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Dear Ms Hawes

Market inquiry into the supply of airport services by BAA within the UK

Glasgow Local Economic Forum is the joint public private body responsible for the development and implementation of Glasgow's economic development strategy, *A Step Change for Glasgow* (see www.glasgoweconomicfacts.com and click on "strategy"). The Forum is broadly based and includes representation from the private sector, Chamber of Commerce, Federation of Small Business, Glasgow City Council, Scottish Enterprise Glasgow as well as the higher and further education sector and the City Marketing Bureau. The subject of the market inquiry into BAA was raised at our previous meeting and it was agreed that as Chair, I should respond on behalf of the Forum.

We have had sight of the submission from Glasgow City Council, and there is no need for me to repeat the detail of the facts in that letter. I would, however, wish to emphasise some specific points.

Our new 10-year economic development strategy (op. cit.) lists International Positioning as one of the strategy's key 'Step Change' themes. A world class airport is clearly pivotal to that element of the strategy. The Forum, therefore, welcomes any research or analysis that might help improve the performance and competitiveness of Glasgow Airport in an international context.

Based on the discussion at our most recent meeting, the consensus is that, at this moment in time, the performance of Glasgow Airport under the ownership of BAA is not a matter for concern. BAA have made improvements to service, reduced charges, and committed themselves to a major investment programme that supports our vision for the future role of the airport in the city and city region economy.

For instance, we understand that Glasgow Airport is in the bottom quartile for published prices, and has in fact reduced prices year-on-year for the last five years. The airport also has an acceptable performance on service quality as measured by the independent ASQ monitor through passenger surveys.

The airport has worked closely and effectively with the City Marketing Bureau on the application of the Route Development Fund, with significant success in attracting new operators and routes. This has made a significant contribution to the growth in passenger traffic, particularly intercontinental traffic, which in turn supports the growth of Glasgow as a major UK tourism and business conference destination.

In addition, BAA has a substantial multi-million pound investment plan in place over the next ten years. From the Forum's perspective, the fact that this is private investment, at no cost to the public sector, is welcome proof of BAA's commitment to planned growth at Glasgow.

There is no doubt in my mind that the recent success of Glasgow Airport has been as a result of the airport's partnership with bodies as diverse as Glasgow City Council, Strathclyde Partnership for Transport, Glasgow City Marketing Bureau, Scottish Enterprise and, albeit at arms length, ourselves.

The Forum's conclusion is that any review that might improve the economic contribution of the airport to the city and city regional economy is to be welcomed. Having said that, it is also of the view that BAA's performance at Glasgow has been strong, and we place significant value on the nature of its engagement with us, and on the quality and certainty of its investment plans. The Forum regards these factors as significant, and it would have concerns over the timing and outcome of any review that introduced any uncertainty into either that relationship, or those plans for future investment.

I look forward to learning the outcome of your market enquiry.

Yours sincerely

John Gallacher
Chairperson
Glasgow Economic Forum