identified by local authorities to address existing constraints and/or support future growth in the area. The Commission believes that delivery of infrastructure will support delivery of homes and jobs. For example, the extension of Crossrail to Ebbsfleet could support up to 50,000 jobs and 55,000 new homes. Investment in and delivery of green infrastructure will also be key to securing good growth.”* (Page 5)
194. The Commission’s vision for the Thames Estuary, designed by Arup is that:
- “By 2050, the Thames Estuary will be a tapestry of productive places along a global river. The Estuary will create 1.3 million new jobs and generate £190 billion additional GVA. At least 1 million new homes will be delivered to support this growth.”* (Page 6)
195. Given Arup’s summary of the local issues and vision for the future, Manston Airport is ideally located to bring forward an air cargo hub capable of supporting the economic growth promised by the consultancy. Manston’s plans to use the Thames to connect the airport to the rest of the Thames Estuary area including London and the new combined markets at Dagenham Dock are a perfect fit with the Commission’s plans. Using hydrogen-powered river vessels will have the additional advantage of providing clean transportation and reducing the need for trucking. Since the Thames Estuary will be a key player in the delivery of the UK’s hydrogen strategy⁴¹, the Manston initiative means the airport is in the right place and developing at the right time to help meet the Government’s targets for Net Zero.
196. Arup’s conclusion that East Midlands would, *“perform better with respect to the likely origins and destinations of cargo”* than Manston is belied by the information presented above. Additionally, as pointed out in paragraph 38 above, logistics strategy has moved on considerably since the model Arup refer to. E-commerce is one of the key drivers for air freight growth and shippers organising distribution through a central location, as described by Arup, cannot meet customer delivery demands quickly enough in this channel. Shippers are moving away from Customer Fulfilment Centres located far from end customers to smaller warehouses and distribution locations that are located close to large numbers of consumers. London and the South East, as previously pointed out, is one of the world’s major conurbations and Manston is ideally located to serve this market.
197. As such, the Applicant finds it incredible that any credence would be given to the Draft Report on Manston, and it can only be assumed that the company have their wires crossed as to their true views on the area.
198. The Applicant has appended, as Appendix 6 (**TR020002/RED2/Arup/APP6**), a letter from Midnight Zulu which demonstrates that freight airlines recognise the capacity constraints at other UK airports and the ideal location of Manston Airport. Midnight Zulu have explicitly set out

⁴¹ Appendix 5.34 – Thames Estuary – Thames Estuary Hydrogen Route Map Launched – 24 October 2021

why the reopening of Manston Airport would aid their cargo operation and would result in benefits for the wider public and the environment.

Evidence from Aviation Trade and Industry News

199. The authors of the Draft Report have continually made statements referring to the lack of evidence concerning the future of air freight. Instead, they have relied on the trite assumption that the future of air freight would be similar to the situation ten years before the pandemic, ignoring numerous advances in technology that have fundamentally altered the passenger and freight aviation markets in this period. The Applicant vehemently opposes this distorted representation of the aviation industry.
200. The Applicant has produced an Appendix 3 (document reference **TR020002/RED2/Arup/APP3**), which demonstrates and analyses a sample of the wealth of evidence available in the reputable aviation trade and industry press that supports the need for re-opening Manston Airport. With every passing day further evidence is published which further strengthens the Applicant's position. Appendix 4 (**TR020002/RED2/Arup/APP4**) provides an array of this evidence in full for ease of reference. These forward-facing industry journals provide the evidence that is severely lacking from the Arup Draft Report, undermines the Draft Report's analysis, and strongly supports the Applicant's position and the original decision of the Secretary of State that development consent should be granted.
201. Appendix 3 and Appendix 4 contain evidence that the authors of the Draft Report has stated does not exist. The intention is to inform the Secretary of State about the abundance of evidence available on the matter of need that has not been considered by the Draft Report, despite going to the core of the issue that the Draft Report should be addressing. The Applicant hopes that this document will assist the Secretary of State to form an informed view as to the need for re-opening Manston Airport, and that he may benefit from this evidence as he considers the full scope of need.

Conclusion

202. In summary, the case for the project has become stronger since both 9 July 2019 and the recent deadline on 11 June 2021. With every passing day evidence or reports are published which further strengthens the Applicant's position. The need for the project has grown in proportion with the requirement for resilient air cargo capacity in the UK that is independent of passenger flights, whilst the potential for this demand to be met by operations at other airports has reduced. Furthermore, national carbon targets may be more successfully met by building new state-of-the-art facilities, designed with these targets in mind, around an existing runway than by forcing existing operational airports to replace their existing infrastructure or attempt to retrofit new technologies.
203. The Applicant has set out in this submission the numerous causes of concern within the Draft Report. Ultimately, the Draft Report is not fit for purpose and amounts to a narrowly focused demand study. The Draft Report and its analysis do not reflect and are not indicative of the dynamic freight aviation industry. The large quantity of analysis and examination of the industry found in the aviation trade and industry press greatly supports the need for re-opening Manston Airport and the Applicant's submissions clearly demonstrate this.

204. The Applicant wishes to emphasise that the Secretary of State should examine need in its entirety. However need equivalent to demand. There is an indisputable need for employment in the local area. Opportunities for employment should be wholeheartedly encouraged as local employment levels are also impacted by the end to the furlough scheme. The re-opening of Manston Airport would bring thousands of high quality construction jobs and permanent jobs once reopened.
205. The Applicant reiterates that the re-opening of Manston airport makes no reliance on any public funding. It will constitute considerable private, inward investment in UK infrastructure, consistent with the vision of an independent Global Britain. The entire risk relating to the success of the project is borne by the Applicant and its investors alone. The Applicant remains justifiably confident that the project will succeed, with investors remaining convinced despite the uncertainty caused by the development consent being redetermined. The amount of time and money that has been invested in the project now stands at over £40m and stands testament to the confidence of the Applicant in the viability and deliverability of the project.
206. Indeed, given the current economic uncertainty, the government is in dire need of inward investment into the UK. Airports in the UK were privatised in 1986 to ensure greater efficiency, a reduction in the use of public funds, greater competition and correspondingly lower costs, and to incentivise investment and innovation in the industry. The re-opening of Manston as a specialised cargo hub by a private Applicant embodies the aims of privatisation and would provide such much-needed inward investment.
207. In redetermining the project, the Secretary of State can be confident that there is now a stronger case for granting development consent than existed at the time of his initial determination. The Applicant requests that the Secretary of State take these submissions and evidence into consideration in full when redetermining the application for development consent.