

## The reference

1. On 29 March 2007, the Office of Fair Trading sent the following reference to the CC:

The OFT, in exercise of its powers under sections 131 and 133 of the Enterprise Act 2002 (the Act), hereby makes a reference to the Competition Commission for an investigation into the supply of airport services in the United Kingdom.

In accordance with section 133(2) and (3)(b) of the Act the Competition Commission shall confine its investigation to the effects of features of such market or markets for airport services in the United Kingdom as exist in connection with the supply of airport services by BAA.

The OFT has reasonable grounds for suspecting that a feature or a combination of features of the market or markets in which airport services are supplied by BAA prevents, restricts or distorts competition in connection with the supply of airport services in the United Kingdom.

For the purposes of this reference:

'airport services' means all airport services whether they are supplied to airlines, ground handlers, passengers or any other person and includes all or any of the following:

- (a) the provision of airport infrastructure services (including the development, maintenance, use and provision of access roads, runway facilities, fuelling facilities, taxiways, aprons, stands, loading bridges, piers and gaterooms, check-in and arrivals concourses, check-in desks, customs and immigration halls, baggage facilities, passenger care facilities, lifts, escalators, passenger conveyors, terminal offices, ramps, and other airport structures);

(b) the co-ordination and control of the activities performed on or in airport infrastructure and the provision of associated services including security services; and

(c) the provision (including the provision by persons other than BAA under arrangements made with BAA) of associated commercial services (including catering services, retail services, car rental services, the sale of advertising space, the provision of car parking, and activities relating to commercial property).

'BAA' means the group of interconnected bodies corporate directly or indirectly owned or controlled (including by way of material influence) by Airport Development and investment Limited which (from time to time) own and/or operate Heathrow, Gatwick, Stansted, Southampton, Edinburgh, Glasgow and Aberdeen airports, the World Duty Free business, and the BAA Lynton business, and which (from time to time) own and/or operate any other business providing airport services in the UK.

'control' and 'material influence' shall be construed in accordance with section 26 of the Act; and

'group of interconnected bodies corporate' shall be construed in accordance with section 129(2) of the Act.

*(signed)* **John Fingleton**  
**Chief Executive**  
**29 March 2007**

2. The reasons for the current reference are well set out in the decision document of the OFT, which is reproduced on our website ([www.competition-commission.org.uk/inquiries/ref2007/airports/pdf/oft reference to the cc.pdf](http://www.competition-commission.org.uk/inquiries/ref2007/airports/pdf/oft%20reference%20to%20the%20cc.pdf)).
3. The OFT's view in paragraph 1.6 to 1.15 of that document was that in **Lowland** Scotland, BAA's ownership of Edinburgh and Glasgow limited competition between

these two airports; and that in the South-East of England its ownership of Heathrow, Gatwick and Stansted limited competition to promote the delivery of extra capacity in a timely and efficient manner. It also had concerns about the impact of the current regulatory framework, particularly on incentives to investment; referred to evidence of poor quality of service; and also believed lack of competition may lead to higher charges and costs. The potential adverse effects related in the OFT's view to a combination of features:

(a) joint ownership, with very high regional market shares;

(b) regulation; and

(c) development restrictions and capacity constraints.

4. The OFT's reference also includes Southampton and Aberdeen. The OFT gave a preliminary view that Southampton was potentially part of the same relevant geographic market as Heathrow, Gatwick and Stansted but the OFT did not regard it as necessary to determine this. On the other hand, it suggested that Aberdeen operated in a separate geographic market to Glasgow and Edinburgh.