

The Rt Hon Grant Shapps MP
Department for Transport
Great Minster House
33 Horseferry Road
London
SW1P 4DR

9 November 2021

Dear Secretary of State,

Slot rules at UK airports for the summer season 2022

As you are no doubt aware, the post-Covid recovery has begun to take hold of the UK aviation sector following the easing of Government restrictions on international travel, a clearer travel system, the removal of all 'red list' countries and the relaxation of testing for fully vaccinated passengers.

We understand the Government will shortly be consulting on the options for handling airport slots for the summer 2022 scheduling season, and as a coalition of four airports/airline, we write to you to request that the consultation is worded positively, to allow for the reinstatement of the 80:20 slot rules, with no waiver, unless a clearly defined situation occurs.

The benefits of Government demonstrating confidence and being minded to restore the 80:20 slot rules would allow industry the opportunity to put plans into place that open up facilities, increase operations and most importantly, provide industry with the confidence to start to bring employment numbers back towards pre-pandemic levels, following the withdrawal of the furlough scheme.

Together, we firmly believe that this would be the right time for Government to get fully behind our sector by restoring the slot rules and allowing competition to once again flourish for the benefit of the industry and the consumer.

Markets are returning to normal

Having recognised the need to have competition safeguards waived during the pandemic to manage severe border restrictions and a dramatic fall in passenger demand, we have since seen borders across the world reopen following highly successful vaccination campaigns.

The successful vaccination campaigns and subsequent removal of travel restrictions have seen many global markets recover strongly, including China's domestic market, which is now above pre-pandemic capacity levels, and the US domestic market, which has been close to 90% of normal capacity since June. Our nearest neighbours in Europe are also growing back strongly, with France, Italy and Spain already at 78%, 79% and 83% of 2019 capacity levels, respectively, while the UK continues to lag behind at 63%.

With demand returning at scale in these markets, relevant authorities have all reinstated some discipline in slot regulations, ensuring fair usage of infrastructure and encouraging the restoration of connectivity.

These regulations have also been restored with no evidence of 'ghost flights'. For example, despite different regulations across Europe, the VINCI network of airports experienced no difference in the proportion of flights operating at low load factors in the UK or EU this summer. easyJet's flights in Europe have also seen higher load factors than their services in the UK.

Consequently, we understand that the EU is considering a return to 80:20 rules, without any dispensation for summer 2022.

Demand in the UK however is now responding in the same way as in the US, China and Europe with strong bookings for the autumn and winter holidays as well as some return of medium haul traffic. The UK should therefore follow a similar path to the EU and put the 80:20 slot regulations back in place in time for next year's vital summer season.

A continued slot waiver would be a disproportionate response to market conditions

Effective vaccine rollouts, flexible airline cancellation policies and the removal and easing of Government travel restrictions means that air passengers can once again book with confidence. Continuing with the waiver for the summer 2022 season – when market conditions are expected to be at, or close to pre-pandemic levels - would therefore be a wholly disproportionate response to those conditions.

Rather than encouraging airlines to respond to notably improved market conditions - as Wizz, Ryanair and Jet2 have done by deploying over 75% of their 2019 capacity in the UK this summer - the continued use of the waiver would result in most airlines continuing to under deliver on capacity, whilst deliberately hoarding slots to protect their market position. This would significantly harm competition by acting as an intentional barrier preventing other carriers, including new market entrants, from flying these slots instead – regardless of the fact that there is a clear demand from the passenger to see more capacity being operated.

Preventing access to slots could also result in airlines allocating their capacity in other markets instead of the UK, which would be to the detriment of UK consumers, potentially for some years to come.

Gatwick, for example, remained oversubscribed – even during the pandemic - with airlines from across the world requesting slots. These airlines were prevented from flying from the airport however as the waiver allowed for potentially deliberate 'slot blocking' by some incumbent airlines. This has dramatically impacted on consumer choice and connectivity, with only 58% of pre-pandemic routes operating at Gatwick in August, compared to 85% at Stansted and 82% at Heathrow.

More broadly, consumer choice across the UK continues to be negatively impacted, compared to our competitors, with only 75% of pre-pandemic routes on offer in August, compared to 86% in Spain and 90% in the USA.

Depriving UK consumers of the competitive benefits that the slot regulations provide, including choice of destination and airline, as well as efficient and fair pricing, are concerns we have raised separately in preliminary meetings with the Competitions and Markets Authority.

Now is the right time to return to the UK's pre-pandemic '80/20' slot rules

We do not however take it for granted that borders will no longer be restricted by the impact of COVID-19, but we believe that provisions under the existing 80/20 slot competition safeguarding regulations are adequate and provide enough targeted and proportionate protection for airlines. For example, under Force Majeure, the 80/20 rule would be suspended when genuine restrictions, such as closed borders or substantive quarantine periods are in place.

With demand returning strongly and adequate protection in place, we strongly believe that now is the right time to return to the pre-pandemic '80/20' slot rules and we urge the Government to publish a positively worded consultation that is clearly minded to restore these rules not least as airlines are already advancing with schedules for the summer 2022 season and urgently need clarity to support their planning. For the same reason, we also need a final decision at the earliest possible opportunity.

A return of the '80/20' slot rules would also bolster the UK aviation sector's recovery, provide competition and choice for consumers, and help the country connect to vital international destinations with levels of flying similar to those already being seen now in Europe and across the world.

We would welcome the opportunity to discuss this important matter further.

Yours sincerely,



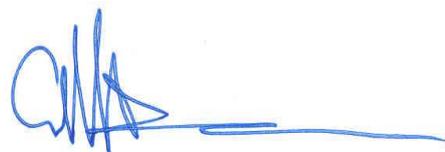
Stewart Wingate
Chief Executive, Gatwick Airport Limited



Marion Geoffroy
Managing Director
Wizz Air UK



Graham Keddie
Managing Director
Belfast International Airport



Gordon Dewar
Chief Executive
Edinburgh Airport Limited