Airbus in the UK Response to the Enterprise and Business committee's inquiry on International Connectivity through Welsh Ports and Airports

Introduction

Airbus welcomes this opportunity to respond to the Enterprise and Business Committee's Inquiry on International Connectivity through Ports and Airports.

This response opens by providing background information on Airbus and on Hawarden Airport. It then addresses some of the specific questions raised in the terms of reference.

About Airbus

Airbus is a global company, the world's leading aircraft manufacturer. In 2011, Airbus achieved a 64% share of the global civil airliner market.

Airbus directly employs over 10,000 highly skilled people in the UK and supports 100,000 further jobs in this country through the company's supply chain and from induced employment. In total, Airbus and its UK supply chain provide supplies and services worth nearly £2 billion annually to the UK economy.

Airbus has two sites in the UK located at Filton, near Bristol, and Broughton, in North Wales. Together, these sites comprise the company's global "Centre of Excellence – Wing and Pylon" and are responsible for the design, manufacture and assembly of the wings of all Airbus aircraft, as well as landing gear and fuel systems integration.

Airbus is a wholly owned subsidiary of EADS, the European Aeronautic Defence and Space company. EADS employs around 116,000 people and has over 70 production sites around the world.
In addition to Airbus, the EADS group of industries includes Eurocopter, the world's largest helicopter supplier, Cassidian, a worldwide leader in security systems, and EADS Astrium, the European leader in space programmes from Ariane to Galileo.

About Airbus in Wales

The Broughton airfield has a long history. In 1935, the Government unveiled the "Shadow Factory Scheme", designed to move vital industries to remote areas in the North of the country. In 1937, the Broughton site was chosen to build a plant capable of producing Wellington bombers, thanks to clear, year round test flying conditions.

This factory was financed by the Government, but was leased to and managed by Vickers- Armstrong.

Since then, the factory has passed successively from Vickers-Armstrong to de Havilland, Hawker Siddeley, British Aerospace, and BAe systems. In 2001, Airbus was formally incorporated into a joint stock company, with BAe Systems owning a 20% share, and EADS owning the further 80%. In 2005 BAe Systems sold its 20% share to EADS and Airbus became a wholly owned subsidiary. Since 1971, over 7000 Airbus wing sets have been produced at Broughton. Broughton also manufactures wings and fuselages for Hawker Beechcraft executive jets.

Today, the Broughton site employs around 6,600 people (permanent and temporary), more than half of whom live in Wales. Its annual salary bill to Welsh resident employees is around £100 million per annum. Airbus provides its employees with secure, long term employment. For example 30% of employees have 15 years or more experience and 10% with 25 years or more experience within the company.

The 700 acre site has seen significant inward investment. Excluding R&D, Airbus has invested over £2 billion into the Broughton site during the last 10 years, to create a state- of- the- art, high tech, innovative and modern facility. The most recent addition to the site is the £400m North Factory that houses the production of wings for the new A350 XWB. The factory was opened in October 2011 by the Prime Minister and First Minister and is now in operation.

A number of key suppliers are based in or near the Airbus site in Broughton. Businesses such as Metal Improvement Company and Hawker Beechcraft all have a manufacturing presence on site. Aerotech, Electroimpact and Gardner both have facilities based on the adjacent business park, which was established with the support of the Welsh Government.

It is estimated that as a result of the supply chain impact, in addition to the 6,600 directly employed Broughton workforce, a further 2000 people are employed by suppliers to Airbus, located on, or in close proximity to the Broughton site.

Thus, Flintshire is recognised by many as the "engine" of the North Wales economy and has established Airbus as a key component of the wider UK economy.

About Hawarden Airport

Hawarden Airport forms an integral part of the 700 acre Airbus site. The site is owned by BAE systems, which has a long term lease with Airbus in the UK. Hawarden is the third largest airport in Wales. Its 2043m runway length puts it in the medium category of airfields, with around 19,000 movements in 2011. The airfield has its own Air Traffic Control Tower on site providing a service for the airfield including radar service. A new primary radar was recently installed at Hawarden aerodrome to replace an older model.

Airbus' primary use for the airfield is transportation of its products to its final assembly lines (FAL's) in Toulouse and Hamburg. Airbus has developed its own transportation system to airlift the large, pre-assembled sections of its jetliners from their production locations to the final assembly lines in Toulouse and Hamburg. This service is performed by a fleet of five A300-600ST Super Transporters', commonly called 'Beluga' due to their resemblance to the whale of the same name.

In 2011 Broughton started manufacturing the carbon- fibre composite wings for Airbus' new A350 XWB aircraft. The Beluga fleet is being used to import panels for the A350 wings from Stade in Germany and

Illescas in Spain. This is the first time the Beluga has been used to bring products in to Broughton, and means there will be a significant increase in Beluga movements as production of the A350 increases.

As well as moving Airbus wings, the airport is also currently used to transport Airbus staff between Broughton, Filton in Bristol and Airbus headquarters in Toulouse. The service is provided by BMI Regional and flies 2-3 times daily during the working week.

This arrangement will change at the end of 2012 due to the closure of the airfield at Filton, which is also owned by BAE Systems. The decision by BAE to close the airfield means Airbus is currently looking into viable alternatives for transporting its staff to and from Filton.

Private jet company Hawker Beechcraft is also based at Hawarden Airport. Airbus is responsible for manufacturing the wings and fuselage of Hawker Beechcraft jets. Hawker Beechcraft provide an upgrade, maintenance and repair service at Hawarden airport employing around 300 people.

The Aviation Park Group is located at Hawarden Airport and operates through Chester Handling Services and Hawarden Air Services. They provide dedicated handling, refueling and storage services for corporate and VIP passenger jets. The discreet location of the airport makes it attractive to dignitaries and provides them with a quick transport route to North Wales. The services are used by a wide variety of VIPs and businesses.

Also located at Hawarden Airport are Airbus' sister company Eurocopter, Raytheon Aircraft Systems ltd, Flintshire Flying School, North Wales Military Aviation Services, Cheshire Police and aquatic science consultancy APGM.

Of the 19,000 aircraft movements at the airfield last year the Beluga fleet accounted for 3%, Hawker Beechcraft for 24% and the remaining services 73%.

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

Hawarden Airport

Hawarden Airport is integral to the economy in North Wales, with a variety of businesses relying on it for their operations.

Airbus is one of the largest employers in North Wales, providing long- term highly skilled jobs. 6,600 people are employed at Airbus' Broughton plant, and Airbus pays £100 million annually in salary to Welsh residents. Airbus spends almost £121 million annually through its' Welsh supply chain. The airfield is essential to Airbus' operations in Wales.

Airbus principally uses the airport to transport completed wings to assembly lines in Toulouse and Hamburg, via a fleet of 5 specially designed "Beluga" aircraft, A300-600 planes that have been modified with a large cargo area so as to enable transportation of completed wings and parts of fuselage.

With the beginning of production of the A350 XWB product the Beluga fleet is for the first time being used to bring wing covers in to the site as well as flying finished products out. Composite wing covers will be flown into Broughton from Stade in Germany and Illescas in Spain.

The deliveries of various wing sets from Broughton take place daily, with up to 3 Belugas taking off and landing each day. Each of the 5 Belugas in the fleet currently flies 5000 hours a year. Due to the increased production rates a new project Fly 10000 will start implementing a programme of 10000 hours of flying per aircraft per year. Broughton is planning significant investment to improve efficiency and turnaround time. To reduce the effects of weather conditions on the loading process, a new Beluga

integrated line station will be built by 2014 where loading will take place inside a purpose built hangar. This will ensure a 'just in time' programme for the deliveries of various aircraft components to the FAL.

As Airbus is a global company, there is a competitive element internationally when deciding on the location of new production lines. Shipping to Final Assembly Lines is of paramount importance to Airbus, as delays in assembly and shipping will in turn delay the delivery of Airbus aircraft to customers. Delay to the manufacturing process cannot be accepted by Airbus. Products are developed along 20 to 25 year project programmes, with considerable investment made for each new product line including substantial factory refurbishment or development. Any uncertainty regarding the long term deliverability of its products would be an unnecessary detractor when Airbus takes future investment decisions.

Port of Mostyn

The Port of Mostyn is a privately owned port located on the Dee Estuary. The port is essential to Airbus' A380 programme in Wales.

Airbus began producing the A380 "superjumbo" airliner in 2003. Due to the size of the wings, which are over 39m in length, it is not possible to fly them to the Final Assembly Line via Beluga, so a unique system of transportation was introduced. Wings travel by road to a load out facility in the River Dee, where they are transported 26km by barge to the port of Mostyn. A purpose- built rivercraft berth has been built at the port to accommodate the specially designed ferry that transports the wings to France. Wings take between two and three hours to travel down the River Dee and around five days to travel from Mostyn to Bordeaux on the '*Ville de Bordeaux*'.

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?

Hawarden Airport is not currently operating at full capacity; there is potential for growth. Airbus is supportive of the idea of establishing new routes from the airport increasing access to North Wales and the North West of England, thereby creating opportunities for growth and strengthening the regional economy. With residential areas nearby, Airbus is ever mindful of environmental considerations and of its neighbours when considering developments.