



News Release

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COMPETITION COMMISSION AIRPORT INVESTIGATIONS

Competition Commission invites evidence

The Competition Commission (CC) is inviting evidence from all interested parties following receipt of two references relating to airports in the UK.

The first reference was made by the Civil Aviation Authority (CAA), and requires the CC to carry out a statutory review of the CAA's proposed price controls for Heathrow and Gatwick airports, which will govern how much the airports' owner, BAA, can charge airlines during the five-year period beginning April 2008. (See CAA release under 'Latest news' at www.caa.co.uk.)

The CC will carry out a review of these price controls as well as examining whether the airport owner has pursued any conduct during the last five years which has operated against the public interest. The CC's review will last six months before it reports back to the CAA, which will then consider the CC's recommendations before carrying out a final round of consultation and announcing a final decision in March 2008.

The second reference was made by the Office of Fair Trading (OFT) and concerns the supply of airport services by BAA across all the airports it owns in the UK (See OFT release at www.of.gov.uk/news/press/2007/55-07.) It follows an initial OFT study into the sector, and public consultation. The CC will now carry out its own comprehensive investigation, to see if any features of this market prevent, restrict or distort competition, and, if so, what action might be taken to remedy these.

In market investigations such as this one, the CC is allowed a two-year deadline to complete its final report, ie 28 March 2009, but the CC hopes to complete its investigation in a significantly shorter time.

The CC will appoint members to these inquiry groups and then publish a draft timetable in each case. The first task will be to gather evidence by contacting all involved parties and by advertising for submissions from any other interested groups or individuals.

During the six-month period when the two inquiries will run in parallel, the CC will seek to minimise the burden on those giving evidence to the inquiries by arranging for the same

members and staff to work on both inquiries. CC Deputy Chairman Christopher Clarke will chair both inquiries.

The CC would like to hear from all interested parties, in writing, by 27 April 2007. To submit evidence, please email Julie Hawes, the Inquiry Coordinator, julie.hawes@cc.gsi.gov.uk or write to her at:

Julie Hawes (Airports Inquiries Coordinator)
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Victoria House
Southampton Row
LONDON
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Notes for editors

1. The CC is an independent public body, which carries out investigations into mergers, markets and the regulated industries.
2. Enquiries should be directed to Rory Taylor on 020 7271 0242 or rory.taylor@cc.gsi.gov.uk.
3. The Airports Act 1986 requires the CAA to set maximum limits on airport charges at airports designated for this purpose by the Secretary of State for Transport. These airports are: BAA's London airports (Heathrow, Gatwick and Stansted) and Manchester airport. Before setting new controls, the CAA is required by the Airports Act to refer the price controls for each airport to the CC, which then conducts its own review lasting around six months before reporting back to the CAA. The CAA must have regard to the CC's report, but the CAA is the final decision-making body with respect to price controls.
4. In March 2007, the CAA extended the current price controls on Stansted Airport by 12 months, so that they will expire on 31 March 2009. This extension was implemented in order to allow time during 2007 for the Department for Transport to conduct its own policy review of the criteria for the Government to decide whether an airport be designated for price control by the CAA, and then to consider the cases for de-designating Stansted and Manchester airports. If Stansted Airport were to remain designated for price control, the CAA would bring forward a reference to the CC in spring 2008.
5. Under the Enterprise Act 2002 the OFT can make a market investigation reference to the CC if it has reasonable grounds for suspecting that competition is not working effectively in that market.
6. Market investigation references are intended to focus upon the function of a market as a whole rather than the conduct of a single firm in a market. If the OFT has concerns about the conduct of a single firm or firms that have engaged in anti-competitive agreements, it will first consider whether those actions infringe the Competition Act 1998.