



**LONDON GATWICK**

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## **Response to CAP 3250: Review of the Traffic Distribution Rules 1991**

Gatwick Airport Limited (GAL) welcomes the opportunity to respond to CAP 3250. It is important that Government takes the opportunity to review regulations to ensure that they continue to work for their intended purpose, recognising that this regulation has also been in place for over 3 decades.

Our response below reiterates the views previously submitted to the CAA on this topic, and our assessment that Traffic Distribution Rules (TDRs) do continue to play a relevant and proportionate role.

### **Scheduling and efficient use of infrastructure**

At a capacity constrained, single runway airport, the TDRs still influence traffic distribution by prioritising scheduled passenger services during hours of peak congestion. This approach delivers more efficient usage of infrastructure per movement, ultimately supporting passengers with wider networks and connectivity.

Under current slot legislation and the Worldwide Airport Slot Guidelines (WASG), the legislation and guidelines do not prioritise scheduled passenger services. This means that were TDRs to be revoked, cargo operators would be provided with the same weighting as scheduled passenger services within the seasonal allocations. This has the potential to block passenger growth and drive inefficient use of already scarce airport infrastructure.

The criteria for allocating slot capacity, which is used by ACL, is designed to balance efficiency, connectivity and competition and considers whether the carrier was a new entrant, the effective period they planned to operate for, type of service/market, connectivity, competition, and environmental factors amongst others. Whilst this criteria is well- balanced, it has been designed predominantly for passenger operations. Continuing to apply this, without the existence of the TDRs would lead in some cases to cargo operators gaining an advantage over passenger operations. This would harm efficient use of infrastructure and limit the connectivity of passenger networks.

### **Cargo facilities**

As LGW has prioritised passenger flights for six decades, the cargo facilities at the airport are limited and largely serve belly hold cargo. Full freighters commencing operations are likely to require larger facilities and there is a risk that this would constrain and potentially hinder growth of belly hold cargo, which is fundamental to the successful economics of long-haul services – quite literally, those long-haul routes would no longer launch/continue.

### **Noise and emissions**

In addition, in the time since the TDRs were brought in, environmental issues such as noise and carbon impact have rightly gained increasing salience in Government policy. While



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newer-generation freighter aircraft are achieving noise and emissions performance comparable to modern passenger fleets, a substantial proportion of the current global freighter fleet comprises legacy aircraft that are materially noisier and more carbon-intensive than cargo transported in passenger aircraft belly holds. With the average age of the global freighter fleet being approximately 25-26 years old (vs an average of 13-15 years for passenger fleets) any increase in dedicated freight movements will impact the noise requirements laid out in the Development Consent Order relating to the Northern Runway.

GAL considers that the TDR framework remains appropriate to current conditions. In the absence of such arrangements, there is a risk that scarce capacity, in peak periods, will be allocated to lower-utilisation operations with a worse environmental performance, reducing overall efficiency and choice for consumers. It should also be noted that while the Consultation document suggests that cargo services have the potential to provide significant economic benefit when compared with more marginal passenger services, no evidence is supplied to substantiate this.

### **Administrative costs**

In the consultation, it is set out that revoking TDRs would contribute to reducing the overall administrative burden on industry, aligned with the Government's action plan to reduce regulatory burdens by 25% by the end of this Parliament. Removing TDRs will not however reduce any administrative costs for GAL (and it is unclear that it would do so for competing airports or airlines). We welcome the opportunity to see the analysis that has been used to make this assumption.

In comparison, the application of the current framework at LGW is low in administrative burden and integrates well with the established slot coordination processes.

### **Alternative approaches**

GAL has considered the alternative approaches set out in the Consultation and conclude that for the most part they would not provide a better outcome than simply maintaining the status quo. For example, any partial revocation or ring fencing of capacity for specific user groups could risk underutilisation of declared capacity and could create uncertainty around true demand.

### **Northern Runway**

Looking ahead, while incremental capacity from the Northern Runway may provide additional flexibility over time, delays in the planning process are pushing the timeframe for opening backwards. LGW is expected to remain capacity constrained in peak periods and predominantly passenger focused with cargo growth being accommodated in the belly hold of passenger flights. GAL's cargo strategy is aligned with ESG principles: quieter aircraft,



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lower emissions and controlled growth. The existing framework with TDRs is considered compatible with this strategy.

### **Draft advice and Government policy**

The CAA's draft advice states that the TDRs will become even less relevant in the future given fewer periods categorised as periods of peak congestion - both due to expansion as well as potential reform of the slot regulations. However, given the uncertainty and range of potential market and policy outcomes, GAL would urge the CAA not to finalise its advice at this stage.

Further, it is important that the CAA conduct a full consultation process before finalising its advice with a process that seeks input from all relevant groups, including communities who may be impacted to understand the implications of the revocation of these measures. With slot regulation reform expected later, any review also needs to be undertaken as a joined-up approach on wider Government policy and we would recommend delaying a recommendation until this position is clear.

Further, this review was requested under a previous Aviation Minister, and it is notable that there has not been a significant update on the Government's freight strategy since 2022. This makes it unclear where this policy measure fits in Government's overall ambitions and strategic direction.

Moreover, GAL does not agree that there are risks of retaining the TDRs or that retaining the TDRs would be a barrier to future slot reform (at which time the full slot ecosystem could be considered).

### **Recommendation**

Overall, GAL does not see a clear case for reform at this stage whilst peak capacity constraints continue to exist at LGW and LHR. We assess that TDRs do continue to play a relevant and proportionate role, in line with their intended purpose.

Should TDRs be reviewed in the future as a part of wider slot reform, then Government must consider the implementation of a phasing out period. This would allow the impacted airports to assess existing local rules, evaluate and consult on potential changes to charging structures, and make any required operational adjustments.