

Iain Osborne
Group Director Regulatory Policy
CAA
CAA House
45-59 Kingsway
London
WC2B 6TE

Monday 4th November 2013

Dear Iain,

Regulated Airport Price Caps / CAA Final Proposal 2014 - 2019

I am aware a number of airlines have written to you about the CAA Final Proposal relating to the economic regulation of Heathrow and of Gatwick from 2014 – 2019.

BATA shares the concern expressed in those letters that the CAA's Final Proposals will permit yet further price increases at Heathrow over the next regulatory period and fail to bring Heathrow airport back into a competitive airport charges level with other European hub airports. We do not believe this is in the interests of aviation consumers.

BATA believes that a significant reduction in airport charges would still permit for an adequate shareholder return while permitting the £3bn capital plan, as originally agreed between the airline community and HAL, to be delivered.

BATA therefore fully supports the reply to the CAA by the LACC/AOC and urges the CAA to reconsider its decision on a fair and challenging target for HAL.


As regards Gatwick, we are disappointed by both the price and assessment set out by the CAA in its final proposals. Moreover, we believe that the CAA's assessment is flawed. We support the ACC submission and take this opportunity to emphasise two main areas of concern.

BATA is extremely disappointed with the sizable shift on price from the CAA's own initial proposals. We felt that there was already significant evidence which showed that the price proposed in April was entirely too high. We believe the CAA needs to urgently re-consider the evidence ahead of its final decision.

We have remained open to the concept of alternative forms of regulation at Gatwick, but have continually stated that the right checks and balances need to be in place along with a robust regulatory backstop. As such, our members have provided feedback and voiced concerns to the CAA and GAL over the course of the year, however much of this has failed to be addressed in these proposals. Given the feedback provided, and the provisional market power assessments, we are surprised with the CAA's acceptance of these Commitments as a whole. We are therefore concerned

that the latest proposals fail to meet the CAA's primary duty and are not in the best interest of passengers using the airport. Furthermore, we do not believe that the modifications GAL has made to the terms of the proposed Commitments remedy the risk of the airport exercising its significant market power to the detriment of the passenger.

Kind regards

A handwritten signature in black ink, appearing to read 'SJB', enclosed within a large, loopy, oval-shaped scribble.

Simon J L Buck
Chief Executive