

Moving Forward: The Northern Way

Mr. John Banfield
Inquiry Director, BAA London Airports
Competition Commission
Victoria House
Southampton Row
LONDON
WC1B 4AD

16 August 2007

Dear Mr. Banfield

HEATHROW AIRPORT PRICE CAPS 2008-2013

I understand that the Competition Commission is seeking guidance from interested parties on Heathrow Airport charges. I am writing to stress the importance to economic growth in the North of England of good links to Heathrow from airports in the North and in particular to express concern about the apparent immediate threat to the continuation of the BMI services to and from Durham Tees Valley and Leeds Bradford Airports.

The Northern Way is a Government backed initiative, led by the three northern Regional Development Agencies, aimed at closing the £30bn annual productivity gap between the North and the England average. The North's international connectivity is one of our key transport priorities in support of economic growth in the North. Good links to the global gateway at Heathrow are critical for business as well as inbound tourism to the North from overseas.

I understand that the charging regime at Heathrow is 'flat' i.e. airlines pay the same charge per passenger to use the airport regardless of aircraft size or destination and that the proposed charges could increase by as much as 70% over the next five years. The economics of the variety of services using Heathrow are very different, and it is likely that the impact of these increased charges will be to make less lucrative routes much less viable. This in particular is likely to result in the continued reduction of UK domestic feeder services into Heathrow and their replacement by more profitable intercontinental air services.

In particular we understand that BMI, the current operator of the Durham Tees Valley and Leeds Bradford services to Heathrow, may reduce or withdraw these services altogether should your current proposals be implemented. The routes are particularly important for businesses in the North, and inbound tourism, by offering global connections via the Star Alliance and other routes from Heathrow, as well as providing access to important business destinations at Heathrow and in the Thames Valley. For these reasons it is critical that these routes remain at Heathrow.

John Jarvis
Northern Way,
Transport Project Director
Yorkshire Forward
Victoria House
2 Victoria Place
Leeds
LS11 5AE
W: www.thenorthernway.co.uk



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We therefore consider that flexibilities in the proposed charging regime need to be looked at to allow less lucrative regional services to continue and to maintain vital links needed to support the economy of the North of England.

I am copying this letter to Alan Clarke, Chief Executive of One NorthEast, Tom Riordan, Chief Executive of Yorkshire Forward, Hugh Lang, Managing Director at Durham Tees Valley Airport and Ed Anderson, Managing Director at Leeds Bradford Airport.

Yours sincerely

JOHN JARVIS
Transport Project Director

John Jarvis
Northern Way,
Transport Project Director
Yorkshire Forward
Victoria House
2 Victoria Place
Leeds
LS11 5AE
W: www.thenorthernway.co.uk

