



ISSN 0951-0600

**UNITED KINGDOM
CIVIL AVIATION AUTHORITY**

**Official Record Series 6 Part 2
Airports - Economic Regulation**

**No: 170
Date: 7 May 2010**

Notices relating to applications and permissions

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This notice should be read in conjunction with the Civil Aviation Authority Official Record Series 6 Part 1.

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Section 3 Miscellaneous

The Civil Aviation Authority ('the CAA') has powers under section 41(2) of the Airports Act 1986 to impose conditions in respect of an airport subject to economic regulation if it appears to the CAA that the airport operator is pursuing a course of conduct specified in section 41(3) of the Act. If it appears to the CAA that an airport operator may be pursuing such a course of conduct it is required by Regulation 11(1) of the Civil Aviation Authority (Economic Regulation of Airports) Regulations 1986, to carry out an investigation with a view to establishing whether the airport operator is pursuing such a course of conduct. As required by Regulation 11(2)(b) of the Regulations the CAA hereby gives notice of a proposed investigation. The matter to be investigated is the following:

Courier Facilities Limited (CFL) rents a facility that handles courier material at Heathrow Airport for all airlines at the airport apart from British Airways. Courier material for British Airways is handled by the airline's own cargo shed at Heathrow. Heathrow Airport Limited (HAL) requires the land currently occupied by CFL for its re-development of the Central Terminal Area (CTA) at Heathrow. HAL has given CFL notice to quit its current facility in June 2010. HAL has offered CFL a new facility at the airport, but not in the CTA. The rental for the new facility would be higher than for the current facility, and HAL has asked CFL for a shareholder guarantee of rental income on the new facility. CFL says that as it is a co-operative non-profit making company it would be unable to provide such a guarantee. CFL also says that as the new facility will not be in the CTA, its processing times for handling courier material will increase leading to a worse standard of service for courier companies and their customers.

It appears to the CAA that in moving CFL to a location that is alleged would result in worse service for users of courier facilities at the airport and by insisting on a guarantee of rental income, that HAL may be pursuing a course of conduct specified in section 41(3) of the Act. The particular course of conduct relevant to the complaint made by CFL is set out in subsection (3)(b)(i), namely:

the adoption by the airport operator, in relation to the granting of rights by virtue of which relevant activities may be carried on at the airport by any other person or persons, of any practice which unreasonably discriminates against any persons granted any class of such rights, or any particular grantee of such a right, or unfairly exploits his bargaining position relative to the grantees of such rights generally.

The investigation is being carried out with a view to establishing whether HAL is pursuing this course of conduct.

Persons affected by or having an interest in this investigation are invited to send representations on this matter to Rodney Gander, Economic Regulation Group, Civil Aviation Authority, 45-59 Kingsway, London, WC2B 6TE (e-mail rod.gander@caa.co.uk) by 7 June 2010. Unless marked otherwise, copies of representations will be published on CAA's website.