

17 October 2013

Assessing the market power of Stansted Airport

Additional consultation

In January 2013 the CAA issued a 'minded to' consultation on Stansted Airport Limited's (Stansted's) market power, which closed for response at the end of May 2013. A market power assessment (MPA) is required under the Civil Aviation Act 2012 as part of the process to decide whether and how Stansted airport will be regulated in the future.

The CAA noted in its 'minded to' MPA consultation that likely future developments in the market and their potential implications would form a key part of this assessment. Those developments included the imminent divestment of Stansted (the announcement of which was expected but not concluded by January 2013). The CAA acknowledged that one uncertainty that could alter its views would be if the new owners of Stansted established different behaviours and relationships with the airlines.

On 17 September 2013, the CAA announced that, as market conditions appear to have changed materially since the consultation closed and stakeholders may have new evidence that it would not have been possible for them to present previously, the CAA would consult to invite representations on how these developments may affect the MPA for Stansted airport.

This letter formally commences the additional phase of consultation which is limited in scope to the impact of those particular market developments upon the MPA for Stansted. The consultation runs from 17 October to 11 November 2013.

In the accompanying consultation document, the CAA has outlined the key developments, explained their potential impact on the MPA for both the passenger market and the cargo market at Stansted, and the various regulatory outcomes available. The CAA sets out a provisional view on some aspects of the MPA, but not all of them. It invites representations from stakeholders on the impact of the developments on those particular aspects of the MPA for Stansted.

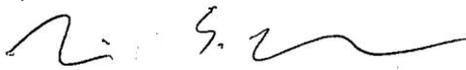
Representation and evidence received as part of this consultation will inform the CAA's final determination of its market power assessment for Stansted airport, which the CAA plans to publish early in 2014. The form of regulation for Stansted will be finalised after that.

Next steps

If you have any questions about the issues raised in this letter or the attached consultation, or would appreciate an opportunity to discuss the issues with us, please contact Beryl Brown (beryl.brown@caa.co.uk).

If you would like to submit representations and/or new evidence, please send this to airportregulation@caa.co.uk, with any confidential sections clearly marked as such. The CAA would expect to publish any non-confidential responses to this letter.

We welcome your representations and new evidence by 11 November 2013.

A handwritten signature in black ink, appearing to read 'Iain Osborne', with a stylized flourish at the end.

Iain Osborne

**Group Director
Regulatory Policy Group**