

Review of the Traffic Distribution Rules 1991

23 January 2026

Summary

- Logistics UK supports a review of the 1991 Traffic Distribution Rules to assess whether they remain fit for purpose in today's aviation and logistics market.
- Any changes should balance efficient use of constrained airport capacity with fair and proportionate treatment of passenger and cargo services.
- Logistics UK supports consideration of amended or alternative approaches aligned with principles of neutrality, transparency and non-discrimination.

About Logistics UK

Logistics UK is one of the country's largest business groups, and the only trade association which represents all of logistics. Our mission is to support, shape and stand up for a safe, sustainable and efficient logistics sector. Our membership of more than 22,000 includes global, national and regional businesses and SMEs spanning road, rail, inland waterways, sea and air as well as the customers of freight services, such as retailers and manufacturers. We deliver services, representation and thought leadership, helping members and policymakers to seize new opportunities for the sector and the economy as a whole, right across the country.

The logistics sector

Nothing moves without logistics. The sector employs 8% of the UK workforce in good jobs with strong career progression, contributes £170 billion in GVA each year, and underpins the resilience of the everyday economy.

Logistics plans and coordinates the movement and storage of the goods that businesses, public services and households rely on – using ports, airports, roads, railways, waterways, warehouses and smart digital systems to tie it all together.

With the right policies, logistics can drive up UK growth by £8 billion a year.¹ However, rising costs, red tape and poor infrastructure are holding the sector back – putting firms out of business, fuelling inflation, and undermining productivity and supply chain resilience. As a result, the UK has fallen from 4th to 19th in the World Bank Logistics Performance Index over the decade to 2023.

The role of air cargo in the UK logistics system

Air cargo plays an essential role in the UK economy, supporting international trade, time-critical supply chains, just-in-time manufacturing, pharmaceuticals, high-value exports and express parcel networks. Air freight is carried both in the bellyhold of passenger aircraft and by dedicated freighter aircraft, with the two models serving different but complementary functions within the logistics system.

The resilience of UK supply chains depends on the availability of both forms of air cargo capacity, as well as on predictable and proportionate regulation in conditions of constrained airport capacity.

¹ Logistics Delivering a solution to the UK's productivity puzzle, Oxford Economics, 2023

The purpose and context of the 1991 TDRs

Logistics UK recognises that the 1991 Traffic Distribution Rules were introduced in a very different market context and were designed to manage congestion at highly constrained airports by prioritising scheduled passenger services during peak periods.

We also acknowledge that Heathrow and Gatwick continue to experience severe capacity constraints and that any framework governing access to those airports must support the efficient use of scarce capacity, operational stability and the reasonable interests of passengers and freight users, while also aligning with global standards and principles around capacity allocation.

However, the air transport market has evolved significantly since 1991, including:

- Greater integration of air cargo into global supply chains.
- Increased reliance on express and time-definite services.
- Changing ownership and governance of London airports.
- Greater emphasis internationally on non-discriminatory slot allocation principles.

These changes make a review of the operation and effects of the 1991 TDRs both timely and appropriate, as well as highlighting the need for a mechanism of regular reviews in future.

Impacts of the TDRs on logistics users and operators

- Congestion can limit operational flexibility for dedicated freighter operators, particularly where cargo demand is time-critical or driven by short-term market shocks. At the same time, all-cargo operators cite the TDRs as preventing growth of dedicated freight operations at congested airports..
- Many exporters and logistics users benefit significantly from bellyhold cargo capacity provided by passenger services at Heathrow and Gatwick, and any reforms must avoid unintended consequences for that connectivity.
- The rules may interact with other barriers to entry and expansion, such as capacity limits, making it difficult to isolate their specific effects without a detailed review.

Overall, Logistics UK does not consider this to be a question of choosing between passenger and cargo services, but rather of ensuring that regulatory tools are proportionate, transparent, and aligned with modern market conditions. From a trade perspective, predictability and operational stability of access to constrained airport capacity are critical, particularly for time-sensitive and high-value supply chains.

Substitutability and the role of alternative airports

Other airports, such as East Midlands Airport, play an important role in the UK's air cargo network, particularly for dedicated freighters and express services. However, they do not represent full substitutes for Heathrow or Gatwick for all types of cargo, customers or business models, particularly where proximity to London-based markets, supply chains or international connectivity is critical.

This suggests a need for nuanced policy rather than a one-size-fits-all assumption of substitutability.

Alignment with international principles and future reforms

Logistics UK notes the Secretary of State's view that the 1991 TDRs may be inconsistent with the Worldwide Airport Slot Guidelines principle of open, fair, transparent and non-discriminatory slot allocation.

We consider that this review provides an opportunity to examine whether the current form of the TDRs remains the most effective way of achieving their original objectives, or whether alternative mechanisms - such as revised slot allocation practices, pricing signals or administrative tools - could deliver similar outcomes while better reflecting current market realities.

It is important this test is carried out with the Government's imminent and wider plan for slot reform in mind, given many of the alternatives may sit within that legislative framework.

Conclusion

Logistics UK supports the CAA's review of the 1991 Traffic Distribution Rules and agrees that they should be assessed against today's market conditions and policy objectives.

We do not take a position that the TDRs should automatically be revoked. Instead, we encourage consideration of whether they should be retained in a revised form, amended or replaced to better reflect modern operational needs, or complemented by alternative mechanisms that support efficient use of constrained airport capacity while maintaining fairness, transparency and resilience across the aviation and logistics system. We would also further suggest that the CAA assess the impact on air freight capacity, supply chain resilience and the UK's trading economy, alongside passenger outcomes.

We encourage the CAA to take an open-minded approach to reform in this area to achieve the best outcomes for the full range of air freight operators, customers and airports in order to enable our sector to support economic growth. We would welcome the opportunity to engage further with the CAA as the review progresses.

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