

Paul Smith  
Group Director, Consumers & Markets  
Civil Aviation Authority  
Email: [paul.smith@caa.co.uk](mailto:paul.smith@caa.co.uk)

17 December 2021

RE: CAP 2265: H7 Initial Proposals

Dear Mr. Smith,

United Airlines appreciates the opportunity to comment on the CAA's Initial Proposals for H7. United is committed to Heathrow service. Prior to the COVID-19 crisis, we operated 17 daily services to Heathrow, more services than to any other point we serve outside North America. We currently operate 10 daily services to Heathrow but will progressively increase to 22 services in summer 2022. We support the comments that LACC/AOC, A4A and Star Alliance have submitted but wish to supplement them with brief observations of our own.

As an initial matter, we share the disappointment of other Heathrow operators that the CAA has decided to maintain its proposed level of charge (£29.50 or £30.19 with inflation) as the interim pricing cap for 2022. In our view, the industry canvassed convincing arguments that consumer interests are best served by maintaining the current level of charges until the CAA has published its Final Proposals for H7.

The CAA's Initial Proposals to raise the current rate of charge by between 25% and 75% in H7 is equally disappointing. The proposed increase is difficult to reconcile with the advice of CAA's independent consultants that the rate of charge should be set significantly lower. It also comes at a time when the airline industry is navigating the worst financial crisis in its history as a result of COVID-19 and associated government travel restrictions. Consumers will be the ultimate victims because they will bear the cost directly through increased charges or indirectly through increased fares. This in turn will depress demand and impair the industry recovery that the government is publicly supporting to promote UK global trade and tourism.

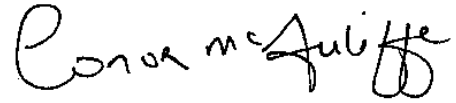
For the reasons that LACC/AOC have detailed in their submission, we respectfully request the CAA to revisit some of the assumptions underlying its Initial Proposals. In particular, we disagree with the CAA's range of operating costs and commercial revenues and believe that the CAA over-estimates the cost of capital at Heathrow. Equally, we believe that the CAA's passenger forecasts are outdated and do not reflect the latest industry forecasts published by Eurocontrol, IATA and ACI.

United has seen an 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 8 November. United has committed to operate 22 services in Summer 2022 – 5 more than we operated in 2019 - because of our confidence that demand will return as governments continue to relax travel restrictions associated with COVID-

19. In light of this information, we respectfully request the CAA to update its passenger forecast based on recent evidence showing an increase in passenger demand.

We thank you for your kind attention. Please do not hesitate to contact us if you have any questions or require further information.

Sincerely,

A handwritten signature in black ink that reads "Conor McAuliffe". The signature is written in a cursive style with a large initial 'C' and a distinct 'M'.

Conor McAuliffe  
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cc: Abigail Grenfell, David Kendrick - CAA  
Dan Weiss, Patrick Shannon, Marisa Villanueva - United