

Honorary Secretary
Mike Kendall

County Hall
Chichester
West Sussex
PO19 1RQ
Telephone
(01243) 777

gatwick airport consultative committee

Website: www.ukaccs.info/gatwick

25th April, 2007

Dear Ms. Hawes,

Market Inquiry into the Supply of Airport Services by BAA within the UK

Thank you for your letter of 11th April inviting views on matters relating to the above inquiry.

The Consultative Committee is a statutory advisory body representing a wide range of interests at Gatwick Airport. Our membership comprises representation from local authorities, civil aviation, travel agents, passengers, the business community and environmental groups.

The Committee has considered the outcome of the OFT's study and noted with concern some of the conclusions that had been reached in respect of the south east airports market.

Of greatest concern to our members is the fact that the OFT had no statutory role to examine the validity of local and global environmental concerns in considering airport expansion and increased air traffic, and that they felt there was no inherent conflict between tackling environmental problems and developing more competition in airport services. The majority of the Committee believed it would be irresponsible if decisions were made on the future ownership and operation of the BAA Group without these material considerations first being taken into account.

As Gatwick is virtually full during periods of peak demand it is difficult to understand what benefits will result for passengers from changes to the competitive environment particularly as there is a severe shortage of capacity throughout the London airports system.

It must be recognised that the possible break up of the BAA Group raises a whole host of questions. It is accepted that from an airlines' perspective designation for price control purposes, capital investment, capacity constraints and how they could be met through increased competition are important considerations. However, a balanced approach must be adopted so that sustainability and environmental issues are also considered as prescribed by the Government in its Air Transport White Paper. The wider implications, including impacts on the transport industry, national economy and on local and global

Ms J. Hawes,
Inquiry Coordinator
Competition Commission
Victoria House, Southern Row,
LONDON
WC1B 4AD

environmental concerns must therefore be taken into account in your inquiry and details given as to how all these could be managed in delivering more competition.

What must be understood is that the separate ownership of the London airports would create further uncertainty for local communities and local agreements as airports compete to attract new services. Developing competition and increasing air traffic would lead to different pressures at airports in respect of maximising capacity and/or the provision of new runways/terminals. We therefore urge the Commission to further consider the wider implications of the possible break up of BAA during your inquiry.

I would also draw to your attention that since the publication of the OFT's report into the UK airports market study, the EU has reached agreement on the open skies deal with the United States on the liberalisation of the EU-US traffic. This deal will allow EU-based airlines to fly from any city within the EU to any city in the US, and vice versa. It will also mean that the North Atlantic market at Heathrow will be opened up to other airlines resulting in some relocation of North Atlantic traffic from Gatwick to Heathrow. The wide-ranging impacts of this different competitive environment must therefore also be taken into account.

Finally, I confirm that we are content for our views to be published on the your website.

Yours sincerely,

(sgd.) *Paula Street*

Assistant Secretary