

**YAHOO NEWS**  
**BRITISH REGULATOR**  
**PROPOSES CAPPING**  
**HEATHROW CHARGES**

by

**Sarah Young**

**Reuters**

**(03 October 2013)**

<http://uk.news.yahoo.com/civil-aviation-authority-proposes-heathrows-charges-rise-line-063203366--finance.html#c0CoOk>

CMG Archives

<http://www.campbellmgold.com>

(2013)

--()--



*A British Airways planes lands in the fog at Heathrow Airport, London.  
Press Association Image*

LONDON (Reuters) - Britain's aviation regulator on Thursday proposed capping the prices charged by Heathrow, drawing a furious response from the country's busiest airport which warned of a long-term hit to investment.

London's Heathrow airport had submitted a plan to the UK's Civil Aviation Authority (CAA) seeking to raise tariffs for airlines by 4.6 percent above inflation, as measured by the retail prices index (RPI), for the five years from April 2014.

Instead the regulator proposed not allowing prices to rise by more than inflation.

"Tackling the upward drift in Heathrow's prices is essential to safeguard its globally competitive position," CAA Chairman Deirdre Hutton said in a statement as the agency published its final proposals for consultation.



*A worker passes luggage trolleys at Heathrow Airport in west London August 16, 2010. REUTERS/Toby Melville*

Heathrow, whose owners include Spain's Ferrovial and the sovereign wealth funds of Qatar, China and Singapore, slammed the CAA's proposals, arguing that a price cap would limit its returns and make investment unattractive.

"The CAA's proposals risk not only Heathrow's competitive position but the attractiveness of the UK as a centre for international investment," the group said in a statement.

Carriers using Heathrow, including British Airways parent IAG have in the past criticised the airport for its high fees.

Heathrow warned, however, that the cap on its charges would create a less attractive environment for investment in Britain's aviation facilities and mean less funding would be available for a new runway.

London is facing an airport capacity crunch and needs to build a new runway to add flights to fast-growing economies and ensure it does not miss out on billions of pounds of trade.

Under the CAA's new proposals, Heathrow's rate of return on capital investment would decline to 5.6 percent in the post-2014 period, from a level of 6.2 percent between 2008 and 2014, the company said.

The CAA said it was satisfied with a plan by London's second airport Gatwick, which has proposed to raise average prices by 0.5 percent above RPI for seven years.

Gatwick Airport Ltd said in a statement that it cautiously welcomed the CAA's proposals.

The CAA said in September it would defer making a judgement on how to regulate London's third airport, Stansted.

(Reporting by Sarah Young; editing by Kate Holton)

End

End

--()--

<http://www.campbellgold.com>

03102013