

Civil Aviation Authority
Sent by email to: economicregulation@caa.co.uk

Date: 19th January 2026

Dear Sir / Madam

Star Alliance response to CAP3195: Working Paper on Regulatory Models for Heathrow

Thank you for the opportunity to submit views as part of the above consultation. Star Alliance has worked with the airline community to formulate the response submitted jointly from the LACC and the LHR AOC. We are fully supportive of the contents of that response and would ask that CAA reflect this support in its records.

In addition, we are grateful for our colleagues at IATA for producing and submitting a detailed and technical response to the consultation, drawing on expertise that has considered regulatory approaches around the world.

Please note that many of our airline members will be responding individually to this consultation and this Star Alliance submission should be read in conjunction with those.

The case for change

We strongly agree that a change to the current regulatory model is required. Our member airlines, 22 of which fly to LHR, contribute a significant part of HAL's revenue via the charges they pay. The current framework was tweaked for H7 with the best intentions of improvement, but there are still serious challenges of affordability, quality of services delivered and questions about capital efficiency.. Moreover, LHR is already very expensive, yet the potential charges which would result if Expansion progresses under the current framework run a serious risk of negating the commercial viability of Heathrow for some airlines and/or routes.

In combination, these concerns impact negatively on consumer interests. We must collectively find a better way of regulating HAL, to the benefit of all parties.

Regulatory principles

Given the very technical nature of this consultation and the specific questions asked, we will not comment directly. Similar to the community response, we think it best to set out the principles by which the appropriateness of a new regulatory framework should be assessed.

Competition

An approach whereby targeted competition is facilitated, both for capital projects and operational delivery, should be considered. However, we would be extremely wary of any such framework which risked the enablement of an unfair competitive advantage for non-Star Alliance carriers.

Regulatory oversight and cost discipline

The future approach must enable greater informed scrutiny of projects, aimed to prevent cost overruns, excessive profits and service failings. Incentivisation tools should better align costs to the delivery of benefits, including rewards for genuine outperformance and robust penalties for underperformance. A primary objective must be to encourage a culture of cost efficiency and genuine transparency in Heathrow, which the current framework has failed to do over many years. In turn, such an approach should assist in driving down supply chain costs to a reasonable level, eliminating the 'Heathrow factor', an unofficial markup on base profits.

Affordability

The future framework must recognise the huge costs of flying to Heathrow, both for airlines and their passengers. Over time, we would want the comparative costs to reduce to a reasonable level vs sensible comparators, both within aviation and in other sectors.

Collaboration

By its very nature, the current framework exacerbates a background context of suspicion and mistrust between stakeholders, causing at times high contention and poor collaboration. The future approach must seek to eliminate this and ideally create a positive environment in which all parties work together in full transparency to deliver consumer benefits.

We recognise the highly complex environment in which HAL functions and the consequent difficulty in designing a new regulatory approach. Rather than a 'one-size-fits-all' solution, we suggest that a hybrid approach to regulation is likely the most suitable, comprising some elements of competition, appropriately targeted incentives, more robust oversight, and genuine transparency which will best address the challenges, as long as this is aligned to the principles set out above.

Yours sincerely

SD Ralph

(sent by email)

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cc Simon Scoggins, Regional Director, Heathrow