



Airlines for America[®]

We Connect the World

Mr. Paul Smith
Group Director, Consumers & Markets
UK Civil Aviation Authority
Email: paul.smith@caa.co.uk

November 18, 2021

Re: CAA's Proposed 2022 Heathrow Charges

Dear Mr. Smith,

Airlines for America (A4A), on behalf of our members,¹ appreciates the opportunity to comment on the UK Civil Aviation Authority's (CAA) proposed charges for 2022. Several of A4A's members have passenger operations to Heathrow and have a strong vested interest in the outcome of the consultation. We support the comments that the London (Heathrow) Airline Consultative Committee/Airline Operator's Council (LACC/AOC) have submitted but wish to supplement them with brief observations of our own. We will provide separate comments on Heathrow's next regulatory period (H7) by the December 17, 2021, deadline.

The CAA's forecast that passenger numbers at Heathrow in 2022 will be fifty-nine percent (59%) of 2019 levels is a welcome improvement on HAL's forecast. However, the resulting price cap of £29.50 per passenger is based on a passenger forecast made in April 2021 before the UK, U.S. and other countries had significantly relaxed travel restrictions.

A4A members have seen a strong increase in passenger demand for Heathrow services in recent weeks, particularly after the U.S. Government announced that it would lift the ban on travel for fully vaccinated UK and EU travelers with effect from November 8, 2021. Based on current schedules, our members will operate 62 daily flights in Spring 2022, an increase of six flights from the same period in 2019. This corresponds to an increase of 1,140 seats over 2019 capacity levels. Although load factors are difficult to forecast, LACC/AOC's prediction that traffic in 2022 will be approximately eighty-nine percent (89%) of 2019 levels is consistent with this increase in capacity.

The proposal to increase charges by an unprecedented fifty percent (50%) would harm consumers. Passengers already face exorbitant charges at Heathrow. As LACC/AOC set out in their comments, HAL's total charges were forty-four percent (44%) greater than the next most expensive European hub airport in 2020 and the CAA's proposal would increase this gap to eighty-three percent (83%) in 2022. This is on top of the Air Passenger Duty which now stands at £82 for an Economy passenger departing the UK for the United States and £180 for a

¹ A4A is the principal trade and service organization for the U.S. airline industry. The members of the association are Alaska Airlines, Inc.; American Airlines Group, Inc.; Atlas Air, Inc.; Delta Air Lines, Inc.; Federal Express Corporation.; Hawaiian Airlines; JetBlue Airways Corp.; Southwest Airlines Co.; United Airlines Holdings, Inc.; and United Parcel Service Co. Air Canada is an associate member.

Business class passenger. Airlines will have no choice but to pass these costs onto their passengers in terms of higher fares. As a result, consumers will be the ultimate victims of the proposed increase which is unjustified by current demand trends.

While we understand the CAA may reduce the charges during 2022 if it concludes that they are too high, we respectfully request the CAA to roll over the existing level of charges for 2022 consistent with precedents the CAA established during Q5 and Q6. This approach will reduce the risk of overcharging consumers. It will also encourage the return of travel demand and help to ensure that Heathrow remains a global hub for UK trade and tourism while promoting the Global Britain agenda.

Thank you for your attention to these comments. Please let us know if you have any questions or require further information.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Glatz". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Keith Glatz
Vice President-International Affairs