cardiff airport
maes awyr caerdydd

Enterprise and Business Committee

Future of Welsh ports and airports

Evidence of Cardiff Airport

1. EXECUTIVE SUMMARY

- Cardiff Airport is widely agreed to be of economic importance to Wales.
- The development of independent and objective data related to passenger and cargo forecasts, as well as the economic benefits associated with aviation overall, would support policy and strategy development.
- Cardiff Airport exists in a competitive aviation context in which market conditions are key factors.
- To achieve an optimised network, airline risks must be mitigated by targeted, tangible support linked directly to national economic policies and priorities.
- The scale of support required is beyond that which the airport alone can reasonably provide.
- Every option for the delivery of appropriate support must be pursued.
- The infrastructure supporting Cardiff Airport – including the airfield, terminal and access routes - is not currently a critical inhibitor to route development, nor will infrastructure expansion alone lead to favourable route development decisions.
- The effective delivery of new or expanded services could be enhanced by improving communications and coordination between airport stakeholders within Wales; through the establishment of either a new single authority or a multi-agency task force providing synergies, support and better use of resources to achieve commonly shared outcomes; and, through joint marketing and promotional efforts supported by Government policy and investment programmes.

2. INTRODUCTION

This document addresses the key questions of the Enterprise and Business Committee's terms of reference at a macro level. Further data to describe the competitive context for Cardiff Airport can be found in the accompanying data paper which is referenced herein and separately deposited.

How important are major Welsh ports and airports, both to the economy of their own regions and to Wales as a whole?

Cardiff Airport is widely acknowledged to be of importance to the economic well being of Wales and in particular South Wales, as was recently emphasised in public comments by the First Minister. This reflects the consensus of independent research and examples of airports supporting other regions.[1] Whilst it is sometimes difficult to disaggregate airports from aviation as whole there is widespread evidence that airports are an economic influence.[2] Even where there are opposing views, the divergence is simply about the scale and appropriateness of the economic contribution.[3]

It is noted that other studies, when assessing the economic impacts of aviation, use a holistic approach. This requires the aggregation of direct employment and monetary contribution (money spent and taxes) together with indirect contribution (supplier employment etc) and induced contributions (tourism receipts, materials and goods flow attributable to the use of aviation). Such a study has not been performed for Cardiff Airport or Welsh aviation but would be a beneficial study for the Government to sponsor in order to quantify the net benefits of Cardiff Airport and other airports operating in Wales. This would also provide an estimated value for the benefits realised by recapturing demand currently served by non-Welsh airports.

Connectivity is best defined as the ability to reach a range of destinations at a reasonable generalised cost.[4] Cardiff Airport is the airport for the capital city and serves the largest population in Wales. This creates a level of expectation regarding the range of airline services Cardiff Airport should facilitate. This expectation is anecdotal and is often based upon comparisons with Edinburgh and Belfast Airports, and ignores factors such as the differences in terms of population, demographics, competition, over-water flying or proximity

[1] SQW 2008 report for Scottish Enterprise
[2] Oxera What is contribution of aviation to UK economy 2009, BCC Economic Impacts of hub airports 2009
[3] Friends of the Earth the Economic Impact of Bristol Airport 2005
[4] Oxera 2010 DfT Connectivity report

to London. Cardiff Airport's vision remains to serve as much of South Wales' aviation needs as possible and it remains extremely active in marketing to airlines in the UK, Europe, the USA and elsewhere in the world.

What factors limit realisation of the potential offered by major Welsh ports and airports; what opportunities are available to develop this potential; and how can these be realised?

Cardiff Airport serves approximately 45% of the demand for air travel from South Wales. Potential customers mainly use Heathrow and Bristol Airports with some usage of other airports.[5] There is a perception that the number of airlines and tour operators, and the services they provide, are entirely within the control of airports; however, this is not the case. Airports can influence and encourage an airline to serve a given market, but cannot compel them to do so. In the UK this is further influenced by the open competitive market for air transport which makes any airport market highly contestable.[6] There is also a natural South East 'pull' as airlines wish to consolidate their operating models, ensure efficiency and concentrate demand.[7]

The socio-economic characteristics of the region together with strong competition from other airports create a challenging market for the promotion of new or expanded airline services. . Specific examples are the large networks provided by Ryanair and easyJet at Bristol Airport which offers a significant pull for Welsh consumers, with some 15% of Bristol Airport's passengers being Welsh originating or destined for Wales. These airlines enjoy significant economies of scope and scale and are less willing to consider fragmentation by serving the Welsh market directly from Cardiff Airport.

An airline will only serve a market if they perceive it will be profitable and a strategic fit to its operation. Where airlines have large scale operations elsewhere with good economies of scope and scale, they will be reluctant to fragment them without attendant risks being covered. These risks can also derive from perceptions about the economic and demographic indicators for a market. For many desired destinations, there is marginal demand and viability leading to point-to-point routes only being viable by concentrating demand, usually via London. However, such diffusion can be countered by successful hub and spoke operations

[5] Cardiff Airport data paper slide 14
[6] Oxera 2010 DfT Connectivity report
[7] Cardiff Airport data paper slide 4

such as KLM's through Amsterdam and Flybe/Air France through Paris. It would also be advantageous to develop a range of hub opportunities particularly New York and a Middle Eastern hub such as Dubai. However, these will require support if the airline's perceptions of the risks associated with operating are to be overcome. These potential hub operations should be priorities in any overarching connectivity policy. Furthermore, it is well known that new routes can be unprofitable during the first few years of operation, and this again increases risk levels. If an airline cites such risks as being beyond their normal investment criteria, then the risk level must be ameliorated by some form of support package.

The provision of financial support by public authorities is governed by European Commission state aid rules and as such requires careful evaluation and procedural rigour. The quantum required by an airline is often beyond the reach of a regional airport alone as the scale of funding can reach several million pounds for any significant base or long haul route. Therefore, every opportunity for support must be pursued through the appropriate Government and European Commission channels.

There is also a need for a task force approach to support aviation with multi-departmental and agency participation, along with other business interests including the chamber of commerce and other interested partners. Such a model has been used successfully with Barcelona Airport, for example, within a comprehensive policy framework.

The European Commission "open skies" approach means that competition for airline commitment is not simply confined within UK markets but is Europe-wide, and worldwide for long haul services.

Given the open and contestable nature of UK aviation, it is clear from discussions with the majority of airlines that they perceive that Cardiff Airport's market is neither distinctive nor attractive enough to develop route networks at this time. Therefore, there is a need to create opportunity through differentiation and distinction backed by a unity between stakeholders and comprehensive – including Government - support. Whilst this can be achieved through targeted marketing support, another significant opportunity is the remission of Air Passenger Duty (APD). This is now a major constraint on aviation demand generally and has been the subject of high level discussions between airlines and airports.[8] In very recent discussions between Cardiff Airport and a leading low cost airline, they stated that unless APD was reduced, remitted or paid by the airport they would not be expanding services in the UK.

[8] AOA Press release 6/12/1011

If powers to levy or remit APD could be devolved to Wales then it could be used in such a way to reduce the cost of flying to consumers, thus stimulating demand and therefore stimulating favourable airline interest. This has already been used by the Northern Ireland Executive to remit APD on the Belfast – New York service, a route which had been under threat of closure. Whilst this is scheduled to be examined by the Silk Committee, the precedent set by Northern Ireland, or something similar, should be adopted rapidly in Wales.

The development of support for international connectivity would also be greatly aided by a strong policy focus, clear priorities and agreement on targets, including Germany, the USA and the Middle East. This is discussed in greater detail in the next section.

There is a perception amongst some observers that improved access and facilities at the airport will, of itself, improve connectivity and growth. This is a misconception: it is a strong route network and attractive prices that ultimately enables an airport to develop and grow, with all the benefits that this brings. Until such time as activity levels increase through the attraction of airlines to the airport with the appropriate support, the priority for investment must be on the safety and security of passengers. The latest multi-million pound investment in new radar technology and x-ray equipment by Cardiff Airport are good examples of this, always recognising the importance of a positive passenger experience for the success of the airport. Therefore, the focus has been, and will continue to be, on air service development in order to generate the activity levels required.

How effectively do Welsh Government policies support the development of major Welsh ports and airports?

Cardiff Airport has been working closely with the Welsh Government to find ways to co-operate in developing opportunities for Cardiff Airport. A positive working relationship has also allowed, for example, the logical extension of the St. Athan Enterprise Zone to include Cardiff Airport. However, there are still opportunities to improve delivery of proactive and reactive support; route development, in particular, remains an area of opportunity, consideration and prioritisation. At the same time, other specific areas must also be addressed. For example, the Transport Strategy stated that "enhancing international connectivity" is one of five key policy areas, but the document has very few outcomes, no programmes and no targets. Indeed, the key actions are around better east-west access (which encourages leakage to airports outside Wales as a consequence) and improved access to Cardiff Airport, neither of which tackles the key inhibitor to improved international connectivity (attracting airlines and developing network strength). There is a need for stronger policy emphasis on developing international connectivity and acknowledging the methods needed to achieve this objective, along with the need to link this policy with its ultimate objective in contributing to economic development for the region.

If the international connectivity policy is to be strengthened, there is a need for either a single authority to manage Wales's international work, or a task force combining resources to create synergies and economies of scope and scale. Whenever possible, investment and connectivity must be linked together, as indicated earlier. This will also assist in dealing with the UK Government on areas of airports policy and other reserved matters. There is need for effective engagement with the UK Government particularly on APD and state aid issues.

Cardiff Airport already participates within an agenda to promote Cardiff and the region because it believes the primary long term driver of the airport business is a coherent strategy to increase consumer and investor demand for Cardiff. Cardiff Airport is one of only 5 strategic private sector investors in Cardiff & Co and values this format.

3. CONCLUSIONS AND RECOMMENDATIONS

- Cardiff Airport is widely agreed to be of economic importance to Wales.
- The development of independent and objective data related to passenger and cargo forecasts, as well as economic benefits associated with aviation overall, would support policy and strategy development.
- To achieve an optimised network, airline risks must be mitigated by targeted, tangible support linked directly to national economic policies and priorities.
- Cardiff Airport continues to actively engage with airlines with a view to significantly expanding the route network. The scale of support required is beyond that which the airport alone can reasonably provide, and requires the adoption of Government international connectivity policy linked to the broader economic development policy.
- Every option for the delivery of appropriate support must be pursued.
- The infrastructure supporting Cardiff Airport – including the airfield, terminal and access routes - is not currently a critical inhibitor to route development, nor will infrastructure expansion alone lead to favourable route development decisions.
- The effective delivery of new or expanded services could be enhanced by improving communications and coordination between airport stakeholders within Wales; through the establishment of either a new single authority or a multi-agency task force providing synergies, support and better use of resources to achieve commonly shared outcomes; and, through joint marketing and promotional efforts supported by Government policy and investment programmes.

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Data paper on behalf of Cardiff Airport

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Wales Cymru

Content

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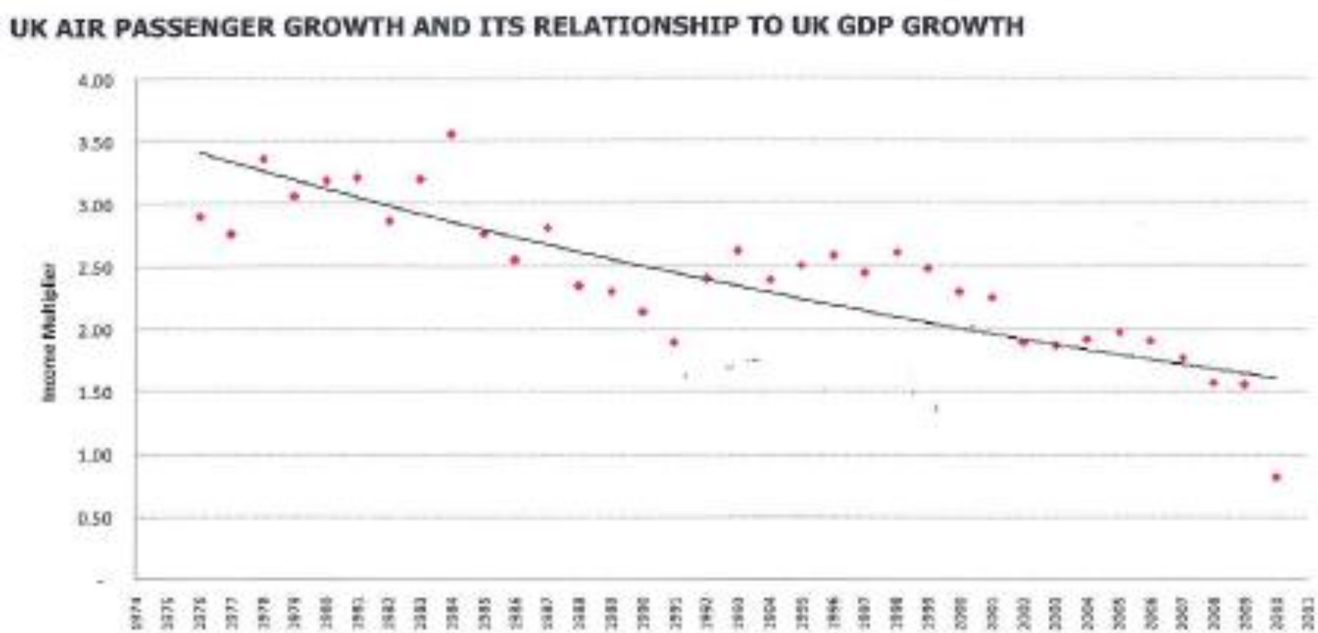
Content (continued)

1. Relationship between GDP and air travel

This shows the relatively consistent long term trend between GDP and growth, and therefore GDP and propensity to travel. It also shows how the low cost “boom” was a substitution effect moving traffic between carrier types, but masks a slowing of overall growth rates

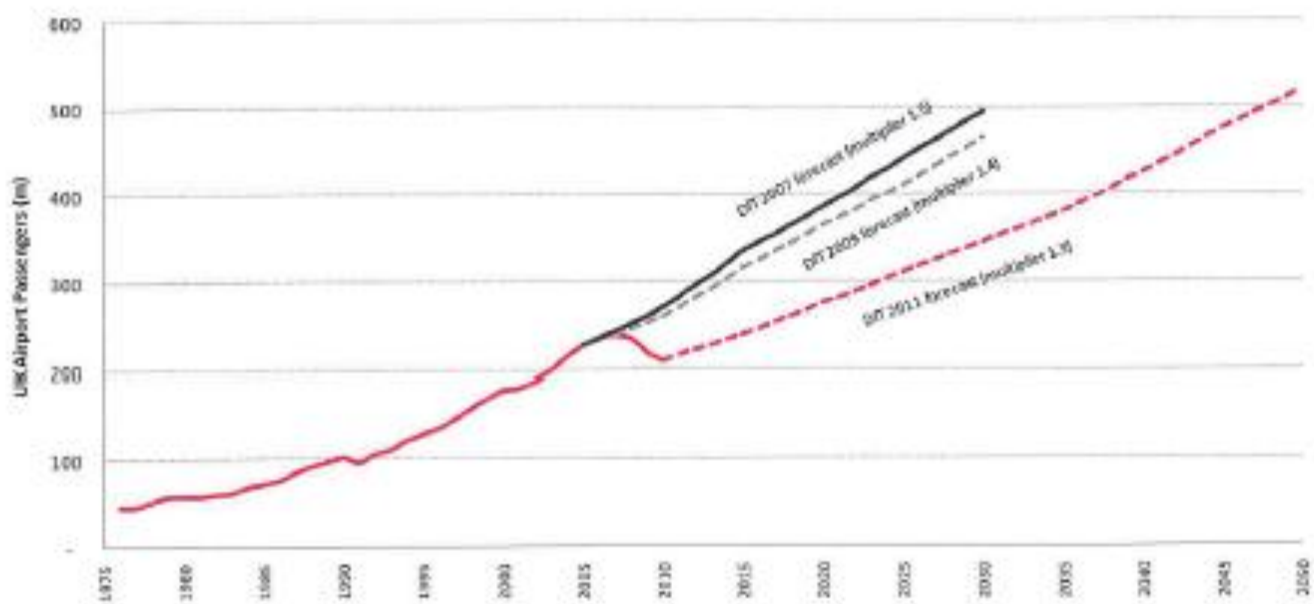


(Source: LeighFisher *UK Airports Performance Indicators 2010/11*)

2. UK DfT Unconstrained Air Traffic Forecasts

These show the latest DfT forecasts for total air travel demand and show how pessimism based upon the twin impacts of recession and APD have reduced future overall market size

THE DFT UNCONSTRAINED UK AIR TRAFFIC FORECASTS REDUCE OVER TIME



(Source: LeighFisher *UK Airports Performance Indicators 2010/11*)

3. UK Airports passenger forecasts

- The table on the right shows the latest DfT forecast for the major UK airports.

- Notwithstanding the predicted capacity crunch in the South East it shows the gains to be distributed amongst a very few mature airports.

- The DfT model uses a sophisticated econometric approach. It concludes that Cardiff will not grow if growth is organic and current socio economic and supply characteristics remain unaltered.

(Source: DfT 2011)

Airport	2010 (million pax/ annum)	2020 (million pax/ annum)	Change%
Heathrow	65	80	+23
Gatwick	30	35	+17
Manchester	20	25	+25
Stansted	20	25	+25
Luton	9	12	+33
Edinburgh	9	13	+44
Birmingham	9	20	+122
Glasgow	7	7	-
Bristol	6	6	-
Liverpool	5	5	-
East Midlands	4	3	-25
Belfast International	4	6	+50
Leeds Bradford	3	3	Airport
Southampton	2	2	-
Cardiff	1	1	-
Doncaster	<1	1	-
Exeter	<1	1	-
Bournemouth	<1	<1	-

4. UK airports passenger numbers 2011 vs 2010

- The table shows the South East continues to dominate air transport
- Most UK regional airports lost share and Cardiff and several others lost substantial volumes. This shows the vulnerability of smaller airports to the loss of capacity cause by airline or aircraft removal
- Elsewhere growth was modest due to APD and low economic growth

(Source CAA statistics)

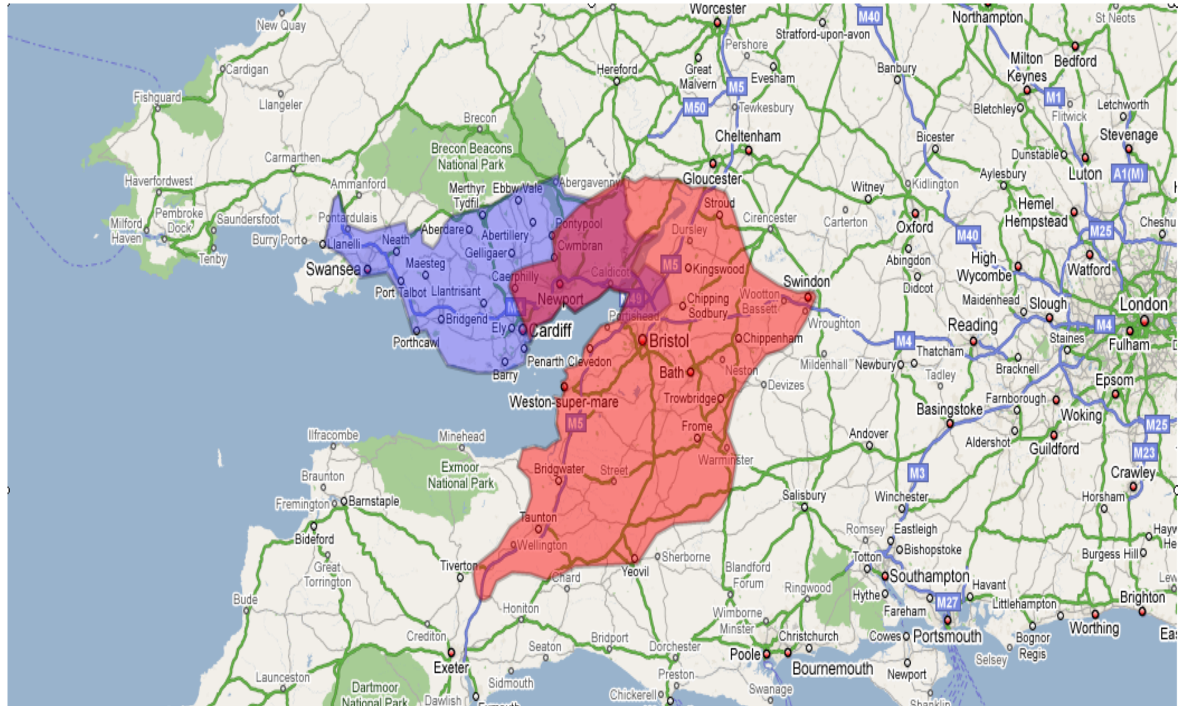
Airport	2011 Passengers (000)	2010 passengers (000)	% change	% of UK air travel 2011 (2010)
Heathrow	69,391	65,745	+6	31.7 (31.2)
Gatwick	33,644	31,342	+7	15.4 (14.9)
Manchester	18,804	17,663	+2	8.6 (8.4)
Stansted	18,047	18,562	-3	8.2 (8.8)
Luton	9,510	8,734	+9	4.3 (4.1)
Edinburgh	9,384	8,594	+9	4.3 (4.1)
Birmingham	8,608	8,654	-1	3.9 (4.1)
Glasgow	6,858	6,522	+5	3.1 (3.1)
Bristol	5,768	5,723	+1	2.6 (2.7)
Liverpool	5,247	5,008	+5	2.4 (2.4)
Newcastle	4,336	4,346	-	2.0 (2.1)
East Midlands	4,208	4,111	+2	1.9 (2.0)
Belfast International	4,102	4,011	+2	1.9 (1.9)
Leeds Bradford	2,667	2,724	-2	1.2 (1.3)
Southampton	1,762	1,734	+2	0.8 (0.8)
Prestwick	1,296	1,660	-22	0.6 (0.8)
Cardiff	1,208	1,398	-14	0.6 (0.7)
Doncaster	822	876	-6	0.4 (0.4)
Exeter	709	737	-4	0.3 (0.3)
Bournemouth	613	750	-18	0.3 (0.4)
All UK	219,010	210,656	+4	

5. Cardiff Airport Operational infrastructure

- Cardiff Airport 24 hour operations
- IATA Identifier: CWL
- ICAO Identifier: EGFF
- Runway Length: 2354m (cat 1 ILS)17 designated aircraft parking stands
- 3 airbridges
- Cardiff has significant unused terminal capacity and no slot constraints at any time
- Excellent weather record, CWL is the primary nominated diversion airport for BA Long Haul fleet

6. Catchment area: comparison between Cardiff and Bristol

- Wales has the UK's lowest GDP (GVA) values. The is a key determinant of propensity to travel (see slide 1) and is a primary measure used by airlines in evaluating routes.
- This issue is compounded by the relative inequality of South Wales with Bristol and the larger population in the Bristol catchment area
- These measures are used by airlines in determining which markets they wish to serve



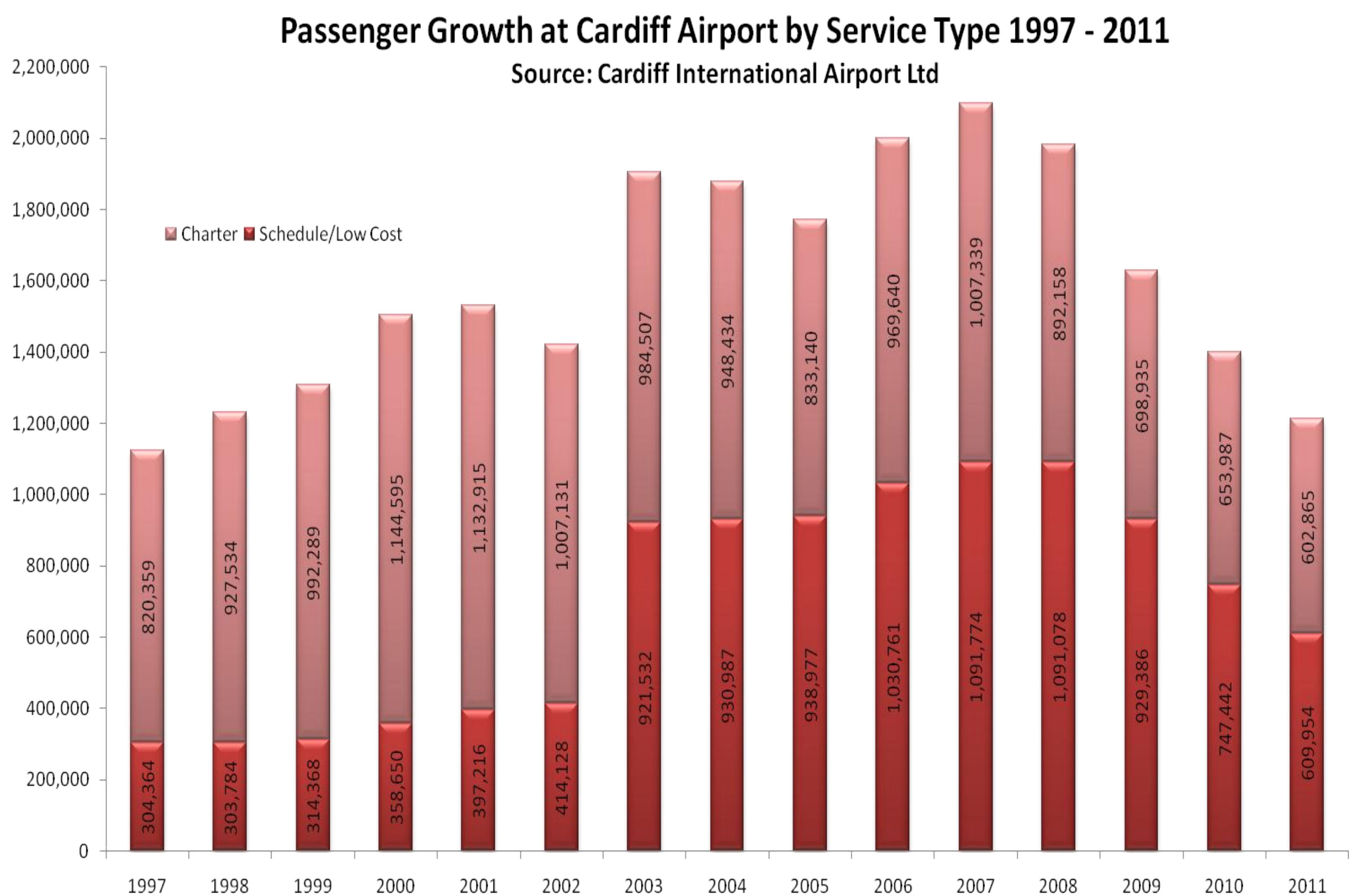
Catchment comparison	Cardiff Airport	Bristol Airport
Population within 60 Minute drive radius (2007) Avg GDP per head (2009)	**Circa 1.8 Million** **£15,418**	**Circa 3.4 Million (+89%)** **£19,063 (+24%)**

(Source statistics.gov.uk)

7. Passengers at Cardiff Airport by Service Type 1997 - 2011

- This chart shows the volatility of Cardiff's airline mix. The decline from the peak of 2007 has been due to the recession, leading to attrition from bmibaby and charter

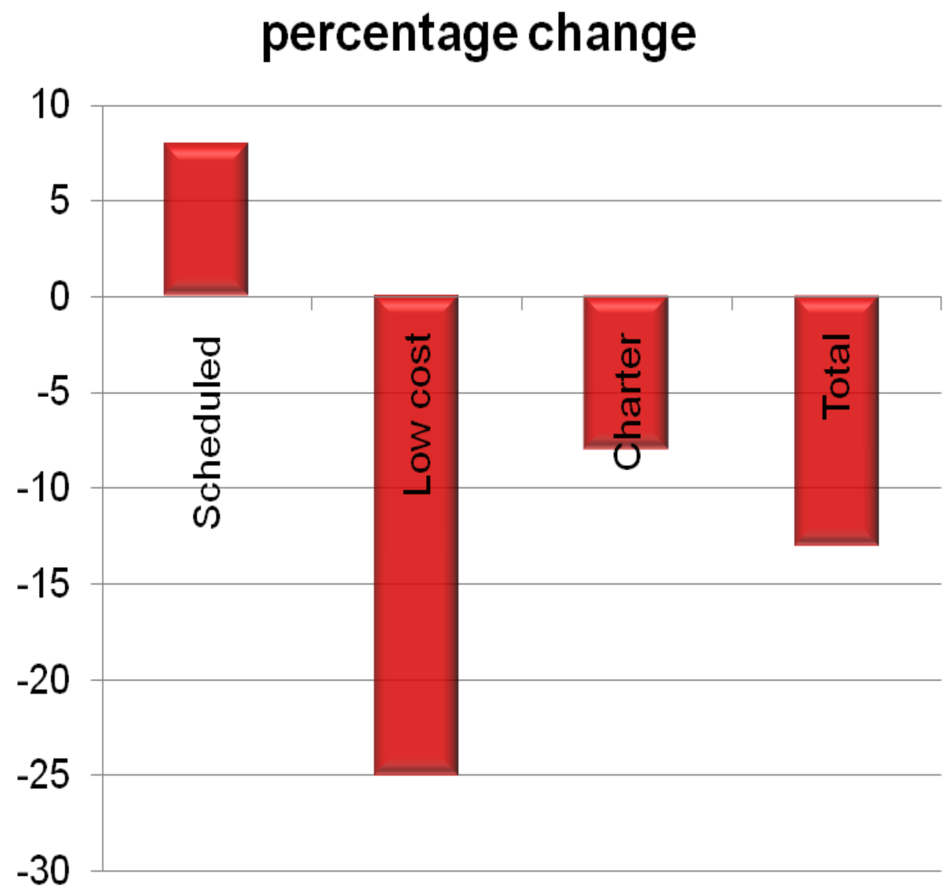
- Unlike the dip in 2002 when BA left, it has not been possible to secure a large scale replacement



8. Percentage change in key sectors 2011 at Cardiff Airport

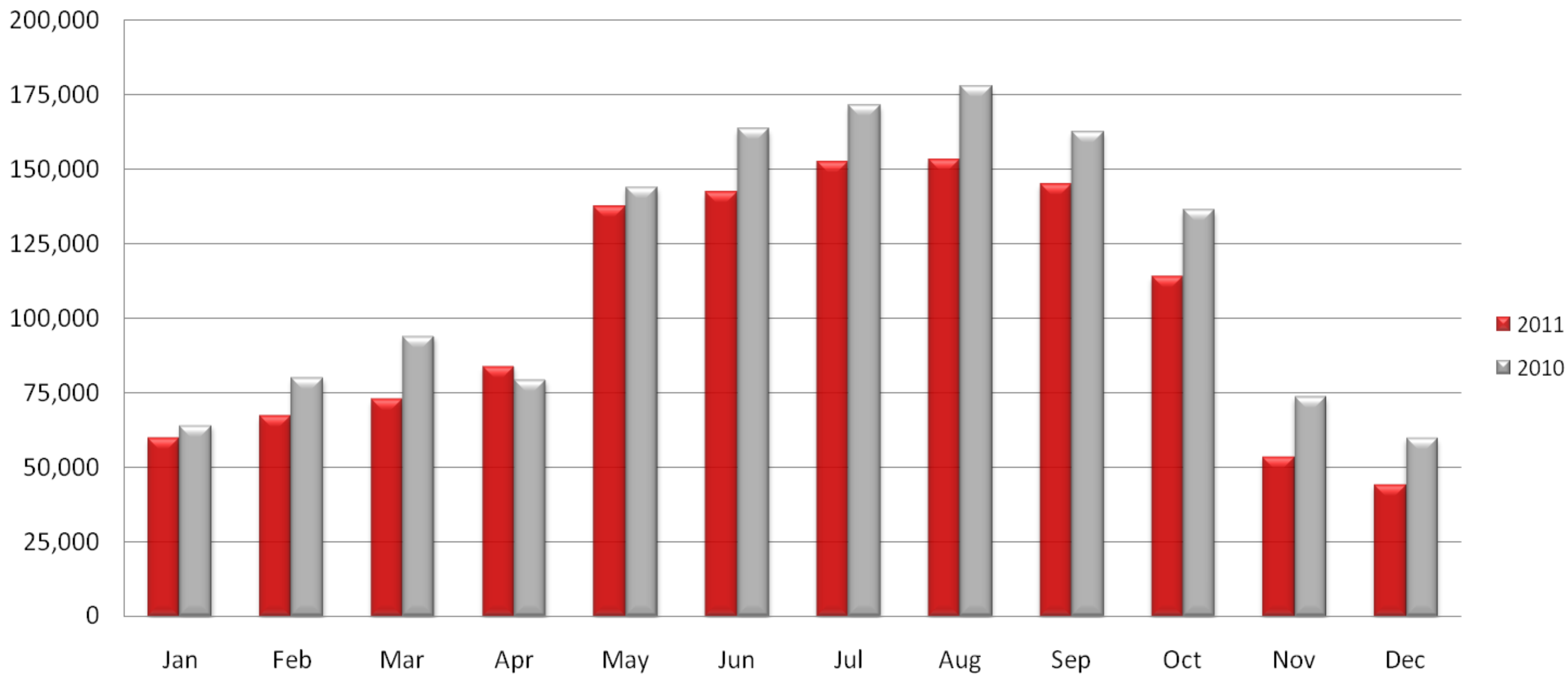
- This slide shows how the headline loss of passengers in 2011 is heavily influenced by the loss of bmibaby low cost passengers and the continued national decline of charter

- The growth in scheduled passengers which included the Zurich service demonstrates that Cardiff remains robust in the key routes generating connectivity and economic benefit



9. Cardiff Airport Seasonal Profile of Passengers

- The chart below shows the monthly passenger profile and demonstrates the strong seasonality which is affecting most regional airports

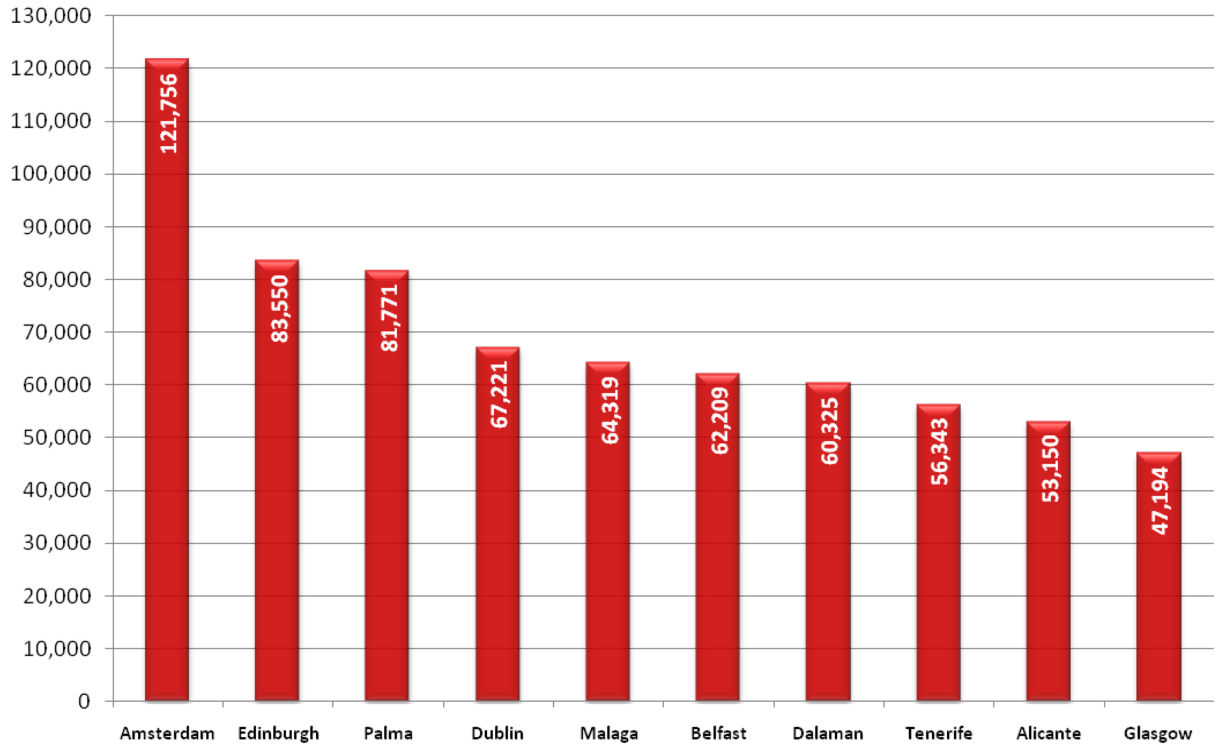


10. Top Ten destinations 2011

- Amsterdam remains the busiest route from Cardiff and the one with greatest connectivity and economic benefit

- Edinburgh retains a mix of two way traffic and business and leisure traffics. However, due to the effect double APD of capacity and frequency have been lost

- Despite Malaga being 5th busiest route airlines have been reluctant to replace lost bmibaby capacity



11. 2012 routes operating from Cardiff Airport

Destinations	Operated by	Flight frequency
Bulgaria Bourgas	**Balkan Holidays** **Thomson**	**2x weekly Summer season**
Caribbean Barbados (cruise)	**Thomson for P&O**	**16 flights during Winter season**
Cyprus Larnaca Paphos	 **Thomson, Thomas Cook** **Thomson, Thomas Cook**	 **2 x weekly Summer Season** **2 x weekly Summer Season**
Egypt Sharm el Sheikh	**Thomson**	**2 x weekly Winter, 1 x weekly Summer**
France Paris (CDG) (offers connections to Air France network)	**Flybe / Air France**	**7 x weekly year round**
Greece Corfu Crete (Heraklion) Kefalonia Kos Rhodes Zakynthos	 **Thomson** **Thomson, Thomas Cook** **Thomson** **Thomson** **Thomson, Thomas Cook** **Thomson, Thomas Cook**	 **1 x weekly Summer Season** **2 x weekly Summer Season** **1 x weekly Summer Season** **1 x weekly Summer Season** **2 x weekly Summer Season** **2 x weekly Summer Season**
Italy Naples *(ad-hoc) – June 2012* Verona *(ad-hoc)– June 2012*	 **Newmarket Holidays** **Newmarket Holidays**	 **1 flight Summer Season** **2 flights Summer Season**
Malta Malta (May to October 2012)	**Air Malta**	**1 x weekly Summer Season**
Netherlands Amsterdam (offers connections to KLM Network)	**KLM**	**21 x weekly year round**
Portugal Faro Madeira (ad-hoc)	 **Thomson** **Atlantic Holidays**	 **1 x weekly Summer Season** **1 flight Summer Season**

(Source: Cardiff Airport)

11. 2012 routes operating from Cardiff Airport (continued)

Spain (Mainland) Alicante Malaga Barcelona (offers connections to Vueling network) Reus	 **Vueling, Thomson** **Thomson** **Vueling** **Thomson, Thomas Cook**	 **1 x weekly Winter, 4 x weekly Summer** **1 x weekly year round** **3 x weekly Summer season** **2 x weekly Summer season**
Balearic Islands Ibiza Majorca Menorca	 **Thomson, Thomas Cook** **Vueling, Thomson & Thomas Cook** **Thomson & Thomas Cook**	 **3 x weekly Summer season** **8 x weekly Summer season** **2 x weekly Summer season**
Canary Islands Gran Canaria Fuerteventura Lanzarote Tenerife	 **Thomson, Thomas Cook** **Thomas Cook** **Thomson, Thomas Cook** **Thomson, Thomas Cook**	 **2 x weekly Winter, 2 x weekly Summer** **1 x weekly Winter, 1 x weekly Summer** **2 x weekly Winter, 2 x weekly Summer** **4 x weekly Winter, 2 x weekly Summer**
Switzerland Zurich	 **Helvetic Airways**	 **3 x weekly year round**
Tunisia Enfidha	 **Thomson, Thomas Cook**	 **1 x weekly Winter, 2 x weekly Summer**
Turkey Antalya Bodrum Dalaman	 **Thomson, Thomas Cook** **Thomson, Thomas Cook** **Thomson, Thomas Cook**	 **2 x weekly Summer season** **2 x weekly Summer season** **5 x weekly Summer season**
UK & Ireland Jersey Newcastle Belfast City Dublin (offers connections to Aer Lingus network) Aberdeen Edinburgh Glasgow Anglesey	 **Flybe** **Eastern Airways** **Flybe** **Aer Lingus** **Eastern Airways** **Flybe** **Flybe** **Manx2.com**	 **4 x weekly Summer Season** **12 x weekly year round** **9 x weekly year round** **13 x weekly year round** **6 x weekly year round** **19 x weekly year round** **12 x weekly year round** **10 x weekly year round**
USA Orlando Sanford	 **Monarch**	 **1 x weekly Summer season**

(Source: Cardiff Airport)

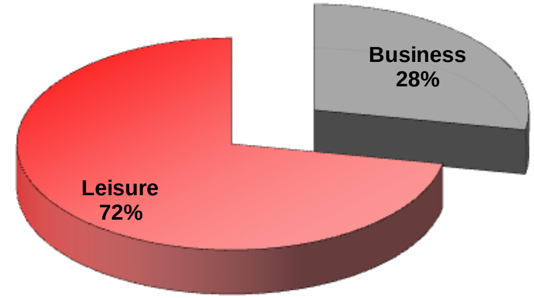
13. 2010 Passenger Traffic profile: journey type, purpose & origin

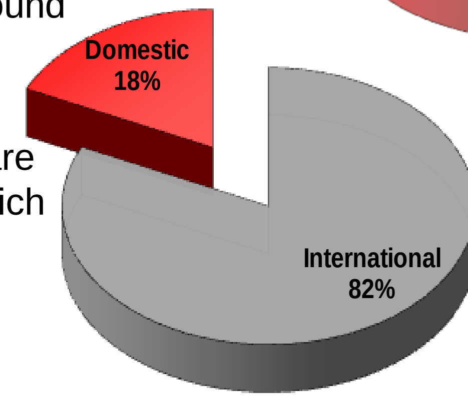
- This shows Cardiff's profile of passengers. It shows 28% of users at Cardiff are travelling for business with 72% travelling for leisure purposes. This is consistent with other regional airports. The majority of the leisure flying is out of Wales but there are inbound flows on Aer Lingus, Flybe, Helvetic and KLM

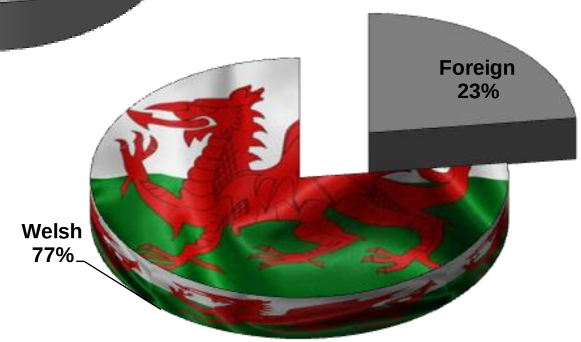
- It can also be seen that only 18% of passengers are flying to / from destinations in the UK a market which is being heavily affected by double APD.

- Of those using Cardiff 77% of them are Welsh originating with 23% from outside Wales over the whole year. However, this is influenced by charter and low cost leisure flying. In winter the proportion of non Welsh users can be as high as 60%

(Source CAA surveys)

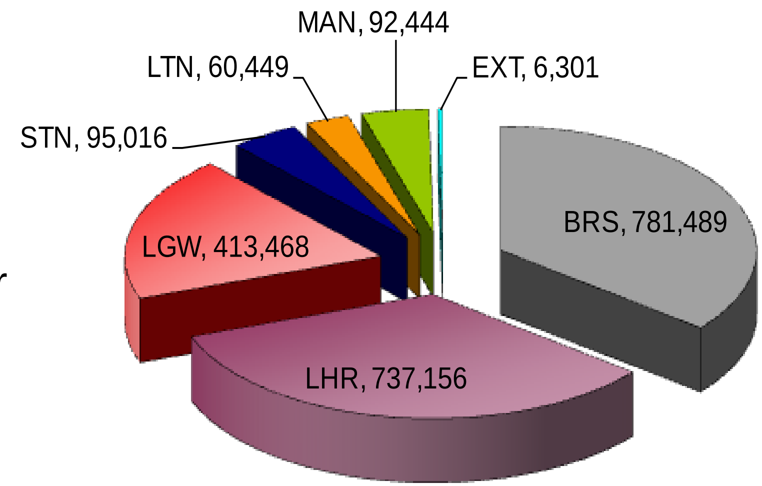






14. Passengers from South Wales using other airports

- **1 in 3 passengers** travelled to a destination that *was already served directly from Cardiff*
- **45%** travelled to a destination that could have used KLM and partners via AMS with a one stop connection
- **64%** travelled more than 3 hours by car to the other airport to make this journey
- *Cardiff's vision remains to reclaim as much of this traffic as possible. By using their local airport the carbon signature for the overall journey is reduced due to the reduction of the surface access component*



(Source: CAA surveys)

15. 2010 CAA survey of leakage to London

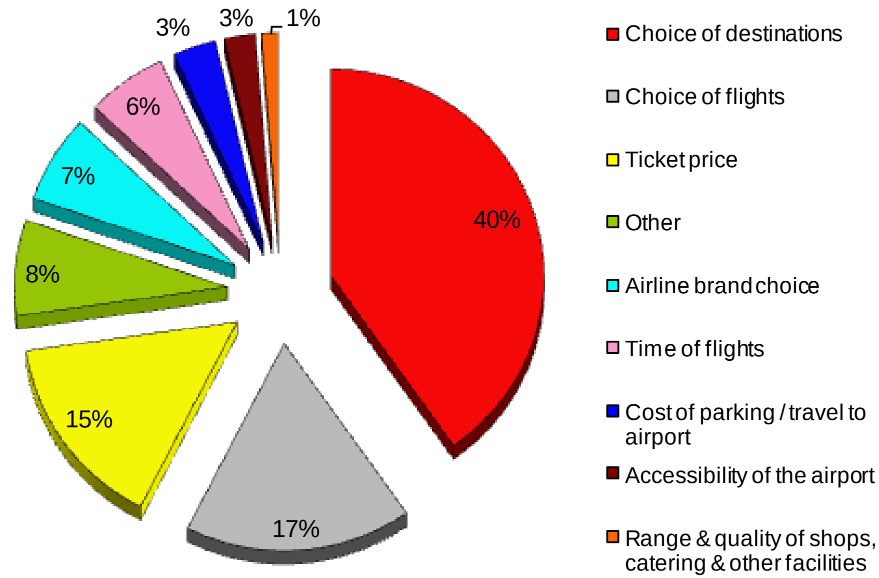
- The table below is indicating the passengers that travelled from London to these countries in 2010 by markets over 10k; who originated their journeys from South Wales (within 60 min drive radius of Cardiff Airport)

United States	**179,662**	**Austria**	**15,911**
Italy	**77,690**	**Malaysia**	**15,033**
Germany	**74,109**	**Denmark**	**14,827**
United Arab Emirates	**69,450**	**Romania**	**14,471**
Spain	**65,149**	**Mexico**	**14,106**
Turkey	**51,393**	**Qatar**	**13,926**
Greece	**50,367**	**Hungary**	**13,755**
Singapore	**44,489**	**South Africa**	**13,460**
France	**40,506**	**Cuba**	**12,852**
Canada	**34,192**	**United Kingdom**	**12,174**
Egypt	**25,994**	**Switzerland**	**12,013**
Australia	**23,525**	**Netherlands**	**11,795**
Russian Federation	**20,746**	**Sri Lanka**	**11,233**
Cyprus	**20,688**	**Jamaica**	**10,931**
India	**18,199**	**China**	**10,866**
Oman	**17,478**	**Portugal & Madeira**	**10,337**
Dominican Republic	**16,276**	**Finland**	**10,259**
Hong Kong	**16,106**	**Gambia**	**10,152**

(Source: CAA surveys)

16. Passenger choice factors

- Reasons for not flying from Cardiff - the biggest inhibitors
- These show the factor that a lack of destinations is the key followed by frequency and ticket price. However, this is often a misconception with destination actually being served, albeit with lower choice of flights and fares than competing offers,
- These are airline issues and show how important it is to support route network development if traffic is to be recovered.
- It is significant that accessibility and quality of facilities account for only 3% of decisions showing that these factors are not critical in determining choice.



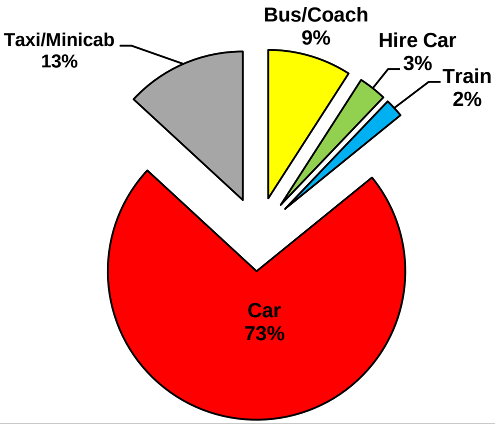
17. Surface Access to Cardiff Airport

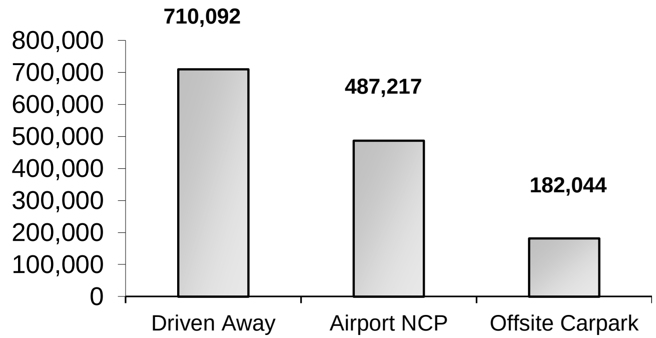
- Passengers access the airport by car and this is not surprising given the strong predominance of Welsh originating passengers and the currently poor frequencies on public transport.

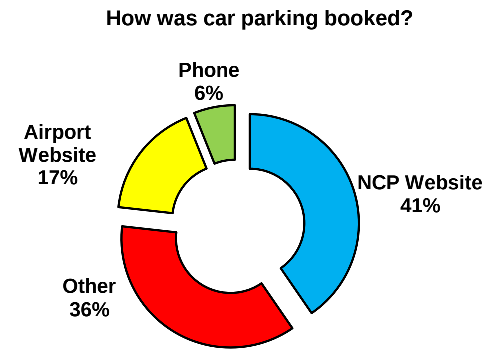
(Source: CAA survey)

- The greatest proportion are dropped off thereby increasing the number of access journeys made per passenger

- Even with a mature and frequent public transport system it is unlikely that access by public transport could be greater than 20%







18. Desired improvements and new routes

- Terminal improvements

No improved facilities required	58%
More shops	5%
Local transport improved	3%
Restaurant improved	3%
Smoking area	3%
Parking improved	2%
Chemist	2%
Childrens play area	2%
Improved refreshments	2%
Internet facility	2%
Toilet improvement	1%
Improved check-in	1%
Cheaper refreshments	1%
Airport access	1%
Spectators gallery	1%
TV lounge	1%

- This shows that the majority of Cardiff's customers believe that no additional facilities of improvements are required

- New destinations
  - New York
  - Sydney
  - Rome
  - Florida unspecified
  - Bodrum
  - Italy unspecified
  - Bridgetown, Barbados
  - Auckland
  - San Francisco
  - Dubai
  - Los Angeles
  - Las Vegas
  - Boston
  - Egypt unspecified
  - Aberdeen
  - Krakow
- This the consumers preferred list of additional destinations.

(Source: CAA surveys)

19. Bmibaby route history

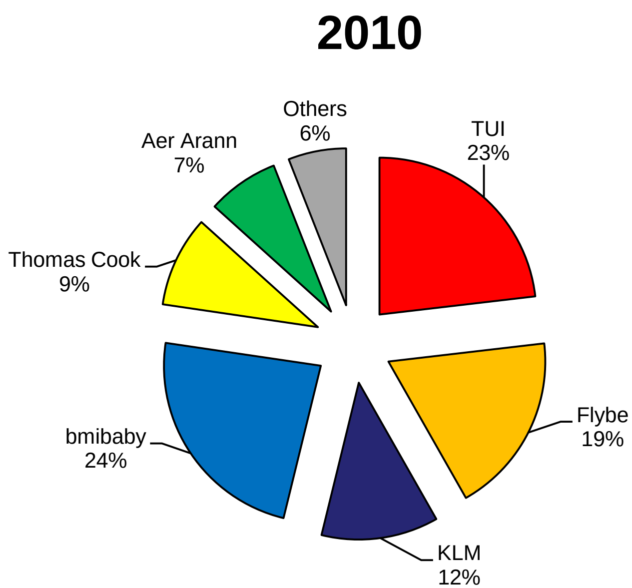
- This table demonstrates the lack of stability on the network caused by bmibaby's failure to maintain fleet size at Cardiff and therefore allow routes to retain frequency and mature
- All of these decisions were unilateral by the airline and were unaffected by the airport charging regime
- This clearly shows how dependent an airport is upon the commitment and credibility of its airline partners   (Source Cardiff Airport)

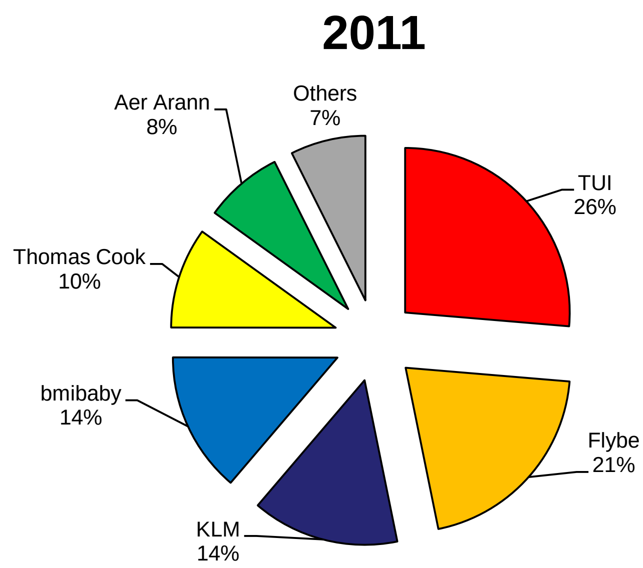
	2002	2003	2004	2005	2006	2007	2008	2009	2010	Details
Alicante	10,127	70,879	77,936	83,347	95,368	86,635	84,346	71,170	64,461	Started Oct 2002
Amsterdam					50,592	48,149	45,171	6,019		Started March 06, ended March 09
Belfast	9,599	66,040	50,615	7,491	57,236	93,274	52,170	48,788	7,146	Started Oct 2002
Bergamo	358	29,487	2,372							Started Dec 02, ended March 04
Cork		3,208	9,477							Started Oct 03, ended March 04
Edinburgh	16,900	123,082	150,382	151,268	155,216	153,053	125,980	110,403	51,088	Started Oct 02, ended March 11
Faro	4,152	7,122		18,526	30,243	33,495	37,457	39,739	34,059	Started Oct 2002.
Geneva	1,104	6,031	5,535	3,746	6,466	7,365	13,791	9,738	6,064	Started Dec 02, ended April 11
Glasgow	12,507	90,207	22,269	107	82,050	76,915	55,963	8,180		Started Oct 02, ended April 29
Ibiza		56				3,540				Operated S07 & S11
Jersey	4,727	40,735	12,658	6,214	6,184	16,075	16,128	17,980	15,169	Started Oct 02, ended March 11
Malaga	8,170	69,658	82,488	84,227	90,547	90,365	85,185	83,285	63,007	Started Oct 2002,
Munich		18,975							2,734	Started March 03, ended Oct 03
Murcia						30,119	31,131	22,296	20,551	Started March 07
Palma		46,540	31,800	48,440	52,123	56,669	60,469	52,737	42,844	Started March 03
Paris		67,273	71,812	13,495						Started March 03, ended Mar 05
Prague		7,093	51,701	52,076	47,679	15,649				Started Oct 03, ended March 07
Toulouse		6,808	8,061							Started April 03, ended Oct 04
Warsaw							20,823	269		Started Feb 08, ended Apr 09
Barcelona							11,998	19,643		Started May 08, ended Oct 09
Gdansk							2,050			Started April 08, ended May 08
Mahon								8,196	9,148	
Total Passengers	**67,644**	**653,194**	**577,106**	**468,937**	**673,704**	**711,303**	**642,662**	**498,443**	**316,271**	**14 ROUTES PREVIOUSLY DROPPED**
Annual Growth		***866%***	***-12%***	***-19%***	***44%***	***6%***	***-10%***	***-22%***	***-37%***	
Routes	***9***	***16***	***13***	***11***	***11***	***13***	***14***	***14***	***11***	

20. Airline Market shares comparison

- This slide shows the impact of the stepped withdrawal of bmibaby's operation at Cardiff. It also demonstrates the importance of KLM particularly as they are the key connection to and from the rest of the world

(Source Cardiff Airport)



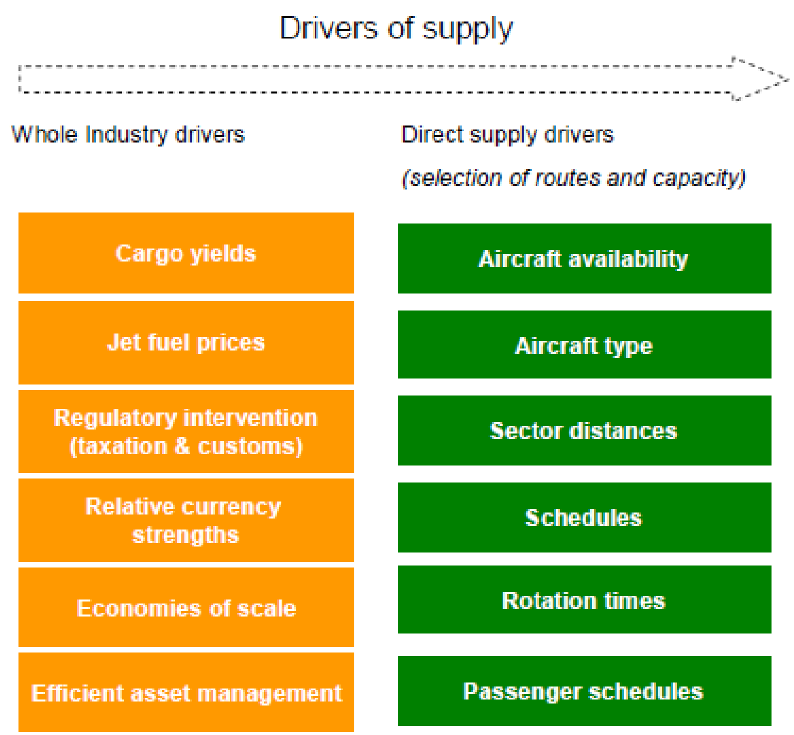


21. Cargo market drivers

- This diagram from the UK DfT report on the cargo market shows the key influences driving the use of air cargo
- The issues of aircraft availability and aircraft type are a key inhibitor of cargo development at Cardiff
- The size of aircraft and routes are detrimental to cargo operations using underbelly on passenger aircraft. This is particularly sensitive given, as shown next, bellyhold carries the majority of cargo uplift

(Source: DfT Steer Davies Gleave report 2010)

FIGURE 1.11 KEY DRIVERS OF SUPPLY

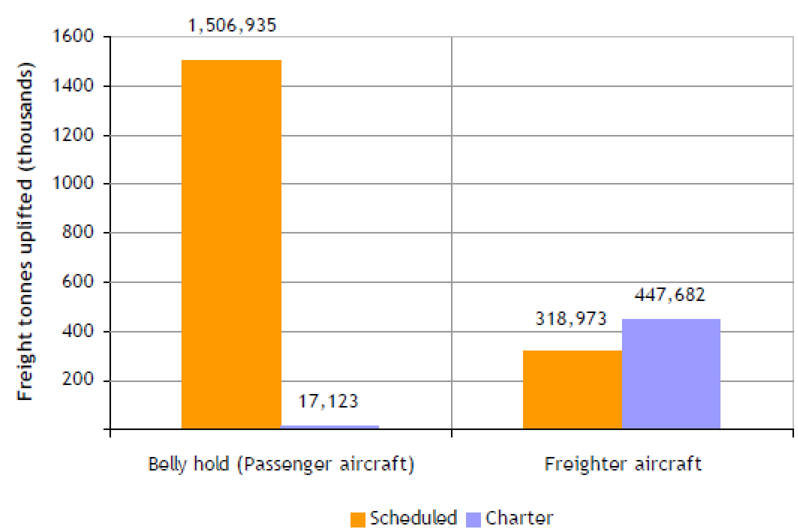


22. Cargo uplift by service type

- This chart shows clearly that the majority of cargo is flown in the holds of passenger aircraft. This requires wide-body configurations which are not normally found at regional airports. Even if Cardiff was to focus on the pure freight market this is dominated by the activities of freight forwarders who are South East focused due to the bellyhold volumes.

- The fast parcels market is mature at present and dominated by East Midlands & Stansted who enjoy population, location and connectivity advantages not enjoyed in Cardiff. TNT left Cardiff in 2008 because they were unable to capture viable levels of traffic *(Source DfT Steer Davies Gleave report 2010)*

FIGURE 3.9 2008 FREIGHT TONNES UPLIFTED BELLYHOLD / DEDICATED FREIGHTER SPLIT



23. Flown cargo by Airport

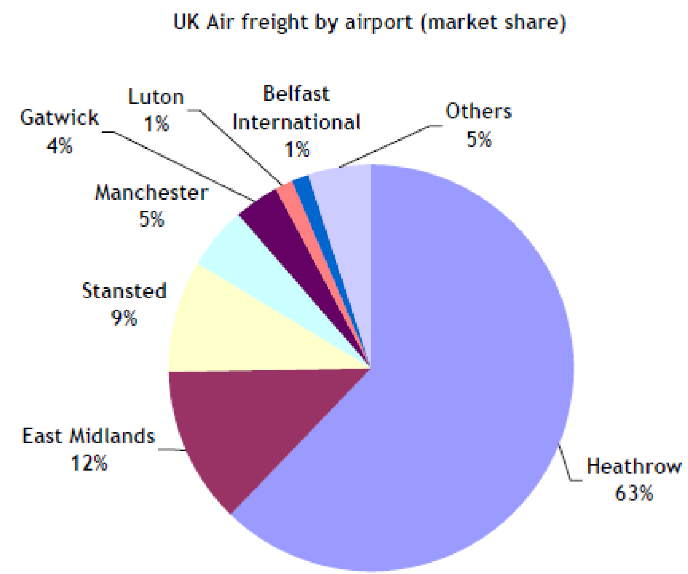
- This figure using CAA data, also taken from the UK DfT report on cargo, demonstrates the dominance of Heathrow because of the long haul, widebody operated network.

- The relatively small showings of Gatwick and Manchester, despite strong strategic focus and investment, confirms the difficulty of penetrating the flown cargo market.

- The East Midlands and Stansted operations are fast parcel hubs which are mature with dedicated infrastructure.

(Source DfT Steer Davies Gleave report 2010)

FIGURE 3.3 2009 UK AIR FREIGHT MARKET SPLIT BY AIRPORT (TONNAGE)



Source: CAA