

5 October 2007

BAA Airports Markets Investigation

I would like to make the following submission on the above topic.

I consider the only four airports relevant for commercial passenger flights for persons travelling to and from central and west London to be Heathrow, Gatwick, Luton and Stansted. Luton and Stansted are less conveniently placed with poorer transport links. London City airport is inconveniently placed with inadequate transport links and insufficient capacity.

BAA is therefore a near monopoly supplier of airport capacity. In that position BAA has insufficient competition and inadequate incentives to improve upon what I believe is the main non-price criterion relevant to most customers of its services: length of queues at immigration and security checkpoints.

I am a frequent user of commercial airport services and would, if given the choice, select an airport which offered an improved (faster) service in this regard. I would be prepared to pay substantially more for that benefit, far in excess of the cost of the additional staffing required.

In addition to the immediate utility loss to consumers, the present situation has a major negative environmental impact. It is my understanding from talking to many users of private charter aircraft that one of their main reasons for using that means of transport is the absence of delays at security and immigration checkpoints. The present lack of competition therefore causes vast amounts of carbon and other pollution from the unnecessary use of private aircraft. (It may also indirectly raise the price of commercial tickets for commercial economy-class passengers because higher margin passengers are choosing to fly on private aircraft.)

I respectfully urge you to require Gatwick, Heathrow and Stansted to be held by separate owners. No system of regulation can adequately substitute for what healthy competition would readily provide. A regulatory regime is only appropriate when there is a natural monopoly. Clearly it is entirely possible for those airports to be held separately, and they should be.

Divestiture of only Heathrow or Gatwick would be an insufficient remedy because neither Stansted nor Luton are good substitutes. I would not select Luton or Stansted even for a 20% price differential in their favour over Heathrow and Gatwick, all other things being equal.

Yours faithfully

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