

August 10, 2026

Sent Via E-Mail

Economicregulation@caa.co.uk

Mr. Rob Bishton
CEO, Civil Aviation Authority
11 Westferry Circus
Canary Wharf
London EH14 4HD

RE: CAP3286 – Consultation on Heathrow’s Future Regulatory Framework

Dear Mr. Bishton:

The aviation market between the United Kingdom and the United States is one of the world’s most important international air corridors. It supports billions of pounds of trade, inward investment, tourism and business activity every year, while connecting people, ideas and capital that underpin one of the closest economic and strategic partnerships in the world. Heathrow sits at the heart of that relationship, serving as the UK’s primary international gateway and a critical hub for transatlantic connectivity.

For American Airlines and our customers, Heathrow is not simply another destination. As the airline with the third-most seat capacity at Heathrow, including the most of any non-UK-based airline, American Airlines has a strong interest in ensuring that Heathrow is governed by a regulatory framework that promotes efficiency, accountability and long-term investment. The airport is central to our UK operations and to the connectivity that supports businesses, communities and economic growth on both sides of the Atlantic.

In that context, American Airlines welcomes the opportunity to respond to the Civil Aviation Authority’s consultation on the future regulatory framework for Heathrow Airport.

From our perspective, the following points are particularly important:

We support the CAA’s conclusion that fundamental reform is required. The current regulatory model has not created the incentives necessary to deliver efficient investment, appropriate cost discipline or consistently high levels of service. Heathrow charges continue to be significantly higher than its peers, while the airport has fallen outside the top 20 of Skytrax Passenger Experience ratings. Incremental adjustments are unlikely to address these structural shortcomings – a more comprehensive reform is needed if Heathrow is to meet the expectations of passengers, airlines and the wider economy.

Affordability must be central to the regulatory framework. An efficiently regulated Heathrow benefits all the airport’s stakeholders. Lower operating costs and stronger incentives

for efficient investment ultimately reduce the cost of providing air services, helping airline business cases for investment in new routes, modern aircraft and enhanced customer experience, which strengthen the UK's global connectivity. Therefore, we believe affordability must be an explicit test within the regulatory framework.

Competition must be implemented comprehensively rather than selectively. We welcome the CAA's recognition that greater competition should play a central role in Heathrow's future regulatory model. Competition between terminal operators would introduce commercial discipline that is largely absent today. Operators competing to attract and retain airline customers would have powerful incentives to deliver high-quality facilities, manage capital expenditure efficiently to eliminate unnecessary cost, and provide better operational performance. At the same time, they would bear the commercial consequences of poor investment decisions and underperformance.

Those competitive incentives are particularly important as Heathrow considers future expansion. Delivering additional capacity in a manner that is both affordable and efficient is essential if the airport is to continue supporting the growth in trade and travel between the UK, the United States and the wider global economy.

By comparison, limiting competition solely to new assets would leave many of the structural weaknesses identified by the CAA untouched. Similarly, restricting competition to procurement and project delivery would continue to allow Heathrow Airport Limited to determine the scope and design of projects before any competitive pressure is applied, preserving one of the principal sources of inefficiency within the current framework.

Strengthened capital governance, implemented urgently, is critical. We welcome the proposal to establish a strengthened capital governance process, including the creation of a capital committee. However, this new governance must also be implemented with urgency, rather than delayed until expansion is underway. Also, governance arrangements alone will not deliver better outcomes unless they are supported by robust regulatory powers and a willingness by the CAA to intervene where necessary in the interest of consumers and airlines, who ultimately bear the costs of investment decisions.

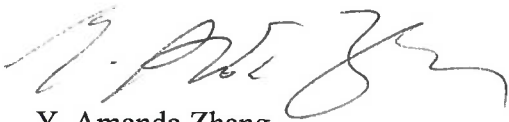
The CAA has a unique opportunity to establish a regulatory framework that better aligns Heathrow's incentives with the interests of consumers, airlines and the wider economy. Looking ahead, an efficient Heathrow with a regulatory model that rewards competition and value for money will reinforce the airport's position as the leading gateway between the United Kingdom and the United States. It will provide greater confidence for airlines to continue investing in transatlantic services, strengthen trade and tourism, and ensure that Heathrow remains capable of supporting future economic growth on both sides of the Atlantic.

We encourage the Authority to pursue comprehensive reform to encourage the right outcomes for the future of Heathrow Airport.

Yours sincerely,



Nathan J. Gatten
Executive Vice President, American Eagle, Corporate Real Estate, and Government Affairs



Y. Amanda Zhang
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