

From: [London Financial Manager](#)
To: [economicregulation](#)
Cc: [London District Manager](#)
Subject: Response to – CAP2098: Economic regulation of Heathrow Airport Limited: response to its request for a covid-19 related RAB adjustment
Date: 04 March 2021 12:01:03
Attachments: [image003.png](#)

Dear Sir ,

Further to the publication of the CAP2098 consultation, Egyptair would like to state our full support for the summary response being submitted by Star Alliance and the detailed response submitted by the AOC/LACC

Egyptair has been flying out of Heathrow for more than 40 years and we never had objection on any of the adjustments imposed by HAL but as you are aware the impact of the covid-19 pandemic on the aviation sector has been more significant than on most other regulated sectors in the UK. Most of the airlines have really suffered during the past year from major loss and have just been able to survive .Some companies had support from their government or just by applying for loans but tried to address these problems by finding other solution than adding more cost on passengers therefore Heathrow's proposal to increase the RAB is not supported from our view for below reasons :

Firstly, We would like to emphasize that no other airport currently appears to be requesting compensation in the form of a RAB adjustments as this is considered an abuse of the norms of the RAB .On the contrary we have seen other airports reducing their fees to encourage their traffic . If every airport decide to take the same approach , you can imagine the suffer airlines will endure .

We would also like to highlight HAL's management approach of leaning on regulation and the consumer to make up their loss is not acceptable. There clearly should be a significant injection of true equity to the HAL business from their shareholders. It is also important to note that once traffic levels have recovered, HAL's ability to attract additional airlines and passengers from other UK airports is likely to happen .

Secondly it is important to indicate that there is no regulatory justification for reopening the Q6 settlement and HAL has already assigned passenger volume risk for this period.

Finally , we believe that the CAA's primary duties are to protect the consumer (passengers and cargo users) and specifically the availability, continuity, cost and quality of the airport's operation and we agree with the CAA's own analysis presented in CAP 2098 that increasing the RAB by £2.8bn does not improve HAL's finance ability (and some key credit metrics will be worse).

In summary :

If Heathrow has excessive debt and insufficient equity to fund future capital investments, the correct solution is an injection of real cash equity to replace the equity that has been

stripped out of the business or the government to introduce an aid scheme to support airports which involves both direct compensation and liquidity support in the form of grants or loans

Thank you for the opportunity to respond to this consultation. We look forward to the CAA's considered and reasonable conclusion in respect of HAL's application.

Yours sincerely,

Best Regards,

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