



UPS Response to Call for Inputs – Review of the Traffic Distribution Rules 1991

January 2026

Background

UPS is one of the world's largest express delivery and logistics companies, playing a vital role in the collection, warehouse and delivery of goods. Globally we have over 500,000 employees and our UK operation includes more than 85 operating facilities, approximately 8,000 employees and a fleet of more than 2,900 vehicles.

UPS provides critical national and international time sensitive delivery services for businesses of all sizes. With one of the largest airlines in the world, UPS currently operates air gateways at East Midlands Airport (EMA), Stansted (STN), Edinburgh (EDI) and Belfast International (BFS) connecting businesses (exporters and importers) with the rest of the world. UPS opened an expanded air hub operation at EMA in 2021 which reflected a £138m investment, supporting over 600 jobs and operating daily direct flights to the US and Cologne, as well as intra-UK flights.

UPSCO (UPS Airlines), with one of the youngest fleets in the industry contributes to aviation sustainability efforts by operating a fuel-efficient fleet and effectively managing aircraft and air hub operations. As the operator of one of the world's largest cargo fleets, UPS also leads the industry in deploying noise and emission reduction technologies and by executing noise reducing flight procedures. We continue to make significant investments in new, modern aircraft including orders.

Overview

UPS welcomes the opportunity to input into the CAA's Review of the Traffic Distribution Rules 1991. UPS supports the response submitted by AICES (Association of International Couriers and Express Services) and the data inputs that they have provided which illustrate how the express cargo sector operates, the value and tonnage of goods carried and how it supports trade and business growth.

We would like to highlight that the most pressing need for the express freight industry is the lack of capacity within the night period, specifically at airports in the South East. In order to support the UK's trade ambitions, which will involve an increase in exports and imports, there needs to be the corresponding transport infrastructure to support this growth.

Traffic Distribution Rules (TDRs)

The Traffic Distribution Rules (TDR) were introduced by the UK Government in 1991 under the Airports Act 1986 to manage congestion at London's busiest airports, Heathrow and Gatwick. The rules were designed to control how certain categories of air traffic, particularly non-scheduled services and whole-plane cargo operations, were distributed across the South East airport system, notably Heathrow, Gatwick and Stansted, in order to preserve limited daytime capacity at Heathrow and Gatwick for scheduled passenger services.

While this framework reflected the aviation market of the early 1990s, we now believe that this creates a material barrier to entry for express air cargo operators at Heathrow and Gatwick and restricts the ability of businesses in the South of the UK to access time-critical international connectivity. We believe that the TDRs are outdated and inconsistent with the Worldwide Airport Slot Guidelines (WASG) principle that slots are allocated at congested airports in an open, fair, transparent and non-discriminatory manner.

The TDRs impact on capacity for cargo operations for Gatwick and Heathrow has a direct negative impact on already constrained capacity at other SE airports, particularly Stansted and Luton. Which in turn, impacts express operations and UK international competitiveness.

We support AICES's strong view that the TDR operates as an anti-competitive policy, favouring incumbent passenger operators and preventing express cargo operators from competing for slots on equal terms. This runs counter to stated Government objectives to deliver better outcomes for businesses and consumers and to support the UK's global trading ambitions, including growth in exports. We support the Government's position to seek advice from the Civil Aviation Authority on the amendment or removal of the TDR and considers that a clear and urgent timeline for reform is required, so that express operators can apply for slots on the same basis as commercial passenger airlines.

UPS does not operate dedicated cargo flights at either Heathrow or Gatwick, as there has never been capacity to do so. We currently operate flights to Germany and the U.S. from Stansted but we are now seeing limited capacity, especially within the critical night period.

The limited capacity at Stansted, combined with the TDR at LHR and LGW, means there are limited to no options for us to increase capacity at airports around London and the South East:

- At Stansted, there is a cap on the number of cargo flights. There is also a restriction on the use of QC2 aircraft (i.e. B767 which is used by cargo carriers) and Winter Season is at capacity because passenger carriers use the quota to cover them in the Summer Season.
- At Luton, there is an expansion, but there will be no more cargo flights.
- Traffic Distribution Rules restrict cargo flights at Heathrow and Gatwick.
- At Heathrow, the airport does not want any more all-cargo flights (on a 12-month scheduled basis) and the proportion of all-cargo flights has fallen to about 5%.
- In addition to the TDRs at Heathrow and Gatwick, a set of locally applied slot-management and capacity-control rules determine how scarce runway and slot capacity is allocated between different types of traffic.
- Only two airports have a runway long enough for wide-bodied inter-continental freighters and do not operate a curfew at night – Stansted and Gatwick – but Stansted is at capacity and Gatwick is close to capacity at night.

Air cargo, specifically the express air cargo industry, operates very differently to the rest of the aviation industry. Express air cargo is key to the supply chain, enabling UK businesses, especially in the hi-tech, retail, pharmaceutical and healthcare industries to send and receive just-in-time deliveries. Protecting express air freight is critical to economic growth and keeping UK businesses competitive in a 24-hour global economy. With customers requiring late afternoon collections and early morning deliveries, the only time we can move export and import shipments is by air and at night both in the pre-2300 time period and during 2300-0700.

Recent research by AICES (the UK Express Association) into the importance of Express services showed that express services are essential to UK international competitiveness, with 93% of businesses surveyed saying that express services were very important or important to their

competitiveness. 89% said that this was because of speed of delivery and 62% valued reliability of service as integral to their own reputation.

- The curtailing of express services would have real implications. 80% of respondents saying that if express services were not available it would have a serious or very serious impact on their businesses. 68% said that orders could be lost and 42% said that UK operations could be reduced.

East Midlands Airport

UPS's main air hub in the UK is at East Midlands Airport (EMA) where we have recently invested in an expanded operation. While EMA is key to our air network, it cannot be the only option for cargo in the UK. The reason that we operate at Stansted is to best serve businesses in London and the South East. Without an air hub in the South East, we would have to truck volume from EMA down to the South (and vice versa), creating more congestion on the roads, increasing the cost to serve these customers, and reducing the efficiency of our services as these shipments would fail service commitments. Businesses in London and the South East could experience longer transit times for their goods leaving and coming into the UK, thus impacting their competitiveness and ability to leverage global opportunities.

Airport Coordination Committees

At coordinated (Level 3) airports, coordination committees play a central role in shaping how scarce airport capacity is defined, allocated and prioritised. They influence capacity declarations, local slot rules, disruption policies and the practical operation of the slot regime. In practice, these decisions can have as much impact on access to airports as the Traffic Distribution Rules themselves.

Express and all-cargo operators hold notably small numbers of slots compared with passenger airlines, they have limited formal voting power within committees that rely on slot holdings as a proxy for market importance. This can result in outcomes that reflect short-term commercial incentives for airports and passenger airlines rather than the wider economic value of time-critical freight connectivity.

Cargo carriers consistently fail to be sufficiently recognised due to the slot holding-based voting systems. For example, at Stansted, cargo flights during the night period comprise approximately 12% of total slots. The small number of slots held by all-cargo carriers represent a high value to the UK economy, but perhaps not as high a value for the immediate financial incentives of the airport operators.

The Worldwide Airport Slot Guidelines (WASG) recommend that Level 3 airports establish coordination committees with participation from the national aviation authority or government, either as a member or as an observer, to ensure accountability, transparency and alignment with public policy objectives. These committees should meet at least twice per year ahead of IATA slot conferences, review capacity declarations, agree local guidelines and publish minutes. We would suggest that there is a potential role for the CAA on these committees, aligned with guidance offered by the International Air Transport Association (IATA).

Conclusion

Trade and transport policies are essential ingredients to delivering economic growth. Good transport infrastructure and seamless trade can help businesses to grow, jobs to be created and new sectors to thrive. One way to ensure there is alignment is to require airports to assess how their infrastructure supports the UK's trading ambitions, and whether cargo slots have been awarded on a fair and equal basis. Currently, we feel that cargo airlines are disadvantaged in the South East when compared with passenger airlines, especially in the night period which is a critical component in our international networks. We believe a broader suite of measures should be considered to create fair and equal access for cargo operators, including removing the 1991 Local Traffic Distribution Rules, reviewing airport coordination committees, and requiring airports to assess how their infrastructure supports the UK's trading ambitions. The TDRs discriminate against all cargo flights as airports have strong commercial incentives to favor passengers (retail spend, parking, community acceptance) over cargo, even when cargo demand exists and has a far greater economic impact to the UK economy. We also believe that it is important that the CAA considers not only the formal TDR framework, but also the local operational rules that determine how access to Heathrow and Gatwick is actually exercised and what impact removal of the TDR would have on these rules.

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