Airlines for America®

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June 15, 2026

Economic Regulation Team
Civil Aviation Authority
Aviation House
Beehive Ring Road
Crawley
RH6 0YR

[By email: economicregulation@caa.co.uk]

Dear Economic Regulation Team,

Airlines for America (A4A), on behalf of its members, appreciates the opportunity to respond to the Civil Aviation Authority's (CAA) consultation on the shortlist of regulatory models for London Heathrow (LHR) expansion.[1] A4A is the industry trade organization for the leading U.S. airlines, both passenger and cargo. Our members operate extensive services to and from the UK every day and have a direct interest in ensuring that Heathrow operates efficiently and competitively for airlines and passengers.

Transatlantic air services form a critical economic bridge between the U.S. and the UK, with Heathrow playing a central role in supporting connectivity between the two markets. The future regulatory framework for Heathrow expansion will therefore have significant implications not only for airport users, but also for the long-term competitiveness of the UK aviation market more broadly.

A4A welcomes the CAA's continued engagement on the development of an appropriate regulatory framework for Heathrow expansion. We support the CAA's recognition that Heathrow's current regulatory framework requires strengthening to ensure that future expansion is delivered efficiently and in the interests of consumers. A4A agrees that the future framework must place greater emphasis on cost discipline, transparency, accountability and effective governance, especially given Heathrow's already exceptionally high airport changes and the projected cost of the proposed expansion project.

The CAA's final assessment criteria appropriately recognizes that any future regulatory framework must ultimately further the interests of consumers. In A4A's view, the promotion of efficient costs and high-quality service outcomes should remain central considerations in the selection of any future regulatory model.

Heathrow's charges are already among the highest of any major international hub airport and substantially higher than other major European hubs. It is therefore essential to preserve competition with other airports in the region and protect consumer interests that the future framework contains sufficiently robust incentives and governance mechanisms to prevent unnecessary cost escalation and ensure that expansion delivers clear value for passengers and airlines.

<u>Regulatory models 1a, 2 and 4a</u>

A4A considers that there may be benefits in further exploring models 1a, 2 and 4a as a combined package, particularly where these measures may strengthen governance, improve transparency and support greater cost discipline. In particular, A4A supports further consideration of measures intended to improve capital governance, increase transparency, strengthen procurement oversight and enhance

[1] Members of the association are Alaska Air Group, Inc.; American Airlines Group, Inc.; Atlas Air, Inc.; Delta Air Lines, Inc., Federal Express Corporation; JetBlue Airways Corp.; Southwest Airlines Co.; United Continental Holdings, Inc.; and United Parcel Service Co. Air Canada is an associate member.

incentives for efficient delivery. These proposals appear to represent a constructive and proportionate approach to improving scrutiny of major capital expenditure while maintaining an integrated airport operation.

A4A agrees with the CAA's assessment that stronger governance arrangements are necessary to ensure more effective oversight of Heathrow's capital program. The proposed enhancements to capital governance, including greater independent scrutiny and improved information flows, are positive developments and should help improve accountability and cost discipline during the delivery of expansion. Likewise, stronger procurement oversight has the potential to introduce greater competitive pressure and reduce the risk of inefficient expenditure.

A4A also supports the CAA's focus on improving incentives around cost efficiency and project delivery. Given the scale and complexity of Heathrow expansion, it is important that the regulatory framework appropriately aligns HAL's incentives with the interests of consumers and ensures that airport users are not exposed to unnecessary costs resulting from inefficient delivery or weak cost control.

Regulatory model 3

A4A believes that caution is warranted in relation to models that place greater emphasis on long-term investor protections or mechanisms that could weaken incentives for affordability and efficiency. While it is important that Heathrow be free to finance efficient investment, this objective must be balanced carefully against the interests of consumers and airport users. Any future framework should avoid transferring disproportionate levels of commercial or delivery risk to airlines and passengers in the near-term, particularly in circumstances where the costs and benefits of expansion remain uncertain and subject to significant forecasting assumptions.

In addition, it is important that the regulatory framework preserves meaningful regulatory scrutiny throughout the expansion program and avoids arrangements that could unduly constrain the CAA's ability to intervene in the interests of consumers if costs materially exceed expectations or if anticipated benefits fail to materialize.

Regulatory model 4b

A4A also recognizes the potential benefits of introducing greater competitive pressure into elements of the expansion program, particularly where this may improve efficiency, strengthen cost discipline and support better outcomes for consumers. Approaches that enhance competition in procurement and delivery may offer opportunities to reduce unnecessary cost escalation and encourage innovation, especially during the design and construction phases where cost decisions can spiral out of control and have significant long-term implications for airport charges.

At the same time, any such arrangements should be carefully assessed to ensure that they remain practical to implement, proportionate and capable of preserving operational resilience and effective coordination across a highly constrained hub airport.

Regulatory model 7b

A4A notes the CAA's consideration of more extensive competition models, including direct competition for airport services. While such an approach may have the potential to introduce additional competitive discipline, they also raise important questions regarding operational coordination, fragmentation, implementation complexity and overall consumer outcomes. In A4A's view, further analysis and stakeholder engagement would be necessary before any conclusions could be reached regarding the practicality of such a model at Heathrow.

Conclusion

The future regulatory framework at Heathrow must be considered in the wider cost environment facing airlines operating in the UK. Heathrow has already indicated that the costs of expansion are expected to be passed directly to airlines and passengers, alongside Heathrow's already elevated airport charges and the UK's APD aviation tax burden. In this context, ensuring strong cost discipline and efficient delivery throughout the expansion program will be essential to maintaining the competitiveness and affordability of the UK aviation market.

Ultimately, the future regulatory framework should support delivery of expansion that is financeable, operationally effective and affordable for airport users. With these objectives in mind, A4A would welcome further engagement with the CAA on the proposed package of regulatory models 1a, 2 and 4a, and their potential to strengthen governance, oversight and cost efficiency within the existing framework.

A4A would also welcome continued consultation and further clarity regarding the potential implementation, affordability implications and operational impacts of the other shortlisted models before any decisions are made to progress them further.

Sincerely,

Rachel Roberts
Managing Director, International Affairs