

# CAP 3202: Call for inputs – Review of the Traffic Distribution Rules 1991 – Civil Aviation Authority

23 January 2026

## About Virgin Atlantic

1. Headquartered in Crawley, Virgin Atlantic is a proudly British flag carrier and the country's second largest long-haul airline. Our more than 9,200 dedicated employees help to connect more than 6 million business and leisure passengers to 30 global destinations, in 17 different countries. Through our transatlantic joint venture with Delta Air Lines and Air France-KLM, we offer more than 300 daily flights to North America and Europe, offering aligned schedules and seamless connectivity to our customers.
2. Our cargo business, Virgin Atlantic Cargo, currently holds the number one market share position for the transportation of UK-originating goods. We carried over 210m kilos of cargo in 2025 to key markets such as the US and India, supporting the UK's trade and connectivity. With our joint venture partners Delta, we account for over 30% of the market share (by weight) for Transatlantic air cargo.

## Executive Summary

3. Virgin Atlantic welcomes the opportunity to respond to the Civil Aviation Authority's (the "CAA") call for inputs on the 1991 Traffic Distribution Rules (the "TDRs"). This submission provides Virgin Atlantic's perspective, with a particular focus on London Heathrow Airport ("Heathrow").
4. The core principle underpinning the TDRs, namely directing freighter operations away from scarce airport capacity that is prioritised for passenger services, remains relevant today. Though we recognise that this call for inputs is intended to inform a more detailed consultation in Spring 2026, the rationale for potentially departing from this principle – and particularly why reform is necessary now – is not clear from the evidence set out by the CAA.
5. Virgin Atlantic is concerned that undertaking any substantive reform of the TDRs, ahead of the delivery of significant new airport capacity across the London airport system and which remains uncertain, risks regulating against market conditions that are expected to change and significantly ahead of other regulatory changes under consideration, including wider UK slots policy.
6. Today, Heathrow remains severely congested, with demand having significantly exceeded available capacity. This represents a markedly different market context from that which prevailed when the 1991 TDRs were introduced. However, in current conditions, the binding constraint on operations at Heathrow is the airport's legally binding Air Traffic Movement ("ATM") cap and extreme slot scarcity, not the TDRs. In practice, this means that freighter operations would not be able to access additional capacity at Heathrow regardless of the TDR framework.
7. While we recognise this may make the TDRs appear redundant in current conditions, this does not provide a sound basis for reforming or revoking them. On the contrary, removing or amending the TDRs on the basis of today's conditions would risk embedding regulatory decisions that are misaligned with future patterns of demand and capacity in a post-expansion UK aviation market (or any increases in yearly ATMs at Heathrow that occur before a third runway is built).
8. Virgin Atlantic also believes that reforming the TDRs in advance of, or independently from, wider consideration of slot policy would not be logical in current conditions. With little to no spare capacity at Heathrow, changes to the TDRs would not unlock additional capacity or materially change

outcomes for passengers or cargo operators. It would instead seek to allocate capacity that does not yet exist, and risks weakening a framework that may play a more meaningful role once capacity expands. Absent a clear view on the phasing of new capacity at Heathrow (or other London airports), or an understanding of how quickly that capacity may be utilised, it would be premature to assume that the original logic for the TDRs will not hold into the future.

9. For these reasons and with too many unknowns at this stage, our overarching view is that any decision to revoke, amend or replace the TDRs should be deferred until airport expansion proposals are operational. Expansion at Heathrow (and Gatwick) will fundamentally alter demand, slot availability and competitive dynamics over the long term, meaning that reviewing or reforming the TDRs now would be premature and potentially distorting.

### **Market context and congestion at Heathrow: 1991 vs now**

10. When the TDRs were introduced more than three decades ago, Heathrow was busy but not operating at full capacity – with around 40 million passengers passing through the airport each year. Airlines were able to grow services incrementally, and the availability of slots was materially less constrained than it is today.
11. By contrast, Heathrow is now at near full capacity and is structurally congested – with more than double the number of passengers estimated to have flown in 2025 (c.84 million). Demand for slots significantly exceeds supply, resulting in substantial pent-up demand, long waiting lists for new or expanded services, and limited opportunities for airlines to grow their networks.
12. In practice, Heathrow's legally binding ATM cap of 480,000 movements per year has become the primary constraint on operations. As Heathrow has approached effective full capacity under this cap, the availability of ad-hoc slots has diminished sharply.
13. This context is critical: the fact that the TDRs are not currently binding at Heathrow reflects the severity of current capacity constraints, rather than demonstrating that the rules are unnecessary in principle. Reforming or revoking the TDRs on the basis of these conditions would risk locking in regulatory decisions shaped by a temporary and atypical market at Heathrow.

### **Sequencing of TDR and slot reform**

14. The CAA's call for inputs notes that wider airport slot allocation reforms are being contemplated by the Department for Transport – indeed they were subject to consultation under the last administration. Reform to slot rules is highly likely given the need to allocate significant new capacity in the event that airport proposals are actually delivered. This broader policy context is relevant to any consideration of the future of the TDRs.
15. As noted above, at Heathrow, the TDRs may be considered to be temporarily redundant because there is little or no spare capacity to allocate. In the absence of available slots, reforming the TDRs will not unlock additional capacity at Heathrow, or materially change outcomes for passengers or cargo operators.
16. It would therefore not be logical to review or reform the TDRs in advance of, or independently from, wider consideration of slot policy and future capacity. Any assessment of the appropriate role of the TDRs would need to be considered in the round with the Department for Transport's broader approach

to slots and capacity, rather than in isolation. A failure to do so would create unnecessary complexity and prejudice the wider regulatory context for slot allocation.

### **Potential benefits and risks of TDR reform in an expansion context**

17. In a post-expansion context, there may be benefits to revisiting how traffic distribution rules operate, particularly once the level and composition of passenger demand is clearer. For instance, reforms at that stage could create additional opportunities for freighter partners to support the onward movement of bellyhold cargo to destinations not served directly by passenger flights (though it is crucial that the principle of passenger services being prioritised always remains).
18. However, despite any potential benefits, undertaking reform now carries significant risks. Airport expansion will fundamentally alter demand patterns, slot availability and competitive dynamics. In the absence of clarity on these factors, it is not possible to assess with confidence the costs and benefits of reform.
19. The introduction of cargo-only operations at an expanded Heathrow, with sufficient spare capacity, may be superficially attractive. However, given the significant (and uncertain) costs of Heathrow expansion, which will be paid largely through passenger charges as per the airport's current regulatory model, the risk of limiting the number of passengers through the airport – across which these costs will be defrayed – would undermine the benefits case for expansion and limit the ability for passenger airlines to grow into the new capacity.
20. There are also wider considerations that must be taken into account by the CAA, such as constraints on terminal infrastructure – as new capacity can only be utilised at terminals with enough resource to manage it. This could potentially create an uneven playing field between carriers based in terminals with overstretched infrastructure, and freighters operating from cargo terminals that are less busy. There could also be resilience impacts, as fully utilising spare capacity at congested airports reduces operational flexibility and the ability to recover from disruption, as well as environmental considerations.
21. Competition-related, operational and environmental factors such as these underline the importance of ensuring that any future review of the TDR framework is conducted comprehensively, rather than being undertaken prematurely without a clear and evidence-based need for reform.

### **Alternative mechanisms to promote efficient use of airport capacity**

22. In Annex 1 of the call for inputs, the CAA invites views on alternative mechanisms that could promote the efficient use of airport capacity. Virgin Atlantic would caution against the use of airport pricing mechanisms, such as variations in airport charges, as a substitute for the TDRs.
23. If the CAA and DfT's policy objective for reviewing the TDRs is to support the UK cargo market, Virgin Atlantic would suggest that other levers may be more effective. For example, reviewing the night flight regime could deliver greater benefits for time-sensitive cargo, with significantly less impact on passenger services and demand for slots than reforming the TDRs in isolation.

## Conclusion

24. Virgin Atlantic does not believe that the current market context provides a sound or stable basis for TDR reform. Heathrow is operating under extreme capacity constraints, and the delivery of new capacity will fundamentally reshape the aviation market.
25. We therefore urge the CAA and the Department for Transport to defer any substantive decisions on the revocation, amendment or replacement of the 1991 TDRs until airport expansion is complete and future passenger and cargo demand is known.
26. If the CAA decides to progress options for reform at this stage, it must set out clear and compelling evidence as to why reform is urgently required ahead of expansion.

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