

June 2026

AICES Response to Review of the Traffic Distribution Rules 1991: Consultation on Draft Advice to the Secretary of State.

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Submitted on the 26th of June 2026

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Background

AICES

The Association of International Courier & Express Services (AICES) is the UK trade association for the international express parcels sector. Express operators provide fast, time-definite door-to-door movement of international shipments, which are tracked and controlled throughout the journey.

Our members import and export over 450 million international shipments to and from the UK each year. These consignments range from legal documents and spare parts to pharmaceuticals and medical equipment, to e-commerce goods. Our model relies on picking up consignments throughout the day, then moving them by road to hubs so they can be shipped overnight to their destination by road or air dependent on the final destination and customer delivery requirements.

Our members include CFL, DHL, DPD, Evri, FedEx, Royal Mail and UPS, in addition to our extensive SME and Associate membership.

How the International Express Operating Model Works

International express services operate a highly structured, time-critical hub-and-spoke model, designed to enable reliable, time-definite, next-working-day delivery for businesses and consumers across the UK and internationally. The model is fundamentally different from passenger aviation and from general air freight, and its performance depends on precise coordination across road, air and customs processes.

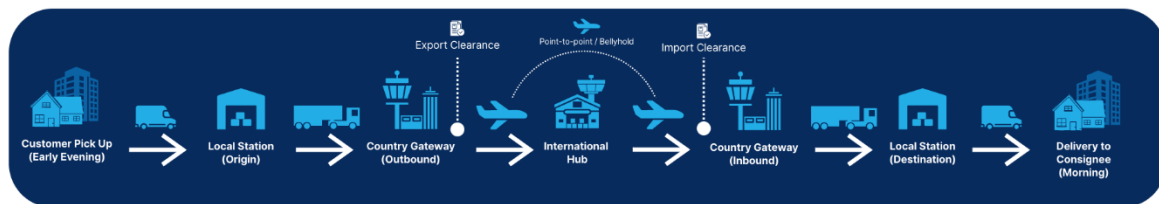


Figure 1: The International Express Operating Model

End-to-end daily operating cycle:

The express operating cycle follows a predictable daily sequence:

1. **Customer collection (daytime to early evening):** Shipments are collected from customers throughout the working day and into the early evening. These include documents, spare parts, medical supplies, pharmaceuticals and e-commerce goods. The latest possible collection time is a critical determinant of service quality for customers.
2. **Road feeder services to local service centres and hubs:** Collected consignments are consolidated at local service centres and transported by scheduled road feeder services to national or international hubs. These road movements are tightly timed and aligned with downstream aircraft departures.
3. **Customs export processing:** Shipments are processed through export clearance at gateway facilities prior to departure, enabling rapid onward movement without delay at destination.
4. **Overnight air movements (night flights):** Consolidated consignments are flown overnight between hubs and destination gateways. These night flights are the core of the express model, allowing large geographic distances to be covered within a single operating window.
5. **Customs import processing at destination:** On arrival in the early morning hours, shipments are cleared through import customs processes, enabling immediate onward distribution.
6. **Morning delivery to consignee:** Shipments are transferred to destination service centres and delivered to consignees in the morning, often within guaranteed time windows (e.g. pre-09:00, pre-10:30 or next-working-day).

The ability to operate overnight flights is fundamental to this model. Night operations allow express operators to maximise customer collection times at origin while still meeting next-day delivery commitments at destination. Each stage of the operating

cycle is time-locked, meaning that even modest changes can materially affect customer cut-off times and delivery reliability.

Importance of Express Services to UK Businesses

In 2023, the Association of International Courier and Express Services (AICES) commissioned York Aviation to conduct research into the importance of international express services to UK businesses.

Express operators provide fast, time-definite, door-to-door movement of shipments which are tracked and controlled throughout the journey. Each year, AICES members import and export over 450 million international shipments to and from the UK. They are highly dependent on night flights to provide this connectivity. The primary purpose of this report is to add further detail to previous economic analysis conducted by York Aviation in 2021 on the impact of night flying in the UK, which showed that flights in the night period (23:00 to 06:59) generated a total economic impact of £16.5 billion in terms of GVA in 2019, supporting approximately 213,200 jobs.

Most of the businesses surveyed use express parcels services every day or at least once a week, with speed of delivery being the most commonly cited reason for using express services. This demonstrates why aviation capacity is so important to express customers & UK businesses.

Key Findings

The York Aviation report highlighted several key findings.

1. **Express services are essential to doing business in the UK**, with 95% of businesses surveyed stating that they were vital to or important for their business operations.
2. **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.
3. **The curtailment 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.

AICES Written Response

Introduction

The Association of International Courier and Express Services (AICES) welcomes the opportunity to respond to the Civil Aviation Authority's consultation on its draft advice to the Secretary of State regarding the Traffic Distribution Rules 1991 (TDR).

AICES strongly welcomes the CAA's proposed recommendation that the TDR should be revoked in full and support the proposal in option one of the consultation that this revocation should be with immediate effect. The draft advice represents a significant and positive step forward and reflects many of the key findings set out in AICES's original submission to the CAA's call for evidence earlier this year. In particular, AICES is pleased to see the CAA has recognised that the TDR was introduced in a materially different regulatory environment, that it operates as a rigid restriction within a modern slot allocation framework, and that its removal is unlikely to have a material impact on airport capacity utilisation at Heathrow or Gatwick, particularly considering the small amount of slots held by cargo and express operators.

The draft advice therefore represents an important acknowledgement that access to constrained airports should be determined through modern slot allocation mechanisms rather than through a legacy regulatory restriction which excludes categories of operation regardless of their economic value or operational characteristics.

AICES strongly supports the CAA's proposed recommendation. As such, this response focuses on ensuring that the benefits of revocation are fully realised and that unnecessary transitional arrangements or replacement barriers do not undermine the intended outcome.

Support for Full Revocation of the TDR

As expressed, AICES agrees with the CAA's conclusion that the TDR is no longer justified within the current regulatory framework and should be revoked.

The original rationale for the TDR was developed more than three decades ago in a very different aviation environment. Since then, airport coordination, slot allocation, secondary trading and capacity management mechanisms have evolved significantly. The CAA is therefore correct in concluding that these modern frameworks are capable of managing scarce airport capacity without the need for an additional layer of regulation targeted at specific categories of traffic.

We particularly welcome the CAA's recognition that whole-plane cargo represents only a small proportion of total airport activity and that revocation of the TDR is unlikely to materially affect airport operations in the short to medium term. This aligns closely with the evidence submitted by AICES, which demonstrated that express and all-cargo movements represent a very small share of total movements at constrained airports while delivering disproportionately high economic value while supporting and facilitating international trade for the United Kingdom.

The draft advice also appropriately recognises that specific cargo operations may generate greater economic value than marginal passenger services. This is an important acknowledgement of the role that express services play in supporting UK exports, international competitiveness, supply-chain resilience and economic growth.

Implementation Should Occur Without Unnecessary Delay

Whilst supporting the draft recommendation, AICES is not persuaded that an extended implementation period is necessary. The CAA's own analysis within the issued draft advice concludes that revocation is unlikely to have a material impact on airport capacity utilisation or airport operations. If this is the case, there is no justification for a prolonged transition period.

Furthermore, the TDR is fundamentally a regulatory restriction, either in force or not. A lengthy transitional period risks delaying the benefits of reform without delivering any corresponding operational benefit.

Should the Secretary of State decide that a transitional period is required, it should be tightly defined, time-limited and focused solely on administrative implementation. It should not become a mechanism through which existing restrictions are effectively preserved for a further extended period.

Airport Substitution Does Not Address South East Connectivity Requirements

AICES notes the discussion within the draft advice regarding the likelihood that future cargo growth may continue to occur at airports outside Heathrow and Gatwick. AICES agrees that alternative airports play an important and valuable role within the UK cargo network, notably Stansted and East Midlands. However, the latter is not a direct substitute for access to South East airports.

The evidence submitted by AICES to the CAA's call for evidence demonstrated that airport proximity is a key determinant of express service performance. Distance directly affects collection cut-off times, delivery commitments, network resilience and the ability of businesses to access time-definite international services. All factors that have a real and notable impact on business operations and international competitiveness.

The South East represents the UK's largest concentration of internationally trading businesses and economic activity. Heathrow and Gatwick serve a distinct catchment which cannot simply be replicated through increased use of more distant airports. Additionally, Heathrow is home to a unique and highly important SME courier community that supports trade with major global markets such as the US, Europe, India and China. Equally, airports such as East Midlands, Belfast and Edinburgh serve their own established geographic markets and operational roles within express networks.

The practical consequence is that airport substitution is not neutral. Redirecting activity away from South East airports will inevitably affect service quality, customer choice and business competitiveness. Revocation of the TDR is therefore important not because it will generate substantial new volumes of cargo traffic, but because it removes an artificial barrier to access for a strategically important segment of the aviation sector. A sector which has disproportionately high economic importance to the UK economy.

Condition C4 and the Risk of Replacement Barriers

AICES notes the discussion within the consultation regarding Heathrow Airport's licence Condition C4 and the potential implications of TDR revocation.

AICES recognises that Heathrow Airport may wish to ensure that airport charges appropriately reflect infrastructure usage and operational requirements. However, it is important that the removal of the TDR is not accompanied by the introduction of alternative mechanisms that effectively recreate the same restriction through different means.

The central purpose of revoking the TDR is to allow cargo operators to compete for access to airport capacity through the same market-based mechanisms that apply to other airport users. Any future charging framework should therefore remain transparent, proportionate and non-discriminatory. The CAA's draft advice correctly recognises that cargo services can deliver significant economic value and that, in some circumstances, may generate greater economic benefit than marginal passenger operations. Express and all-cargo services support high-value exports, advanced manufacturing, pharmaceuticals, e-commerce, supply-chain resilience and the competitiveness of UK businesses. The value generated by these services extends well beyond the airport locality and contributes directly to wider Government objectives for economic growth, trade and productivity.

AICES would therefore be concerned if revised charging arrangements had the practical effect of pricing whole-plane cargo operations out of meaningful access to Heathrow or indeed Gatwick. As such, in the absence of C4, or an equivalent safeguard, it is therefore important that the removal of the TDR does not inadvertently result in alternative economic barriers that limit effective access to airport capacity for whole-plane cargo operators. Any future consideration of charging flexibility should be carefully assessed against the wider economic value of cargo operations and the objective of ensuring fair and effective access to scarce airport capacity. **Accordingly, AICES does not believe that the CAA should recommend removal or weakening of Condition C4 as part of its advice to the Secretary of State.** Any

future review of charging arrangements should be undertaken separately and should fully consider the national economic and trade benefits delivered by cargo and express air services.

Local Rules and Airport Coordination Governance Remain Critical

AICES recognises that local rules, airport governance arrangements and coordination committee structures sit outside the formal scope of this review. However, the consultation has highlighted their continuing importance.

The TDR does not operate in isolation. At Heathrow and Gatwick, local rules play a significant role in determining how scarce capacity is allocated, how ad-hoc access is managed and how different categories of operation are treated.

The removal of the TDR will be considerably less effective if local rules continue to produce outcomes that disadvantage whole-plane cargo operations in practice.

This issue is particularly important at Gatwick, where local arrangements have historically restricted cargo access beyond the direct effect of the TDR itself. Once the TDR is removed, any remaining restrictions should be reviewed to ensure that cargo operators are afforded fair and non-discriminatory access to compete for airport capacity.

Similarly, AICES continues to believe that airport coordination committee structures warrant further consideration. Historic slot holdings remain the primary determinant of influence within these forums, which can disadvantage sectors such as express cargo that deliver substantial economic value despite relatively small slot portfolios. AICES believes that it is critical that the CAA attends airport coordination committees to ensure that cargo and express are not disproportionately disadvantaged and that the national economic interest is represented. There are international precedents for such an approach such as Dublin, Japan and Sydney. Moreover, the Worldwide Airport Slot Guidelines 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.

Finally, following revocation, the historic precedence framework should apply equally to all-cargo and passenger operators, ensuring that cargo operators can establish, retain and grow slot portfolios on fair and non-discriminatory terms.

The CAA has rightly recognised the economic importance of time-critical freight within this review. Future work should ensure that governance arrangements are similarly aligned with wider economic, trade and productivity objectives.

Conclusion

AICES strongly supports the CAA's recommendation that the Traffic Distribution Rules 1991 should be revoked with immediate effect and supports Option 1 as set out in the draft advice.

The draft advice appropriately recognises that the TDR is an outdated restriction, that cargo operations represent a very small proportion of airport activity, and that modern slot allocation mechanisms are capable of managing airport capacity without the need for a separate regulatory barrier. AICES particularly welcomes the CAA's recognition of the significant economic value generated by express and all-cargo operations, and the important role these services play in supporting UK trade, exports, productivity and supply-chain resilience.

This recognition of the economic importance of cargo should also be reflected more broadly in airport governance arrangements. AICES continues to believe that there is a clear role for the CAA to represent the wider national interest within airport coordination committees, helping to ensure that decisions relating to capacity allocation, local rules and airport access properly reflect national economic and trade objectives, rather than solely the interests of incumbent airport users.

Finally, AICES considers that it would be contradictory to recommend the removal of the TDR on the basis that cargo should be able to compete fairly for airport access, while simultaneously permitting charging arrangements, through C4, that could discriminate against cargo operations or create barriers that achieve substantially the same outcome as the TDR itself. Revocation should deliver genuine and non-discriminatory access to airport capacity and should not be undermined through alternative regulatory or commercial restrictions.

AICES welcomes the opportunity to engage with the CAA on this important issue and looks forward to continuing discussions as the review progresses.

[END OF CONSULTATION RESPONSE]

About AICES:

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