

GOVERNMENT DEALS FURTHER BLOW TO STANSTED RUNWAY PLANS

Figures contained in last week's Budget Report - and their impact on the Department for Transport (DfT) forecasts for UK air travel demand - show that the gloomier outlook for the UK economy means that a new Stansted runway would not be needed before 2030 at the very earliest.

Alistair Darling's Budget Report last week shows a further deterioration in the growth outlook for the UK economy to 2030 which Stop Stansted Expansion (SSE) calculates reduces the demand forecasts for Stansted to about 42.7 million passengers by 2030, well within the capacity of the existing runway.

When BAA submitted its planning application in March 2008, its demand forecast of 68 million passengers by 2030 was underpinned by the DfT demand forecasts at that time. However, the DfT has since reduced its demand forecasts for Stansted because of the deteriorating economic outlook. Initially the DfT trimmed its 2030 demand forecasts to 55 million passengers and then, in January 2009, announced a further reduction to 46.5million, based on applying the Government's projections for UK economic growth contained in the November 2008 Pre-Budget Report. This further reduction to 42.7 million passengers reflects the difference between the economic projections in the Pre-Budget Report and those published in the actual Budget Report last week.

Moreover, the Government's growth projections for the UK economy are widely regarded as over-optimistic. If the latest IMF projections were to be applied, the 2030 demand forecast for Stansted would be much less than 42.7m passengers.

SSE Economics Adviser, Brian Ross, commented: "These latest Government figures totally pull the rug from under BAA feet and show that it would be a complete waste of time and money for BAA to insist on proceeding with a Public Inquiry when there is no prospect of its project being approved."

Mr Ross continued: "We have the Competition Commission saying that BAA must sell the airport; we have both the main opposition parties pledged to cancel the second runway project; we have Stansted passenger numbers down by more than 20 percent since 2007; and now we have these new forecasts showing that the existing runway can cope with predicted demand for at least the next 20 years. How much more evidence does BAA need before it will accept that its dream of a second runway is dead in the water?"

Mr Ross concluded: "If BAA won't abandon this project, the Government should step in and cancel it for them. In these austere times, this Spanish-owned company should not be allowed to force UK taxpayers and local council taxpayers into incurring totally pointless and wasteful expenditure."

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