



OXFORD
ECONOMICS

The impact of UK connectivity options on Jersey's economy

Final report

April 2022





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Executive summary

Introduction

- Ports of Jersey is currently considering providing financial support to British Airways (“BA”) to allow the continuation of the BA link between Jersey and Heathrow.
- The BA Jersey-Heathrow connection is being considered alongside BA alternatively choosing to replace that service with a new low-cost airline model (separately branded) between Jersey and Gatwick and the potential risk of losing a BA service between Jersey and London altogether.
- Ports of Jersey require an appraisal of these options to support their decision-making process. For each option, in this report, we examine:
 - **The impact of business travel supported by each route option on total factor productivity and by extension GDP.** The change in productivity is compared to a counterfactual where we assume business travel grows inline with pre-pandemic trends.
 - **The level of aviation-facilitated tourism each option will support.** This includes quantification of the direct, indirect and induced impacts.¹

1. Tourism economic impact results for the Heathrow and Gatwick route options are presented on a gross basis. They therefore ignore any displacement of activity from other airlines. Our analysis estimates the actual economic footprint of each option in a given year, but does not estimate the extent to which these two options might affect the size of overall tourism economy in Jersey.

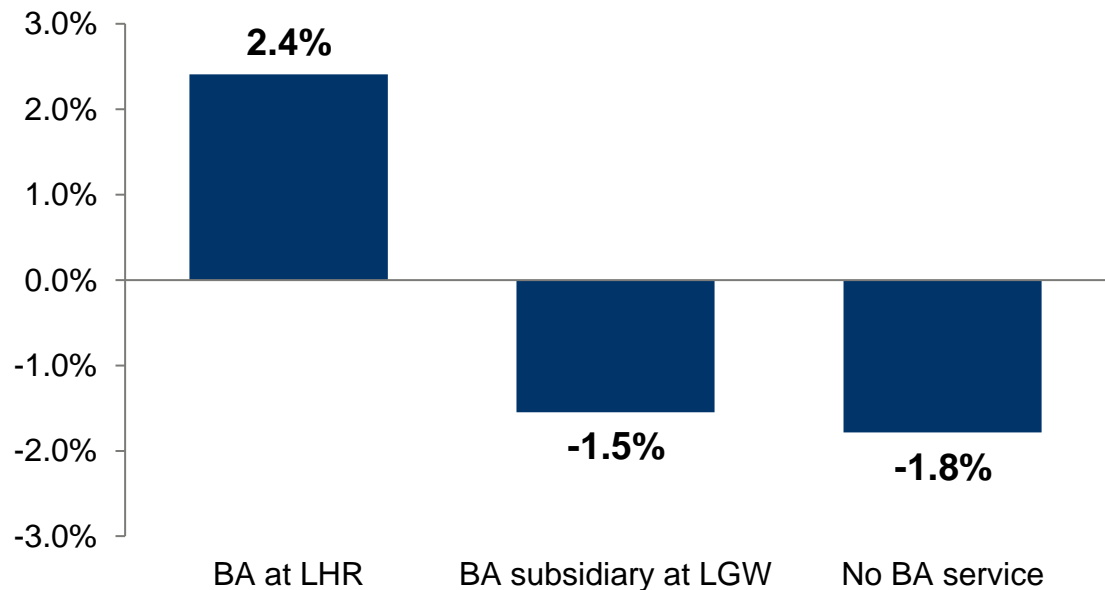
The strength of onward connections from Heathrow will support business travel growth and boost productivity in Jersey, equivalent to £123 million in GDP by 2025



Alternatively, if BA run a low cost subsidiary from Gatwick, business travel growth would slow over the medium term, reducing Jersey’s potential GDP output in 2025 by £79 million. If BA choose to run no service to Jersey over the medium term GDP could be £91 million lower in Jersey in 2025 than it otherwise would have been.

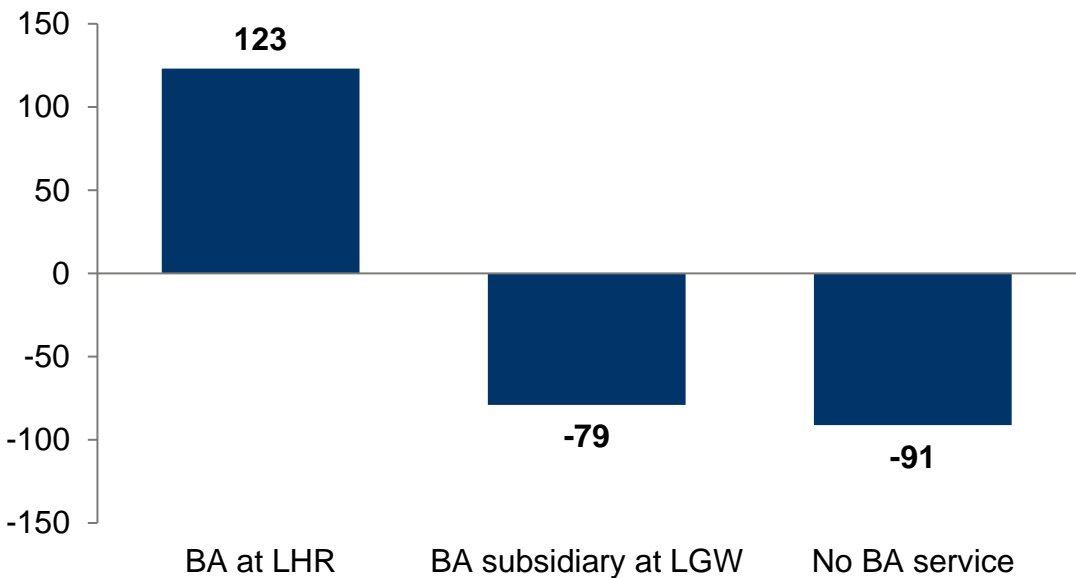
Route impact on the overall economy in 2025, relative to counterfactual

% change in GDP compared to the counterfactual



Source: Oxford Economics

Change in GDP compared to the counterfactual, £ millions, 2021 prices



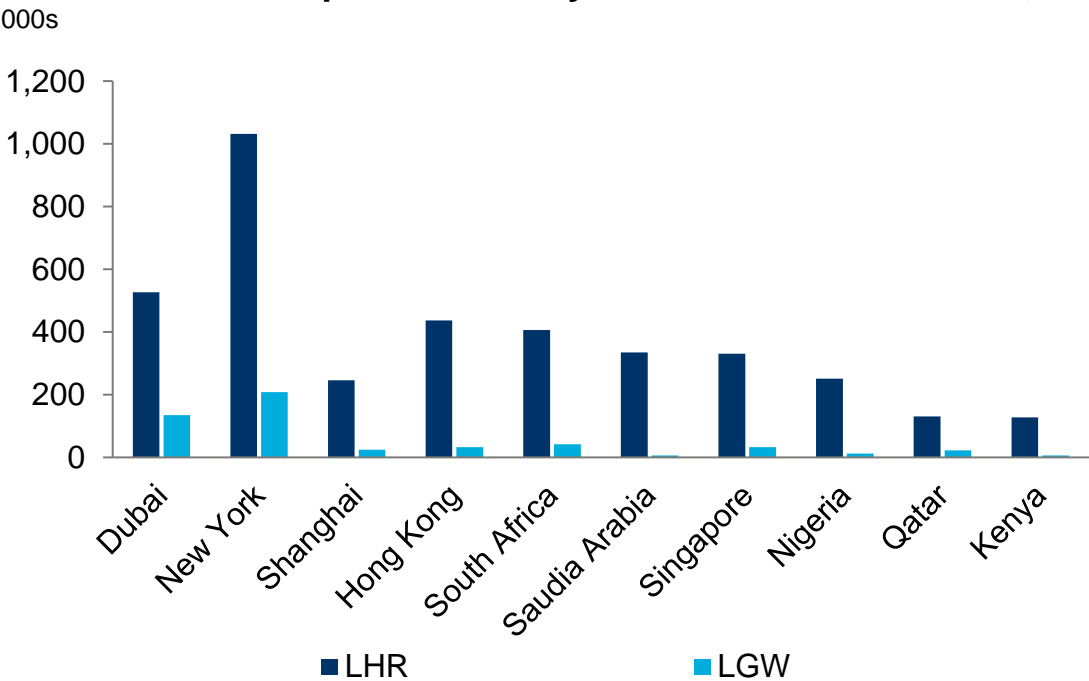
Source: Oxford Economics

Heathrow is better connected to the key growth markets of Jersey's financial sector



- Heathrow offers the air connectivity that Jersey's financial sector requires. It offers strong connections to a broad range of long-haul business destinations as well as a high frequency of flights to major cities on every continent. Moreover, it provides proximity and ease of access to London, which is key to the sector.
- Good connectivity into Heathrow is a unique selling point for high-net-worth individuals and businesses who are thinking of locating in Jersey, and is also essential for individuals and businesses who are already based on the island. Often these groups have a global footprint and need to be able to travel to different parts of the world easily. Heathrow facilitates this much more than Gatwick.

Estimated total departures to key financial sector markets, 20

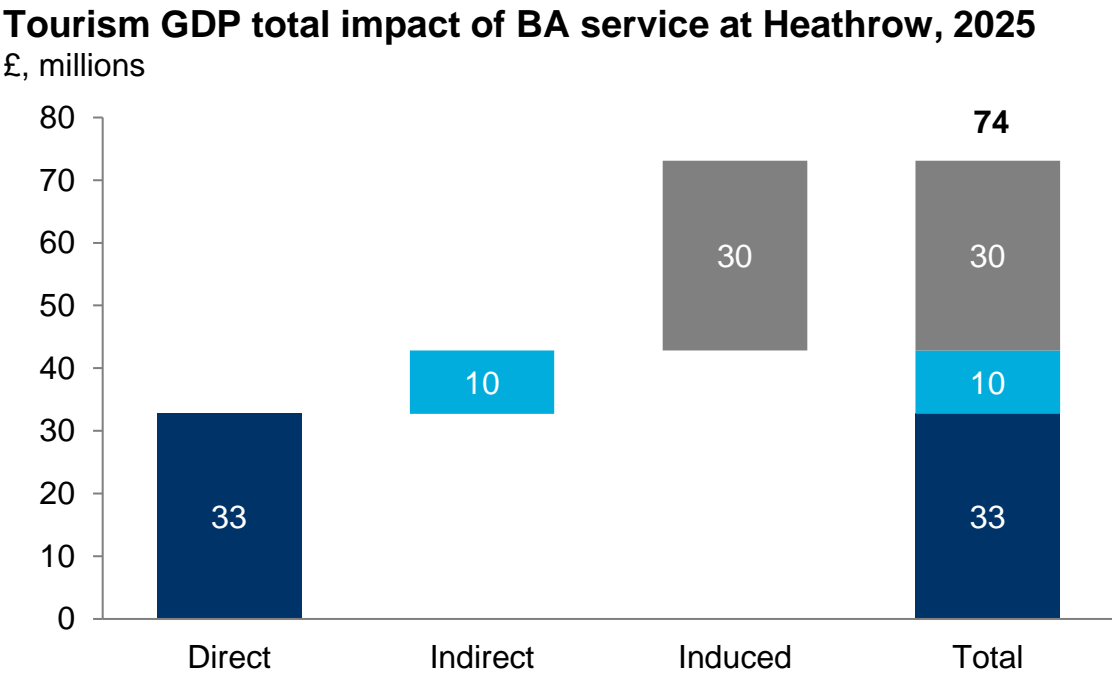


Source: Oxford Economics, OAG

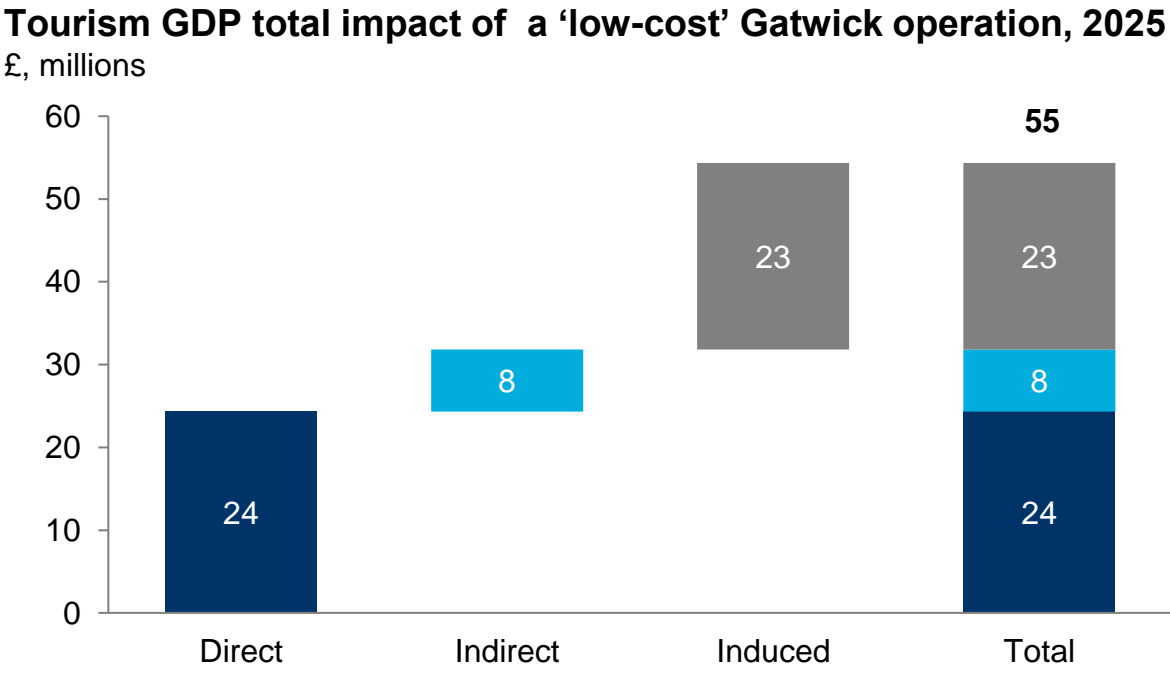
By 2025 air arrivals facilitated by BA at Heathrow will support a tourism GDP impact of £74 million and 1,200 jobs in Jersey.



Alternatively running a low cost subsidiary from Gatwick would reduce the economic impact to £55 million. A no BA operation could equate to notable levels of lost visitor spending and a diminished economic impact.



Source: Oxford Economics



Source: Oxford Economics

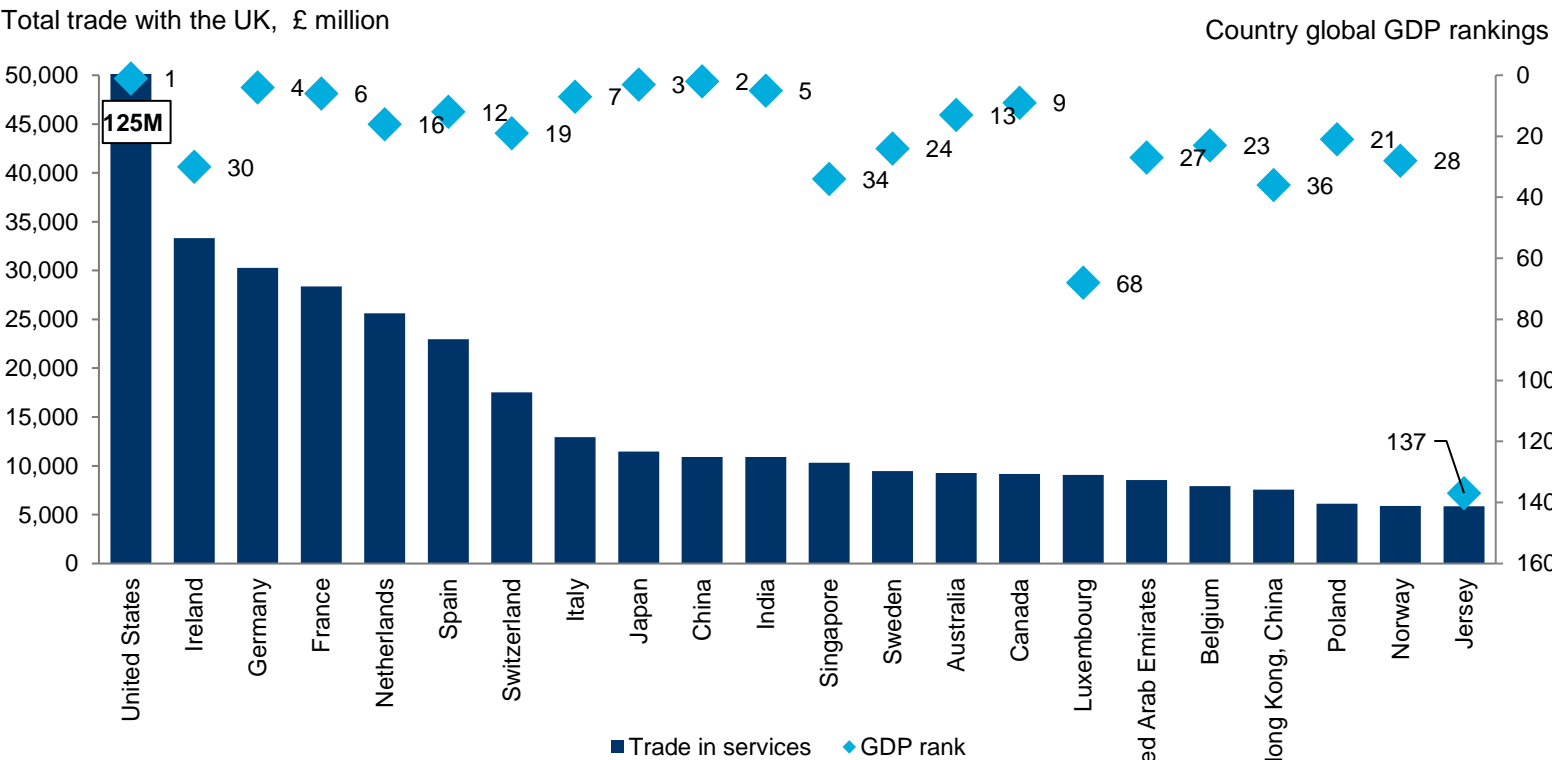
A stylized graphic of a globe with a grid of latitude and longitude lines, rendered in a lighter blue shade against the dark blue background. It is positioned on the left side of the slide, partially overlapping the white text box.

The impact on trade, investment and productivity in Jersey

Services exports to the UK make a significant contribution to Jersey's GDP

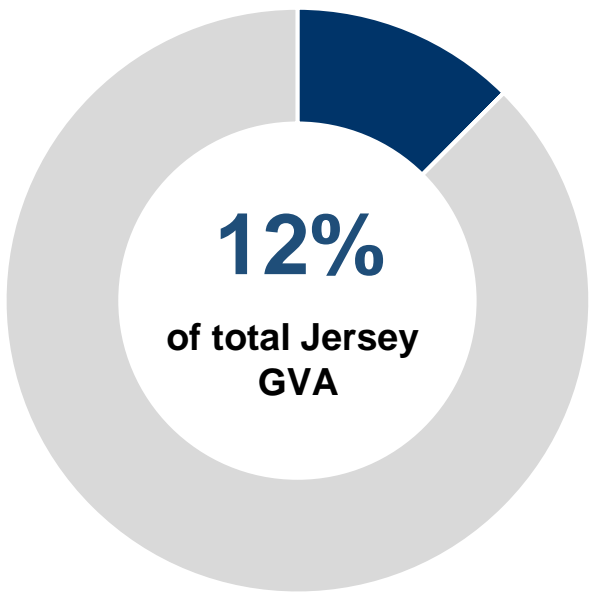
- Jersey was the UK's 25th largest trading partner for services in 2019 – trade levels are high given the relative global economic importance of Jersey.

Total services trade (exports plus imports) for the UK's top 25 trading partners, 2019



The importance of UK exports to Jersey's economy

Net UK services exports as a share of total economy, 2019

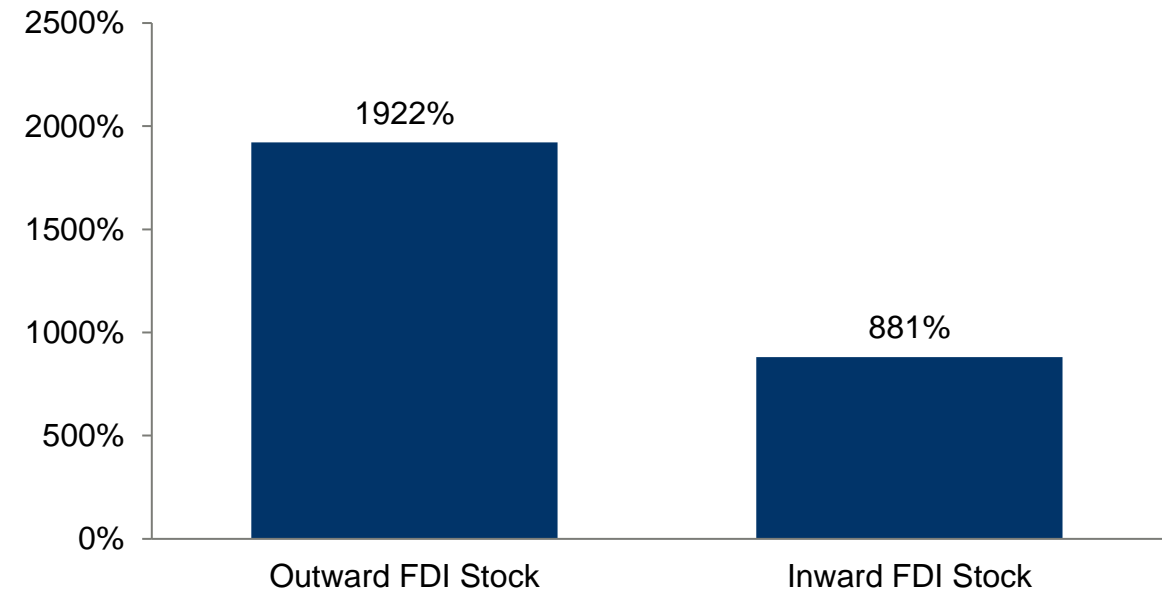


A strong air connection to London is essential for doing business in the UK

- FDI stock levels, along with high levels of trade, indicate there are stable and long-standing links between Jersey and the UK.
- To maintain these linkages regular flights into London are required. These will facilitate board meetings, supply chain services, client engagements, business development etc.
- **Stakeholder feedback suggests that the removal of a BA option into London altogether would have a significant impact on the growth of key sectors in Jersey.²**
- **Moreover, given a choice between flying into Heathrow or Gatwick, Heathrow would be the strongly preferred option.**

FDI between Jersey and the UK, 2019

FDI stock outward / inward, % of Jersey GDP



Source: Oxford Economics, ONS, Statistics Jersey

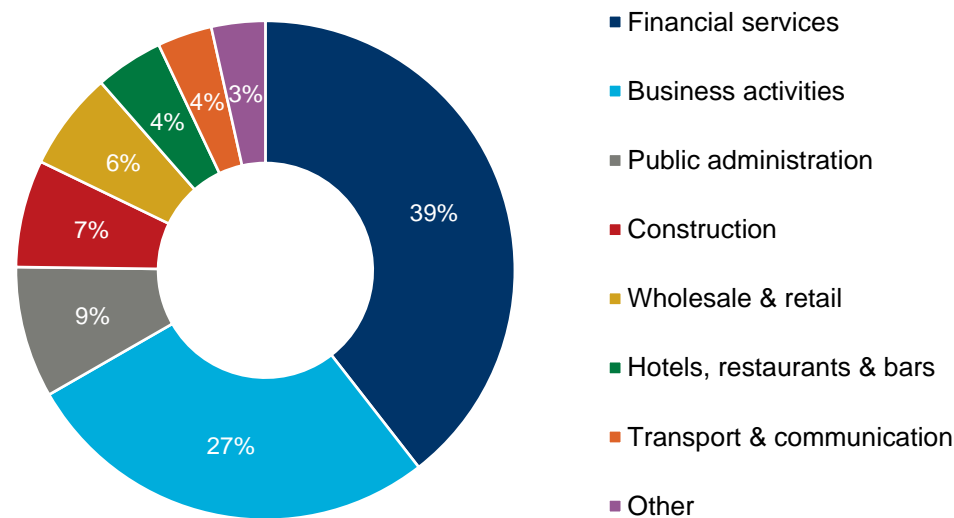
*The [OECD](#) defines FDI stocks as the total level of direct investment at a given point in time. The outward FDI stock is the value of the resident investors' equity in and net loans to enterprises in foreign economies. The inward FDI stock is the value of foreign investors' equity in and net loans to enterprises resident in the reporting economy. FDI intensity ratios (such as FDI as a share of GDP) provide one means for assessing investment integration within the between economies (source [Eurostat](#)). Jersey stock levels (as a share of GDP) are very high compared to most other European jurisdictions and are comparable to those found in Luxembourg.

Stakeholder feedback suggests that a high frequency of BA flights into Heathrow is important for business operations in Jersey, particularly for the finance sector

- In addition to BA having the reputation of being a business airline, Heathrow also provides a quicker route into the centre of London, compared to Gatwick. The financial sector accounts for around 40% of Jersey’s GDP and private wealth management is an important component of the sector’s output. A large cohort of private and corporate clients are located in the UK. Continued access to these individuals is essential to protect and grow the sector going forward.

Sectoral composition of GDP in Jersey, 2019

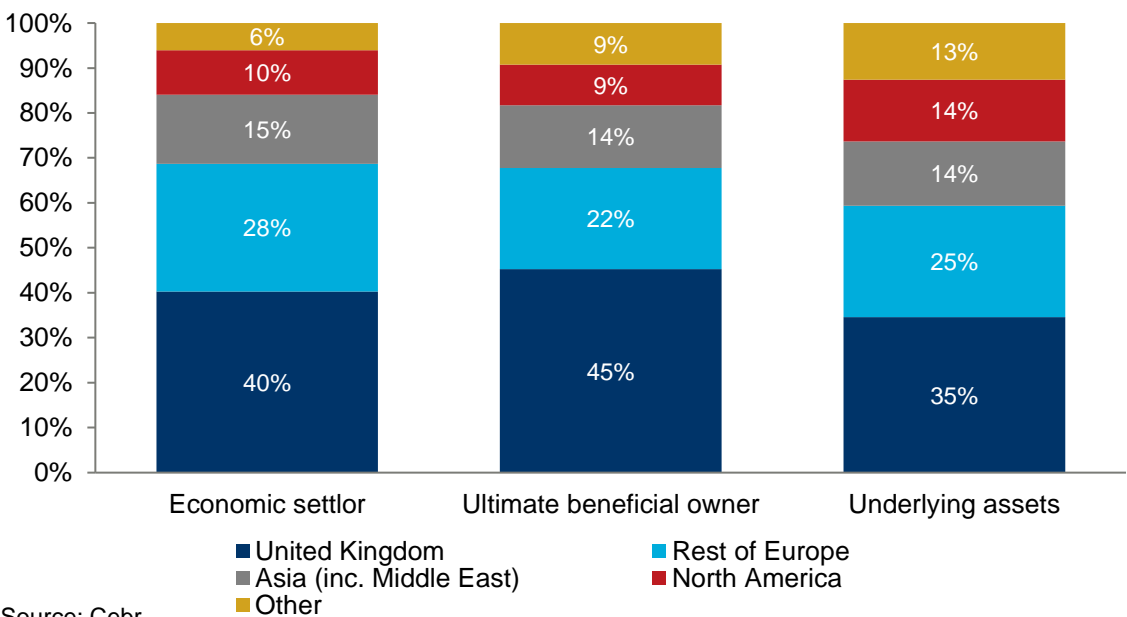
Share of total GDP



Source: Oxford Economics, Statistics Jersey

Location of assets of Jersey trusts and other asset holding vehicles, 2019

Share of total assets



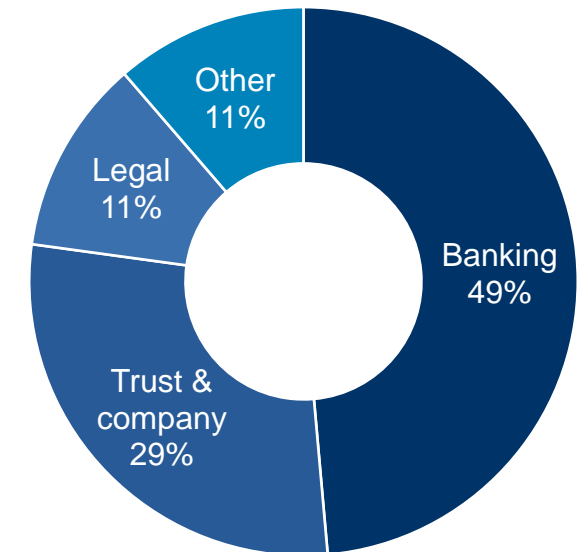
Source: Cebr

BA's reputation as a global airline is preferred by business travellers who do business with Jersey

- Good connectivity into Heathrow is a unique selling point for high-net-worth individuals and businesses who are thinking of locating in Jersey, and is also essential for individuals and businesses who are already based on the island. Often these groups have a global footprint and need to be able to travel to different parts of the world easily. Heathrow facilitates this much more than Gatwick.
- The banking industry is the key component of Jersey's financial services sector. The primary function of banking in Jersey is deposit-taking, although they also provide a range of other services including multi-currency banking, offshore mortgages and investment solutions. High-net-worth individuals who have chosen to reside in Jersey are an important client segment of Jersey banks.
- Expanding the connectivity of these individuals to their business interests around the world will help maintain Jersey as an attractive place to reside and is a key selling point for other high-net-worth individuals who are considering relocating to the island.

GVA of finance sub-sectors, 2018

Share of sector GVA

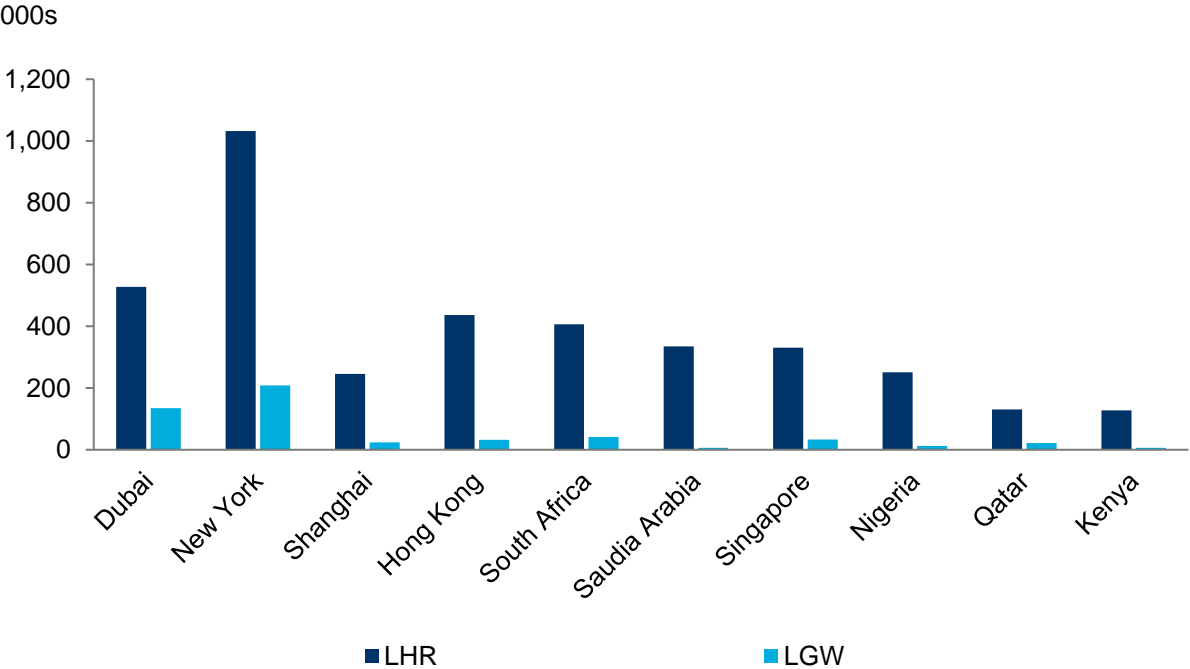


Source: Oxford Economics, Statistics Jersey

Heathrow is better connected to key growth markets of Jersey's financial sector

- A connection to Heathrow is the preferred option for the finance sector due to the wide range of markets the sector currently operates in. Jersey offers wealth management services to customers across the globe including in Dubai, Saudi Arabia, South Africa, Qatar, the US (New York in particular), Hong Kong, Shanghai, Singapore, Kenya and Nigeria.
- Estimated departures to these markets indicates that Heathrow sustains much higher levels of connectivity into these countries/cities when compared to Gatwick.
- Moreover, the current scheduling to Heathrow from Jersey is more convenient for making onward connections. Connecting at Heathrow after flying into Gatwick from Jersey was not always seen as a viable option due to the additional time it adds to a journey.

Estimated total departures to key financial sector markets, 2019

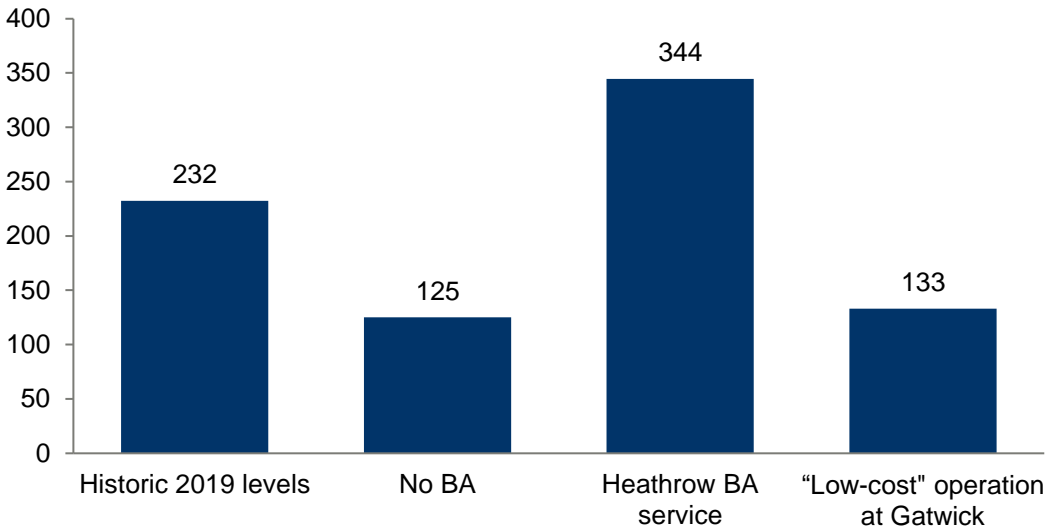


Source: Oxford Economics, OAG

BA services from Heathrow add a significant boost to Jersey's connectivity

- The connectivity of an aviation network is the degree to which it connects a country with the rest of the world economy. We measure this for Jersey using an Air Connectivity Index. This quantifies how easy it is for passengers to reach other economic centres from a particular airport, city or country. The chart to the right considers the impact on connectivity of different options for Jersey and its services with BA in 2025.
- The boost Heathrow adds to Jersey's connectivity is due to its strong connections to a broad range of emerging long-haul business destinations as well as a high frequency of flights to major cities on every continent, making it the only global business connector amongst London airports.³

Jersey absolute air connectivity scores, BA options analysis, 2025



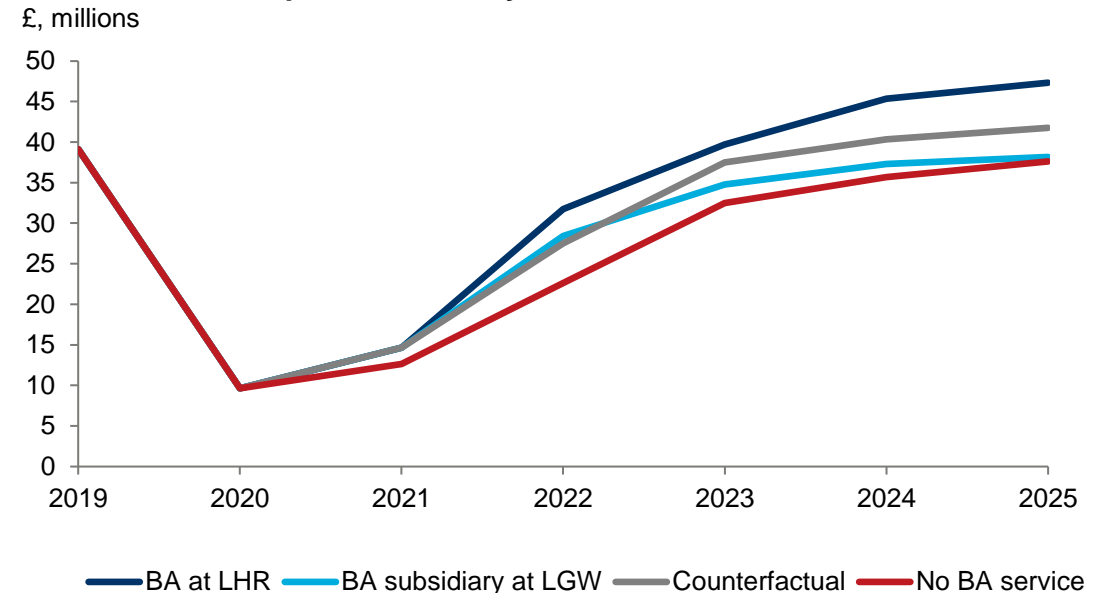
Source: Oxford Economics

3: Source: York Aviation "Aviation Service and the City 2011 update"

Alternative route options have a varying impact on business travel activity in Jersey

- In collaboration with Ports of Jersey, we have produced a set of projections for business travel spend in Jersey for each of the route options considered in this report.
- These forecasts have been compared to a counterfactual scenario which projects business travel spend under the assumption that air connectivity recovers to 2019 levels by 2024 and continues to grow at pre-pandemic trends over the medium term – this includes an assumption for the continuation of the previous activities of BA at Gatwick.

Business travel spend for Jersey



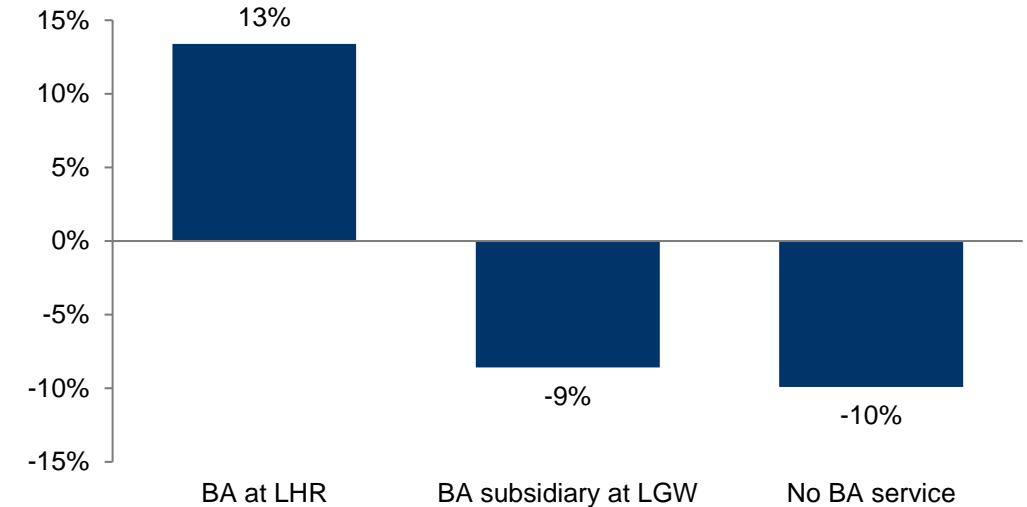
Source: Oxford Economics, Ports of Jersey

**Spend figures include arrivals to Jersey and departing residents. The modelling framework for this exercise was based on previous modelling work, carried out by Oxford Economics, on the travel outlook for Jersey from 2019 to 2030. The volume of business travel supported by each route option was provided by Ports of Jersey. Counterfactual business travel levels were based on a combination of historic route analysis, detailed travel by purpose and mode of travel data and input from Ports of Jersey.*

We estimate that business travel spend in Jersey will grow significantly with a Jersey-Heathrow connection

- The maintenance and enhancement of a BA London Heathrow connection to Jersey would increase business travel activity 13% by 2025, over and above counterfactual levels.
- If BA decide to run a low cost subsidiary from Gatwick, business travel would be 9% lower, relative to the counterfactual. Under a no BA scenario business spend would be 10% lower than counterfactual levels by 2025.

Business travel spend in 2025, relative to counterfactual
% change compared to the counterfactual



Source: Oxford Economics, Ports of Jersey

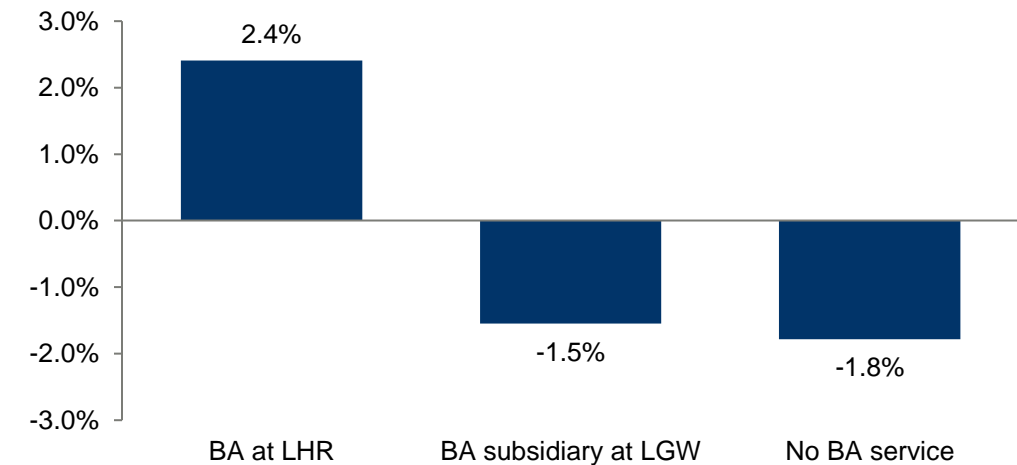
Business travel supports company performance in four distinct but interconnected ways

- **Growing new sales**—survey evidence indicates a higher rate of sales from in-person meetings.
- **Helping to keep customers**—business travel has been found to be a key contributing factor in helping firms hold onto clients and prevent switching.
- **Fostering partnerships**—business travel is seen as a key enabler to developing co-operative relationships between firms which are integral to company performance.
- **Enhancing innovation and developing human capital**—previous surveys have found business travel to be an important component in innovation which adds to productivity and efficiency.

Business travel and broader economic activity are highly correlated

- Previous research by Oxford Economics has been able to determine and quantify the causality of business travel and broader economic activity to estimate the return on investment in business travel on the wider economy.⁴
- We considered the relationship between business travel intensity and total factor productivity and by extension the impact business travel has on GDP, sales and profits.
- These studies produced estimates for the impact increases business travel spend has on GDP levels. To understand the impact of increased business travel spending in Jersey we have constructed a ratio using these studies to estimate the average incremental increase in GDP from an increase in business travel spending.
- These ratios were then combined with the GDP outlook presented in the Jersey Fiscal Policy Panel report (November 2021) to develop a set of GDP forecasts for each route option and the counterfactual scenario.

Business travel impact in 2025, relative to counterfactual
% change in GDP compared to the counterfactual



Source: Oxford Economics

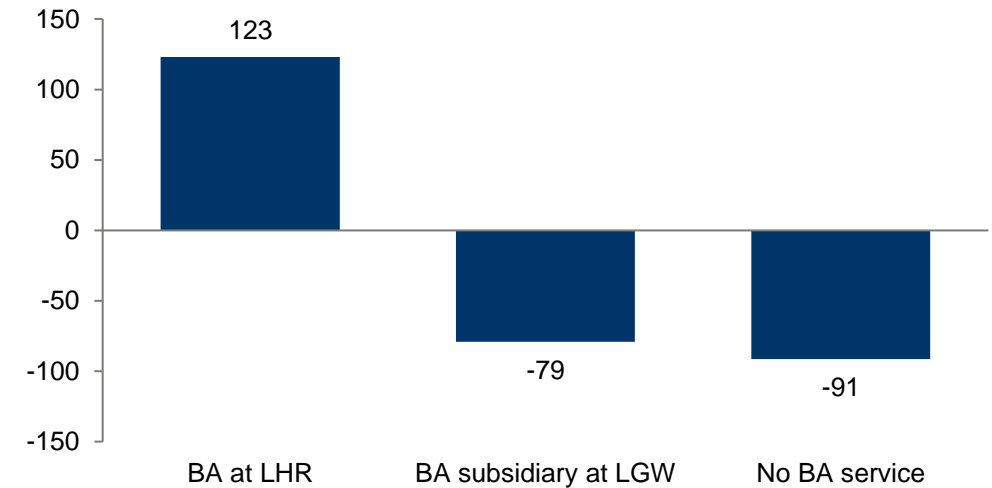
4. Research was carried out for the EU, UK and the US, please see appendix for further details.

The BA Heathrow-Jersey connection has a positive incremental impact on Jersey GDP

- Our analysis indicates that the level of business travel activity supported by the BA Heathrow-Jersey connection would increase GDP in Jersey by 2.4% over the medium term, equating to an £123 million (2021 prices) increase in GDP by 2025, compared to counterfactual levels.
- Under a scenario where BA run a low cost subsidiary from Gatwick GDP in Jersey will be 1.5% lower than our counterfactual in 2025, amounting to a 79 million loss in GDP.
- If BA choose to run no service to Jersey the subsequent drop in business visits, compared to counterfactual levels, could reduce GDP by 1.8% by 2025.

Business travel impact in 2025, relative to counterfactual

Change in GDP compared to the counterfactual, £ millions, 2021 prices



Source: Oxford Economics

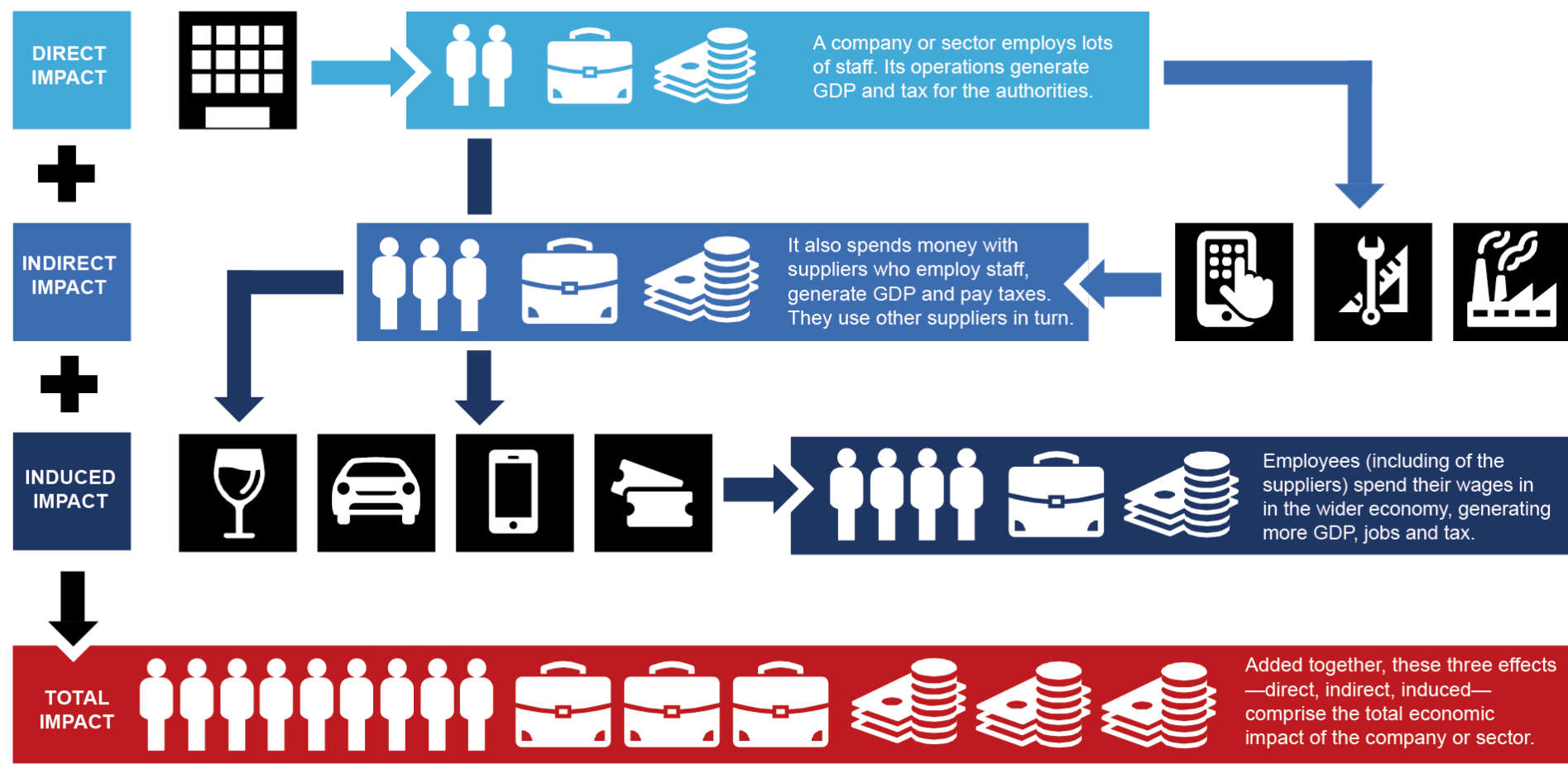
A stylized graphic of a globe with a grid of latitude and longitude lines, rendered in a lighter blue shade against the dark blue background. It is positioned on the left side of the slide, partially overlapping the white text box.

The impact on aviation-facilitated tourism

Overview

- By enabling people to travel between countries, aviation plays a key role in facilitating international tourism. International visitors arriving by air will spend money in Jersey, generating economic activity and contributing to GDP and employment.
- We have assessed the economic impact of tourism activity that would likely be supported by the Heathrow and Gatwick route options. The first step in this assessment was to quantify the level of visitor spend supported by each route. This is a key measure of value from travel demand, but additional calculation was required to understand the impact of activity on GDP and employment. The impacts generated by air passengers were calculated in line with Tourism Satellite Account analysis completed on behalf of Visit Jersey.
- Total economic impacts were also calculated to produce a comprehensive view of the importance of tourism spending by air passengers. The indirect and induced impacts of final demand were estimated from Input-Output table multipliers. These impacts are in addition to the direct value added to characteristic tourism industries, and include an understanding of import leakages.
- Our analysis was considered within the context of overall tourism demand from London and its surrounding area as well as the level outbound capacity that London based carriers are likely to provide to Jersey. The final step of this analysis was to consider what would likely happen to outbound capacity to London if there was no BA service between Jersey and London and what would the consequence of this change in capacity be for tourism spending in Jersey.

Schematic of tourism contribution to Jersey's economy

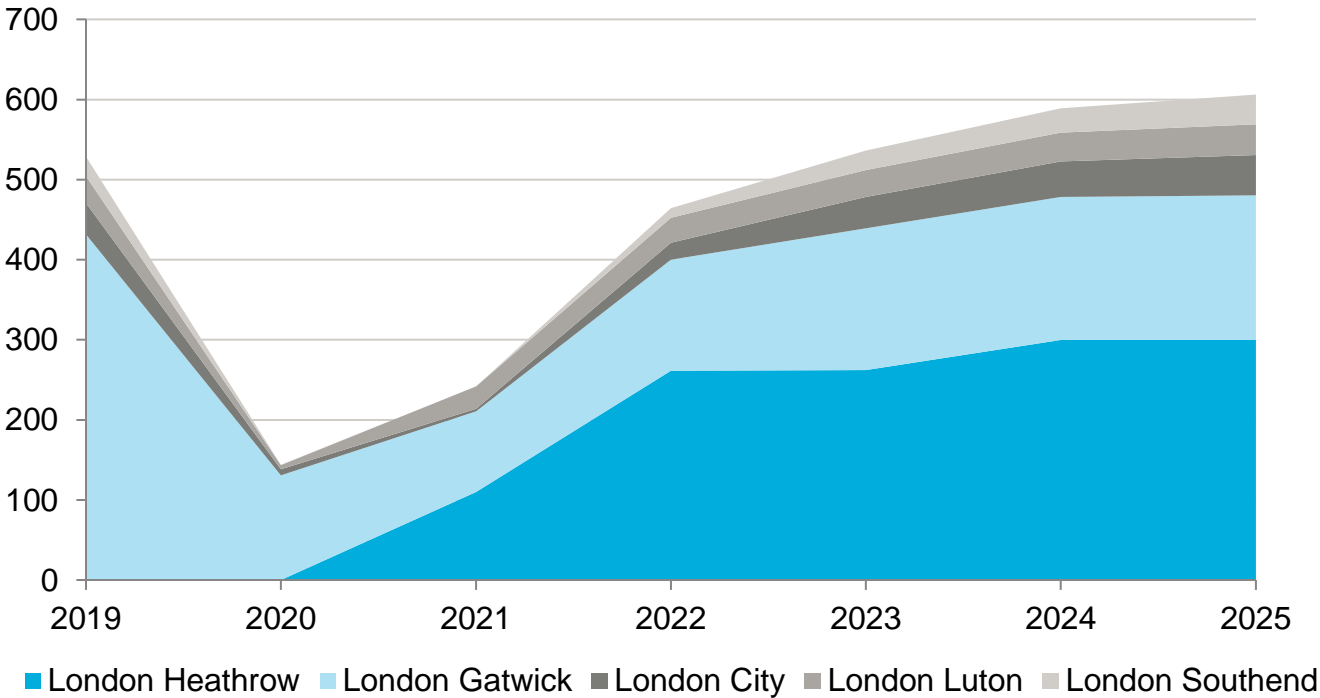


London outbound passenger capacity under the BA Heathrow service option should reach just over 600,000 by 2025

- By 2025, the BA service to Heathrow will account for 49% of all available seats to London.

London capacity under the Heathrow BA service option

Jersey outbound pax capacity (000s)



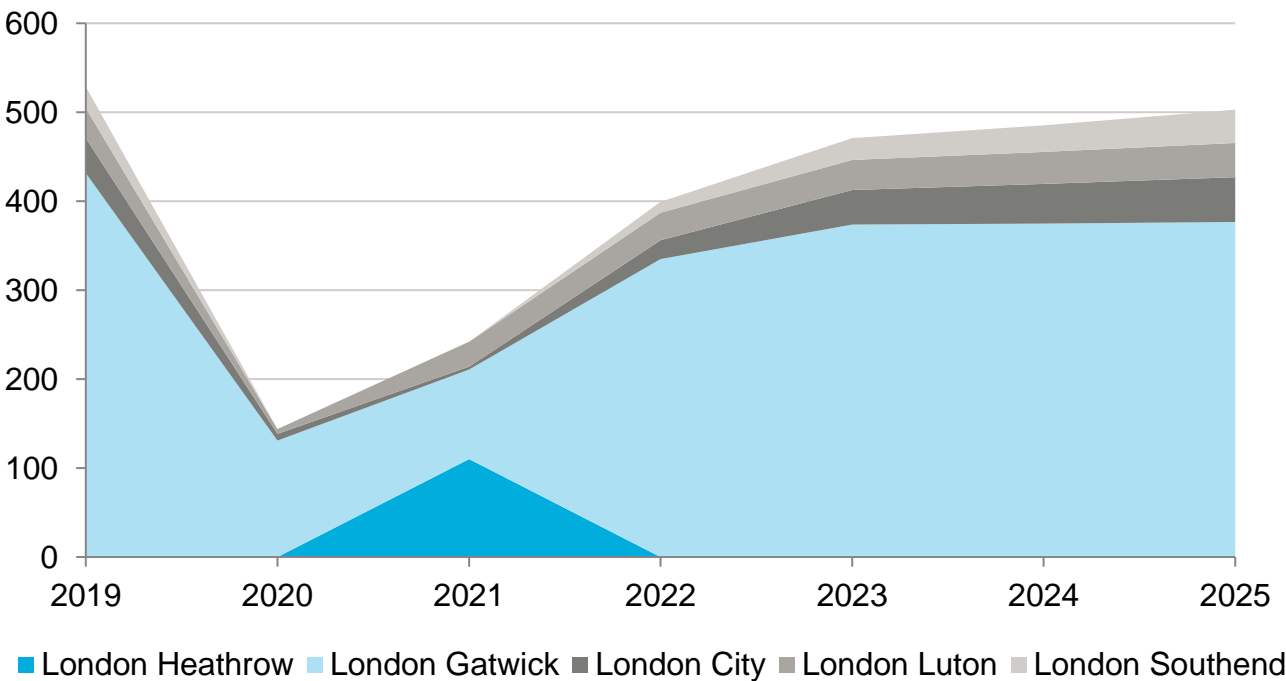
Source: Oxford Economics, Ports of Jersey

Under the 'low-cost' Gatwick operation outbound passenger capacity to London will not recover to 2019 levels in the next four years – reaching 503,000 by 2025

- By 2025, flights to Gatwick will account for 75% of all available seats to London, this includes the seats available from the 'low-cost' BA Gatwick operation and EasyJet.

London capacity under a 'low-cost' Gatwick service option

Jersey outbound pax capacity (000s)



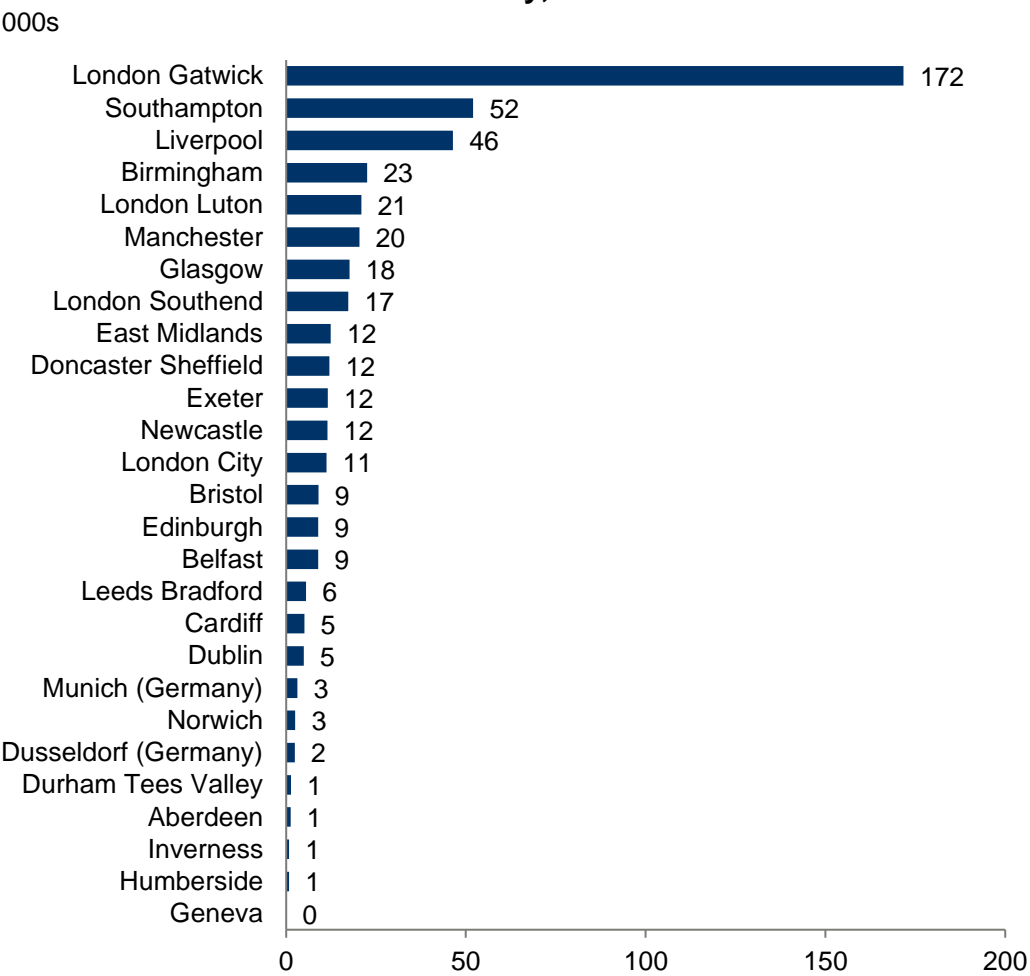
This option gives 104,000 fewer seats than the Jersey-Heathrow connection by 2025

Source: Oxford Economics, Ports of Jersey

Connectivity to the UK is vital for Jersey's tourism recovery

- The UK accounted for around 90% of all air visitors to Jersey in 2019, with London airports supporting over 44% of these passenger movements.
- UK visitor spending in 2019 amounted to £213 million or 76% of total inbound expenditure.

Distribution of air visitors to Jersey, 2019

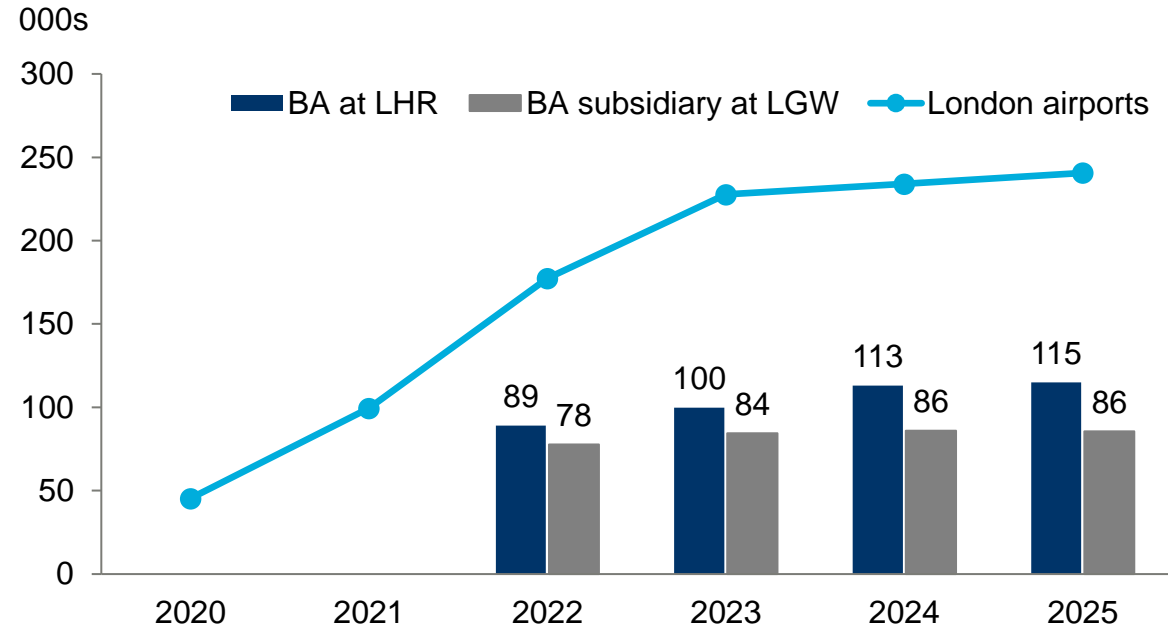


Source: Visit Jersey

Air routes from London will support around 44% of all air arrivals from the UK during the tourism recovery period

- Flights by BA from Heathrow could support up to 115,000 arrivals a year during this period, while flights by a 'low-cost' BA Gatwick operation could support, on average, just over 80,000 arrivals a year.
- Combined with the projected activities of other carriers flying out of London, flights by BA from Heathrow or a 'low-cost' subsidiary at Gatwick have sufficient capacity to support tourism demand from London to Jersey during the period 2022 to 2025.
- However, a delay in the recovery of other London routes would have a negative impact on the tourism recovery – neither of BA's proposed options could compensate for all the lost capacity of these routes.

International arrivals to Jersey, by route



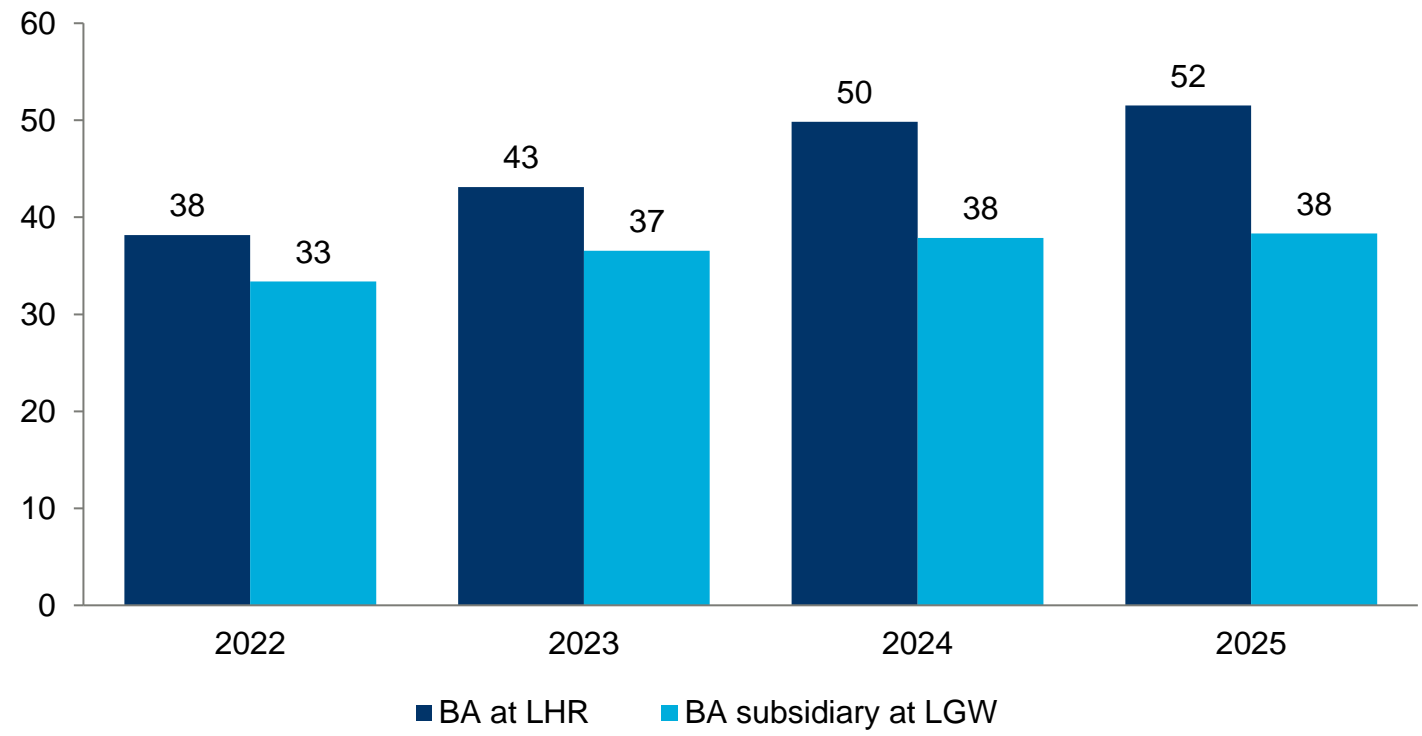
Source: Oxford Economics

Air arrival spend facilitated by BA will increase as the recovery gathers pace

- By 2025, spending by visitors who travel to Jersey using a BA service from Heathrow could equate up to £52 million or 21% of all inbound tourism spend. A 'low-cost' Gatwick operation could support £38 million in visitor spending by 2025.

Air arrival spending facilitated by BA at LHR or LGW

£, millions



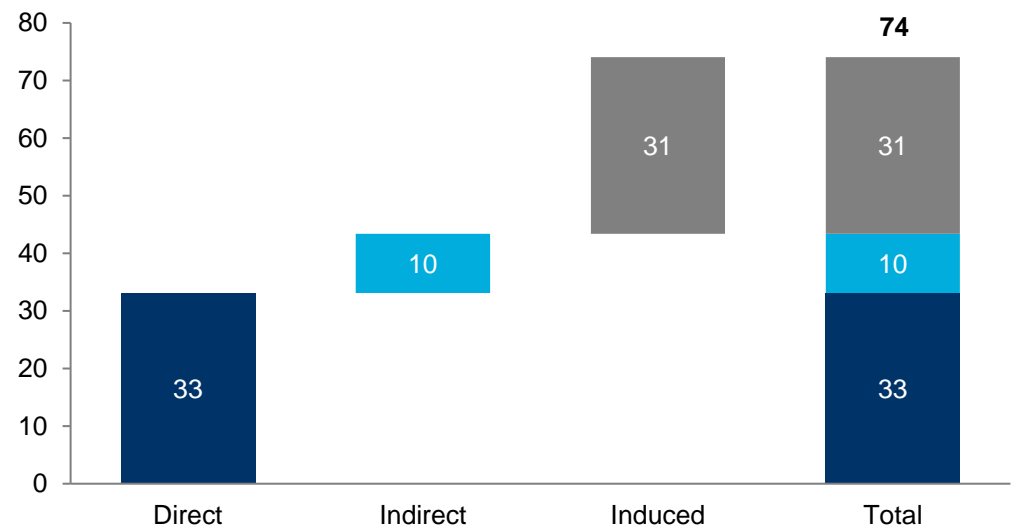
Source: Oxford Economics

The economic impact of the air arrivals supported by BA is significant

- Adding direct economic impacts and multiplier effects, we estimate that in 2025 air arrivals (and their associated spending) facilitated by BA at Heathrow would support a tourism GVA impact of £74 million and 1,200 jobs. Alternatively, running low cost subsidiary option at Gatwick would reduce the economic impact to £55 million.

Tourism GVA total impact of BA service at Heathrow, 2025

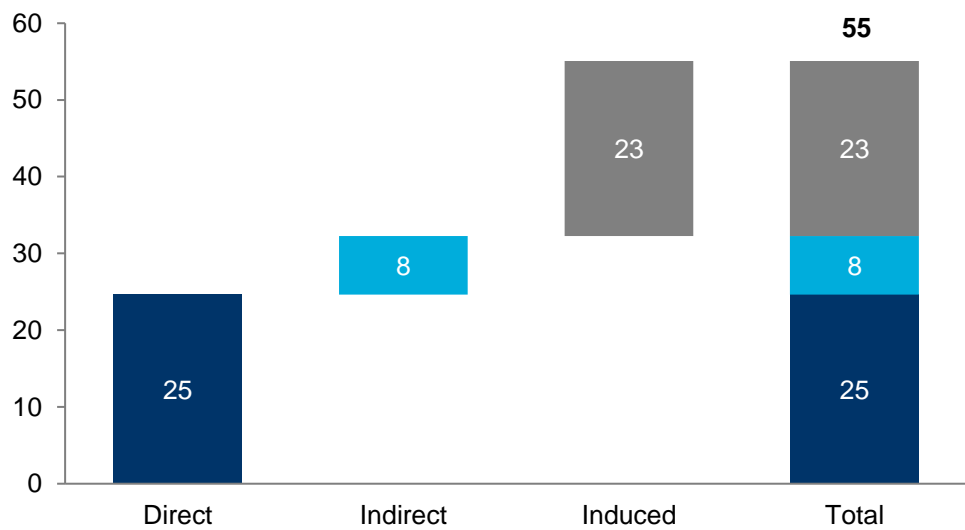
£, millions



Source: Oxford Economics

Tourism GVA total impact of a 'low-cost' Gatwick operation, 2025

£, millions



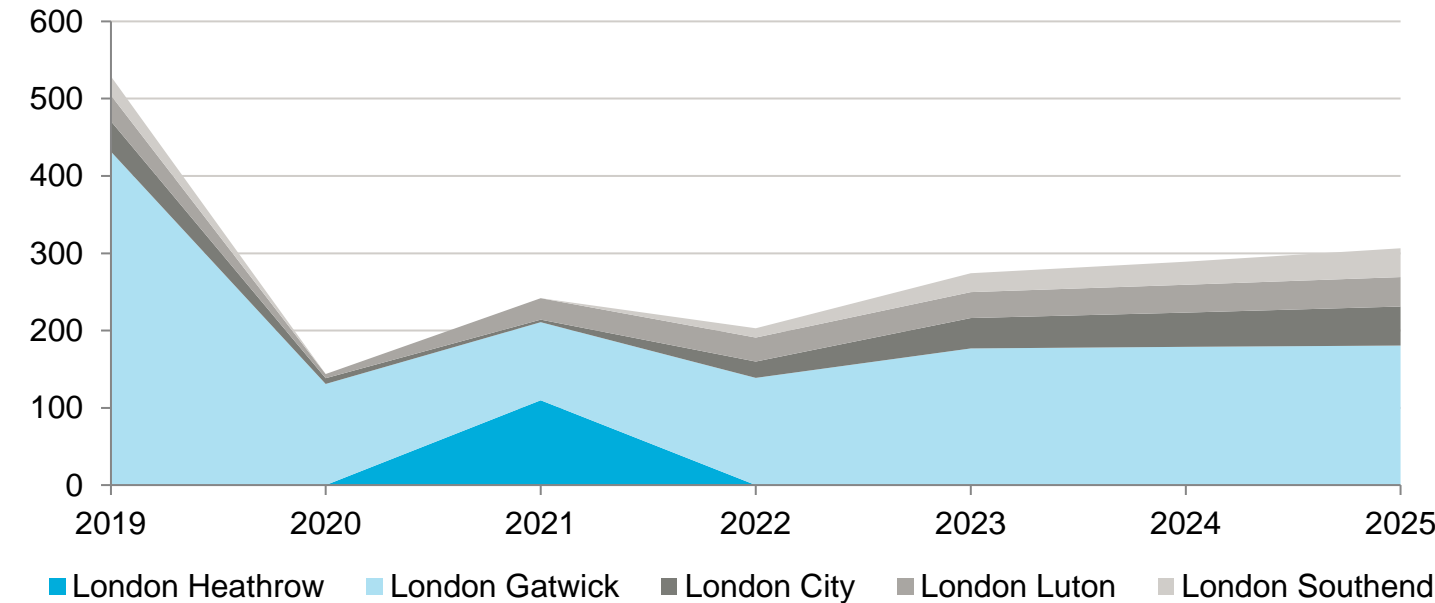
Source: Oxford Economics

If there was no BA service to Jersey outbound passenger capacity to London would be significantly reduced

- Total outbound capacity would only recover to around 300,000 by 2025 – half the projection under the continuation of the current service.

London capacity under a no BA service option

Jersey outbound pax capacity (000s)



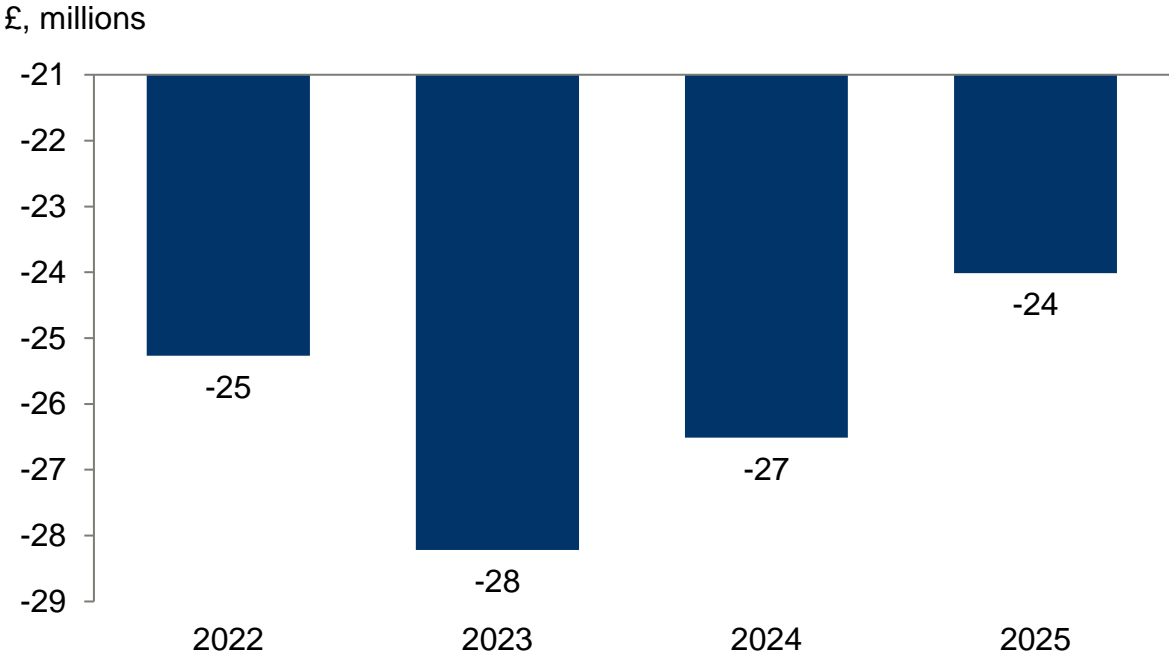
Source: Oxford Economics, Ports of Jersey

Note: No BA service is defined as no flights by BA from Heathrow or a low cost subsidiary at Gatwick.

Pax capacity under the no BA option would not be able to sustain projected tourism demand travelling through London airports

- This could equate to notable levels of lost visitor spending.

Lost air arrival spending due to the loss of BA services



Source: Oxford Economics



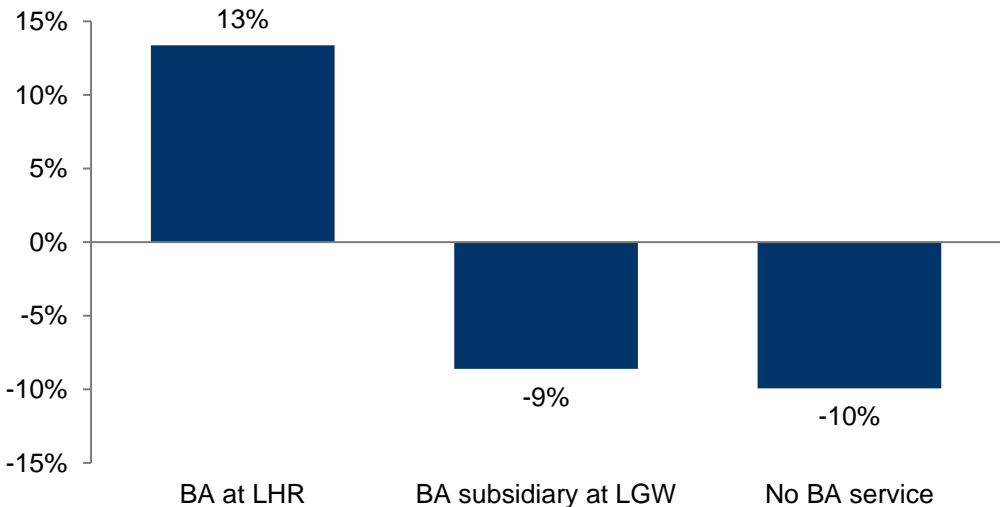
Summary

Summary: alternative route options have a varying impact on business travel activity and broader economic activity in Jersey

- Business travel and broader economic activity are highly correlated. Our analysis indicates that the level of business travel activity supported by the BA Heathrow-Jersey connection would increase GDP in Jersey £123 million (2021 prices) by 2025. Alternative route options would reduce GDP by between £79 million and £91 million.

Business travel spend in 2025, relative to counterfactual

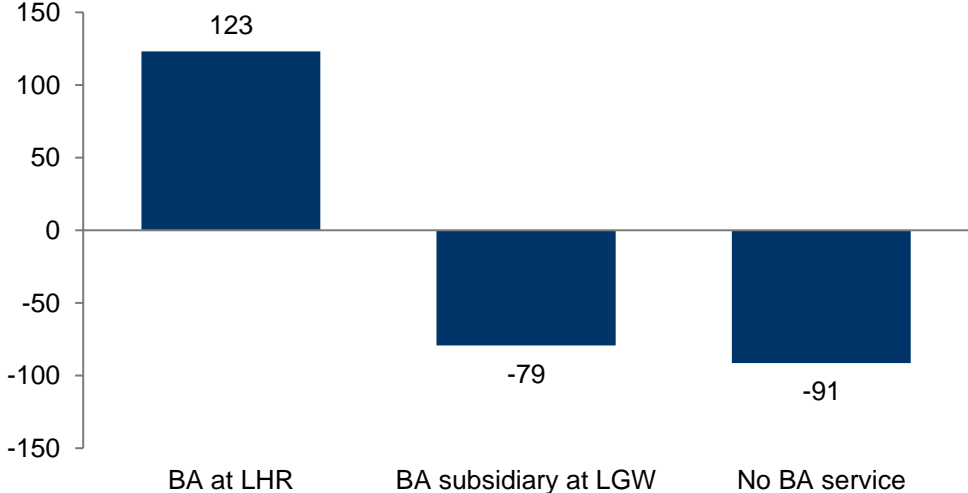
% change compared to the counterfactual



Source: Oxford Economics, Ports of Jersey

Business travel impact in 2025, relative to counterfactual

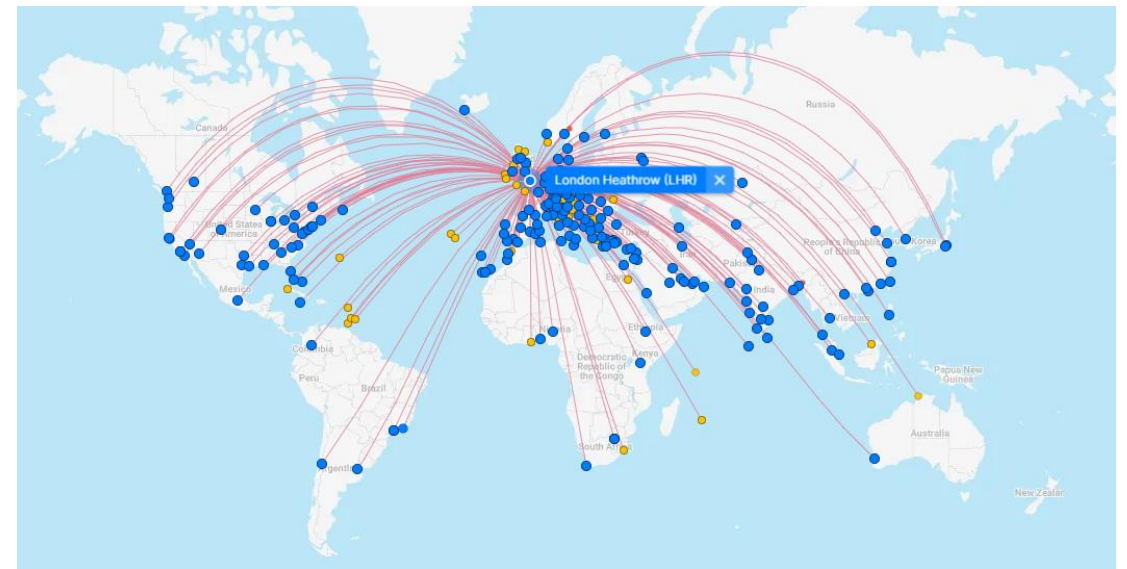
Change in GDP compared to the counterfactual, £ millions, 2021 prices



Source: Oxford Economics

Summary: the high number of onward connections at Heathrow can support Jersey's finance sector and inward investment

- Heathrow offers 138 substantive city connections, this compares to 68 city connections from Gatwick.⁵ Many of the additional city connections from Heathrow are to key economic centres. Connections to these cities are vital for the future growth of the financial sector in Jersey.
- Overall, Heathrow offers the air connectivity that Jersey's financial sector requires. In particular, it offers a wide range of European connections as well as strong links to interconnectional business cities. Moreover, its proximity and ease of access to London is also key.⁶



Source: <https://www.flightconnections.com/>

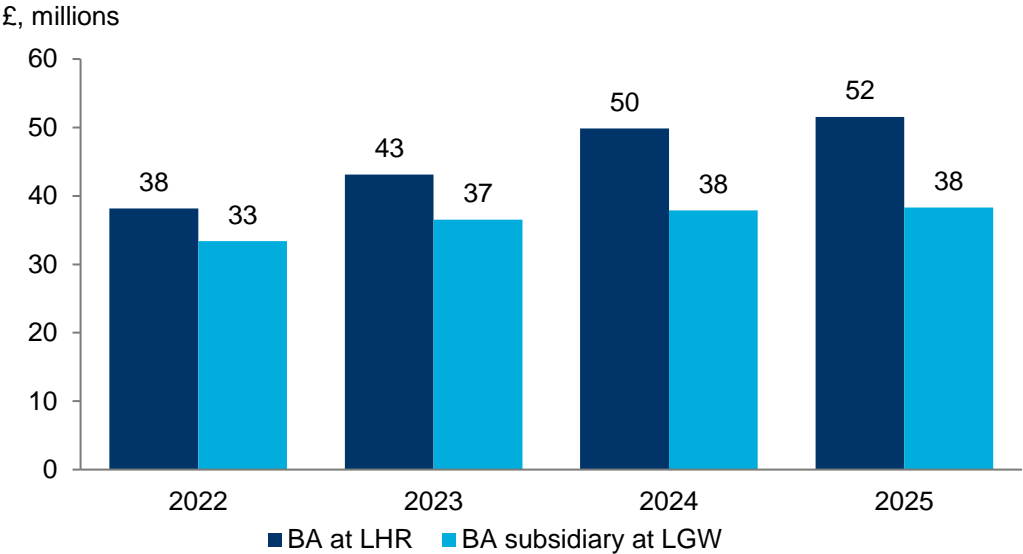
5. City connection estimates are based on OAG data, we have only counted connections that were used by over 1,000 passengers in 2019 .

6. Source: York Aviation "Aviation Service and the City 2011 update"

Summary: air arrival spend facilitated by future BA operations at Heathrow will increase as the recovery gathers pace – reaching £52 million by 2025

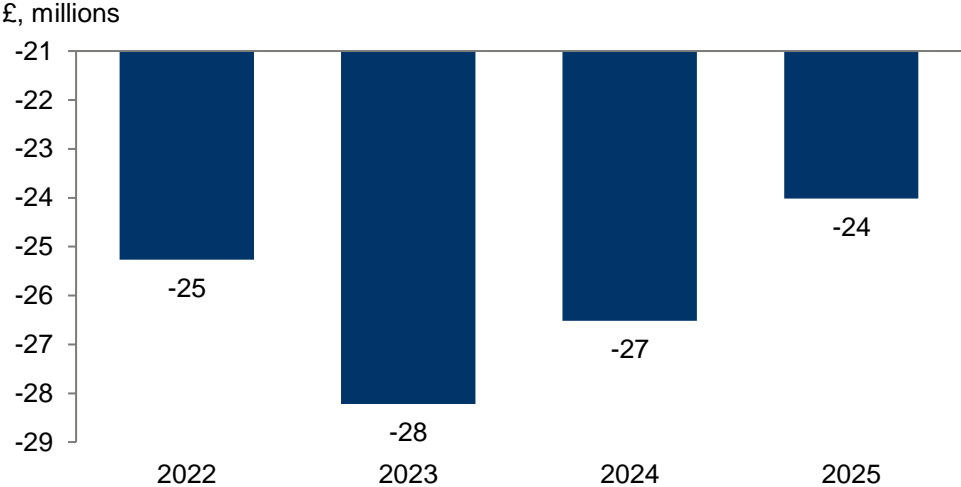
- Pax capacity under the no BA option would not be able to sustain projected tourism demand travelling through London airports.

Air arrival spending facilitated by BA at LHR or LGW



Source: Oxford Economics

Lost air arrival spending due to the loss of BA services



Source: Oxford Economics

A stylized graphic of a globe with a grid of latitude and longitude lines, rendered in a lighter blue shade against the dark blue background. It is positioned on the left side of the slide, partially obscured by the white text box.

Technical annex 1: business travel impact on productivity

Technical annex: previous research on the impact of business travel on performance

- To estimate the impact of changes in business travel on performance we have used the results of previous research on the impact of business travel on multi-factor productivity across different sectors. Multi-factor productivity (MFP) is a key indicator of performance when assessing the expected impact of business travel. It measures improvement in the level of output due to an improvement in employee performance, independent of increased investment in technology or changes in the labour composition. If business travel does improve performance then a strong relationship should be identifiable between travel and productivity.
- This approach has been successfully used by Oxford Economics in previous analysis for European travel and in particular detail for business travel in the UK. A clear relationship was identified between business air usage and productivity for 24 EU countries over a 10 year period. Countries which spent most on travel as a share of GDP also experienced the highest productivity. Robust econometric techniques confirmed a long-run relationship between business air travel and productivity, finding a 10% increase in transport raises productivity by roughly 1%.
- In more detailed analysis for the UK, a similar long-run relationship was found between business travel relative to economic activity and productivity taking sectoral differences into consideration. Pooled estimation was carried out across sectors covering the entire economy. This helped to account for different trends and travel intensity across sectors and added to confidence in results by relying on a richer sample of information. This study also found that a 10% increase in business travel raises productivity by roughly 1% in the long-run.

Technical annex: previous research on the impact of business travel on performance (cont.)

- Importantly, estimation results for the UK were able to find a relationship between the level of travel and the level of productivity rather than just growth rates. This raised confidence that the estimated long-run relationships are valid.
- A similar approach also was applied to a U.S. study carried out by Oxford Economics, where a pooled estimation was carried out across 14 sectors and 13 years. The primary benefit of this approach is that a greater number of observations can be used to generate more robust estimates of common factors giving greater confidence in results. Changes in aggregate productivity arising from differences in sectoral composition are controlled for while sector specific trends are also incorporated. Sectors were defined at the NAICS 2-digit level of aggregation covering all private sector business activities.
- In estimating the impact of business travel, the US study identified business travel intensity (i.e. the proportion of expenses represented by travel) as more relevant than the level of business travel in terms of understanding the impact on performance. Historic data indicates that business travel spending has increased for all sectors over time, partly due to higher costs/prices but also as growth in real output generates greater demand for inputs. An increase in business travel spending proportional to an increase in staff numbers is unlikely to add to employee performance other than any scale effects. Improved performance is more likely to arise from an increase in travel relative to other measures of economic activity. Estimating productivity relative to business travel spending may also generate spurious results as productivity has also trended upwards over time.

Technical annex: previous research on the impact of business travel on performance (cont.)

- For the US study, four measures of business travel intensity were tested as well as for spending for comparison and the most statistically valid test results were used. Different econometric statistics for the four measures were compared to increase confidence that identified relationships are not spurious.
- By comparing productivity with business travel intensity the US study was able to find a robust relationship between levels rather than just growth rates, increasing the confidence that the relationships are valid. Correlation between travel intensity and productivity was stronger at a sectoral level than for the whole economy. Key sectors which have a high business travel intensity displayed a strong correlation between intensity and MFP. Service sectors such as financial services had significantly higher travel intensity than other sectors and very strong correlations between productivity and travel intensity were observed for these sectors.
- Panel estimation techniques were applied to sectoral data covering all private sector business activity to estimate the impact of business travel on economic performance. Estimation at the whole economy level was less certain due to the lack of time series data for both business travel and productivity.
- By using panel estimation across sectors, the effect of changing sectoral composition on productivity was controlled. This technique also allowed a greater number of observations to be included, increasing confidence in the validity of results. Business travel as a share of GDP was included as an explanatory variable in equations for productivity with a common coefficient.

Technical annex: previous research on the impact of business travel on performance (cont.)

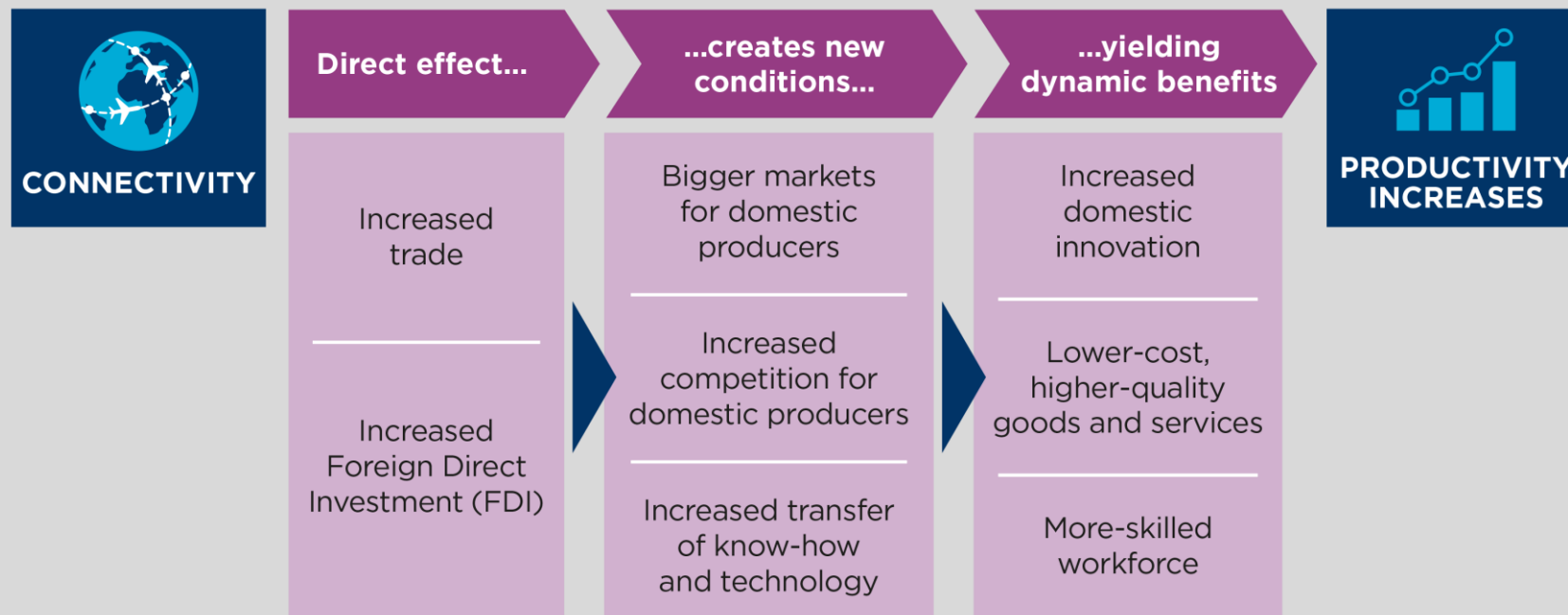
- Differences in demand for air services across sectors were controlled by weighting the coefficients according to travel spending intensity. Further sectoral differences were accounted for by the inclusion of separate constant and time trend coefficients for each sector.
- Before estimation of the equations, formal econometric tests were performed to ensure the statistical validity of the assumptions and hence the results and conclusions. These tests proved that the estimation is statistically valid and business travel does lead to improved performance.
- Having established that estimation is valid both in terms of correct statistical properties and that there is a statistical basis for the assumed causal relationship, the study went on to estimate productivity as a function of business intensity.
- Across the entire economy, the estimation results showed that a 10% increase in business travel spending will increase multi-factor productivity and therefore GDP by between 1.5% and 2.8%.
- These results are consistent with previous studies by Oxford Economics and with other similar studies - in a previous review of the academic literature it was found that a 10% increase in transport services would raise productivity by between 0.5% - 4.0%.



Technical annex 2: calculation of air connectivity index

How UK air connectivity boosts Jersey's productivity

- Aviation connectivity directly facilitates the international movement of people and goods (via freight). However, the network provided by the aviation sector connects destinations to the rest of the world, stimulating the exchange of knowledge, trade and investment, which together boost long term productivity.



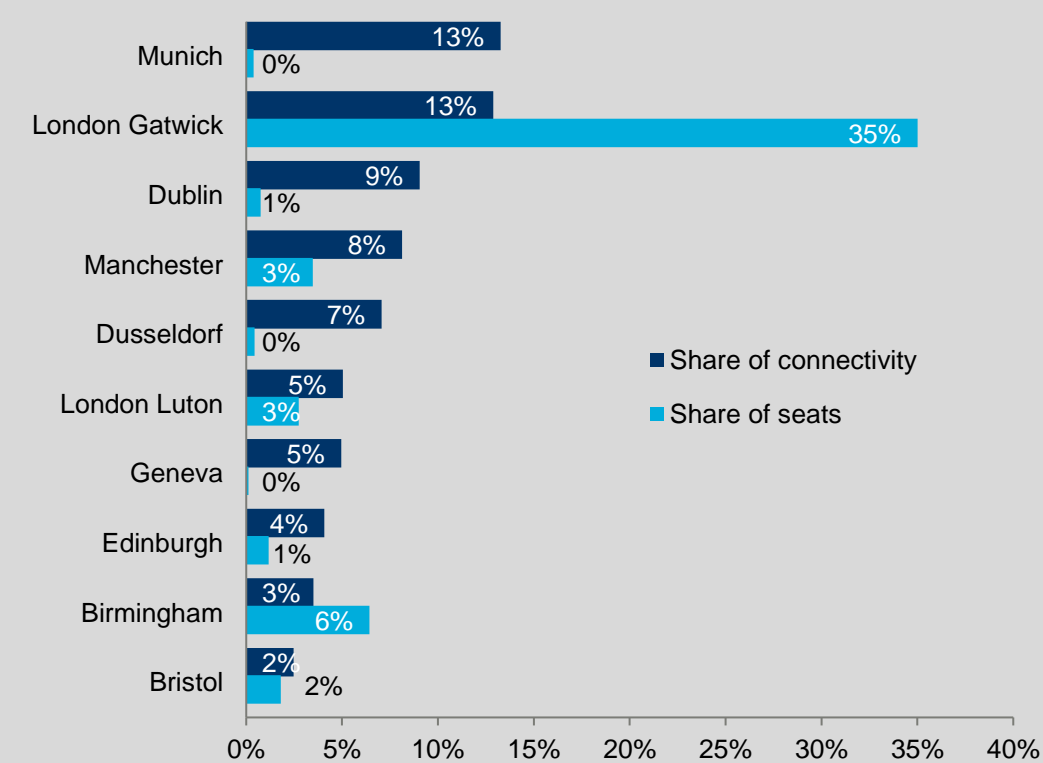
Measuring connectivity and its impact on productivity

- The connectivity of an aviation network is the degree to which it connects a country with the rest of the world economy.
- We measure this for Jersey using an Air Connectivity Index. This quantifies how easy it is for passengers to reach other economic centres from a particular airport, city, or country.
- One approach to quantification is the IATA method, which measures the connectivity of an airport or country by the number of outbound passenger seats available on scheduled flights, weighted by the importance of the destinations they serve (in terms of number of passengers handled at that airport in each year).
- The weighting is made relative to the busiest airport in the world, Atlanta's Hartsfield-Jackson International Airport, which handled over 110 million passengers in 2019.
- This measure, for example, counts a seat destined for London Gatwick as 42% as economically beneficial as a seat to Atlanta, while one seat to Dublin is almost twice as important as one to Geneva.
- The intuition of this connectivity measure is simple: the more capacity there is linking a country to the airports with the best onward connections around the world, the bigger the economic benefits.

In 2019, on a pure connectivity basis, flights to Munich and London Gatwick were the most important services offered from Jersey, accounting for 26% of the island’s connectivity

- Dublin and Manchester were the next most important destinations, accounting for 9% and 8% of Jersey’s connectivity in 2019, respectively.
- The importance of onward connections to an airport’s connectivity is demonstrated by the top 10 contributors to Jersey’s air connectivity.
- Together, these destinations accounted for 70% of Jersey’s connectivity in 2019, but only 48% of all available seats.
- Adjusting for Gatwick the difference is even greater – top 10 destinations excluding Gatwick accounted for 56% of connectivity but just 15% of available seats.

Top 10 destinations from Jersey in terms of connectivity, 2019

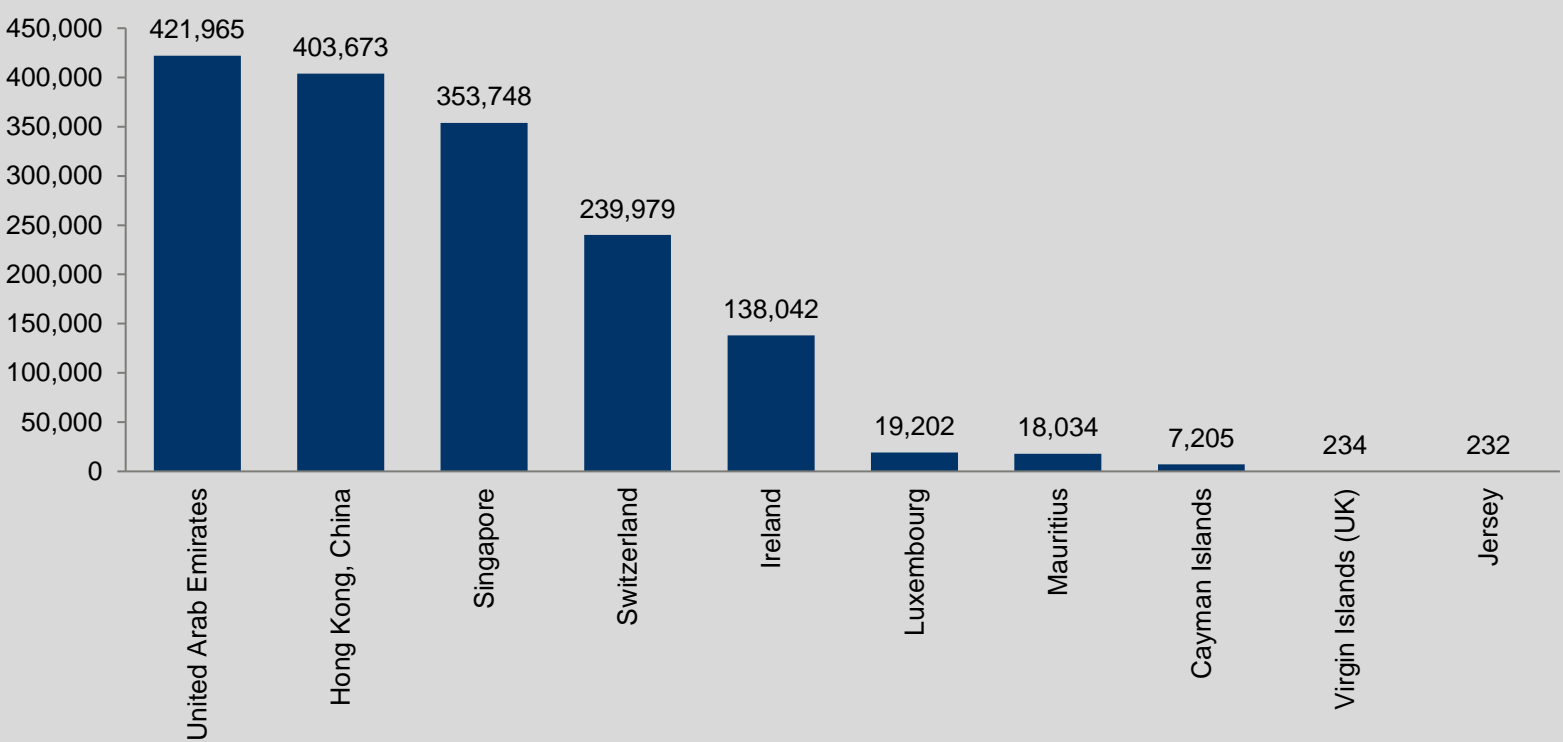


Source: Oxford Economics

We estimate that Jersey had a connectivity score of 232 in 2019

- For a European island, Jersey is relatively well-connected. However, Jersey significantly lags behind its key financial competitors, who tend to have direct flight connections into multiple major aviation centres across the world.

Absolute air connectivity score, 2019



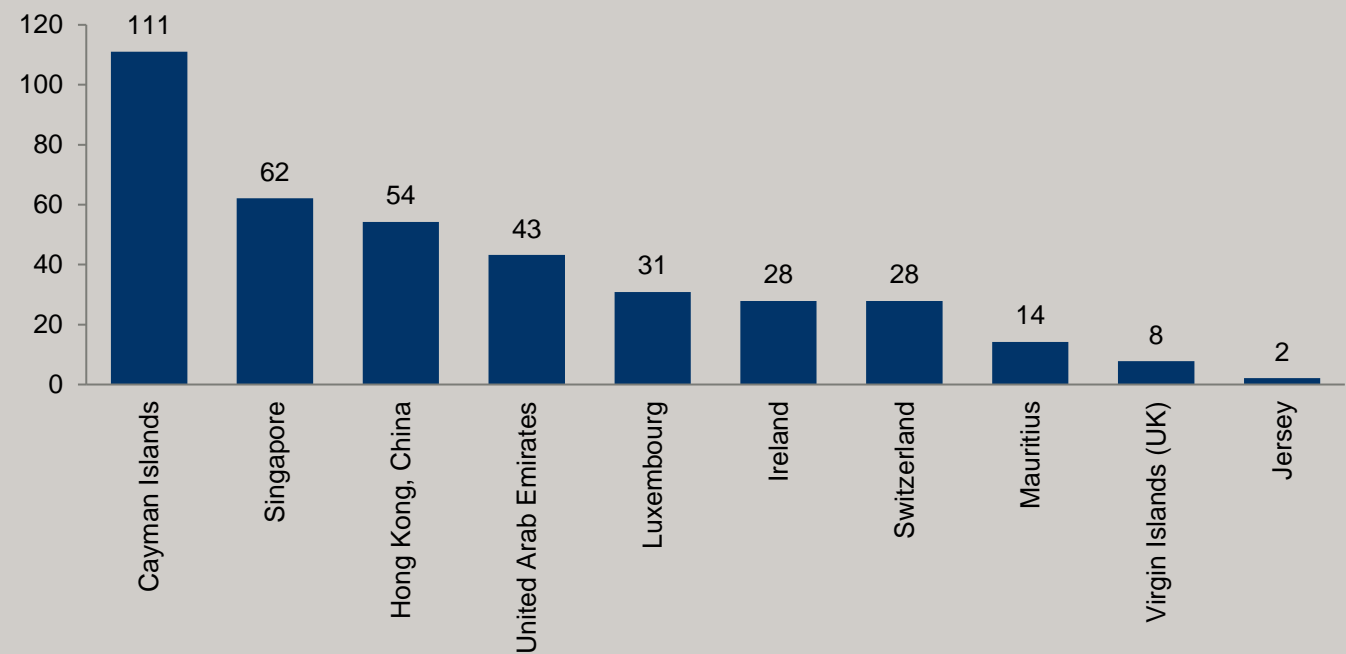
Source: Oxford Economics, IATA

A relative measure of connectivity is more useful in examining the relationship between air connectivity and economic potential

- The incremental value of air connectivity will be greater for a country with a lower level of air connectivity relative to the size of its economy.³
- Initial calculations indicate that additional connectivity could bring disproportionate benefits to Jersey.

Air connectivity score, relative to population 2019

Air connectivity per 1000 people



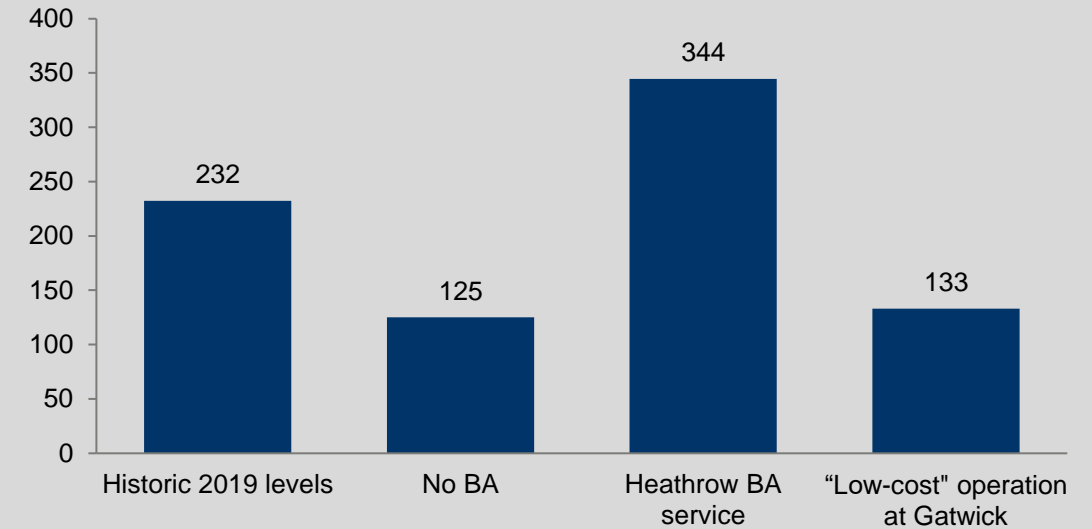
Source: Oxford Economics, IATA

3. Source: IATA’s 2020 report on Air Connectivity: Measuring the connections that drive economic growth.

BA services from Heathrow add a significant boost to connectivity

- BA provided 59% of the available outbound seats to Gatwick in 2019.
- The chart to the right considers the impact on connectivity of different options for Jersey and its services with BA in 2024.
- There are short-run and long-run impacts on labour productivity as a result of changes in connectivity.

Jersey absolute air connectivity scores, BA options analysis, 2024



Source: Oxford Economics



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