CAA | CAP3202: Call for inputs – Review of the Traffic Distribution Rules (1991)

Written response submitted by Heathrow Airport Limited

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Section 1 | About your business and the impact of the 1991 TDRs

Heathrow Airport is the UK's only hub airport, its largest port by value, and one of the most capacity constrained airports in the world. Demand for runway capacity continues to grow, with congestion now extending across much of the operational day. Therefore, any decisions about how runway capacity is used have material consequences for connectivity, competition and passenger outcomes.

The Traffic Distribution Rules (TDRs) apply to Heathrow and restrict whole plane cargo services and general aviation (GA) during defined peak periods, unless an explicit operational exemption is granted. In practice, the TDRs operate as a congestion management tool. They are designed to ensure that when demand materially exceeds supply, scarce runway capacity is allocated in a way that delivers the greatest overall public benefit.

Heathrow's hub network depends on a vast multi-frequency, global route structure that supports both passenger connectivity and air cargo demand, with approximately 95% of freight carried in the belly of passenger aircraft. Passenger and cargo movements therefore rely on the same integrated network, enabling efficient use of scarce runway capacity. This model allows Heathrow to operate to 227 destinations across 85 nations and regions, providing diverse onward connections for goods and passengers. This supports trade, connectivity and competition, and underpins Heathrow's contribution to the UK economy.

Heathrow operates within a cap of 480,000 air traffic movements per year. The TDRs provide a practical and proportionate means of protecting Heathrow's scheduled network and ensuring that this limited runway capacity is deployed in the interests of the greatest number of users.

Section 2 | Market conditions and substitutability

Demand for air cargo serving the UK market remains strong, driven by e-commerce, pharmaceuticals and other time-critical goods. Heathrow plays a central role in meeting this demand, as the UK's primary gateway for high-value trade and the UK's largest port by value.

Given cargo at Heathrow is largely carried in the belly of scheduled passenger services, cargo capacity is closely linked to the breadth, frequency and resilience of the passenger network. High-frequency services and punctual operations are therefore critical enablers of air cargo, particularly for exporters and importers requiring speed, reliability and global reach. Heathrow's connectivity supports the wider UK air cargo and logistics system, complementing dedicated domestic freighter airports and supporting goods to be flown onwards to the rest of the world.

Overall, passenger and cargo operations at Heathrow support each other, rather than compete. The scheduled passenger network provides most cargo capacity, while dedicated freighter operations and the wider freight airport network domestically add resilience and regional coverage.

Section 3 | Scope and effects of the 1991 TDRs

At Heathrow, the TDRs ensure that scarce runway capacity is used in the most effective way at times of congestion. They prevent capacity from being used in ways that do not deliver the greatest overall network or consumer benefit, while allowing flexibility where justified.

Competition, lower fares and network diversification for the consumer

Recent examples demonstrate that the TDRs deliver their policy objective: In a recent case, temporary flexibility was provided when an airline could no longer sustain passenger services on a particular route for a specific time frame. The requirement to resume passenger operations or release the slots in the subsequent season (per the TDRs) ensured that the capacity was returned to the market and enabled an Indian low-cost carrier to enter Heathrow as a new entrant. This addition provided competition and lower fares for consumers on important trade and passenger markets to Delhi and Mumbai, as well as providing additional cargo capacity in the belly.

In another case, an airline requested permission to substitute a passenger service with a freighter operation. As this was not consistent with the efficient use of constrained capacity, permission was declined under the TDRs. The airline subsequently traded the slot on a temporary basis – as to not lose their slot long-term. This allowed another carrier to launch an unserved route in Europe, increasing consumer choice and route diversification within Heathrow's network.

Both examples demonstrate how the TDRs have facilitated new entrants and better network outcomes for consumers that would be unlikely to have occurred in the absence of TDRs.

Access for cargo and GA

At an airport that is uniquely constrained and nationally significant, the TDRs have been effective in ensuring capacity is deployed in ways that maximise connectivity, competition and consumer benefit, while continuing to accommodate cargo and general aviation.

Cargo continues to operate at Heathrow through historic and ad-hoc slots: Operators such as DHL – with 25 cargo-only slots per week, Cathay Cargo, Singapore Airlines Cargo and Korean Air Cargo hold historic rights, and in recent seasons, additional ad-hoc slots have been allocated to support their growth. Other freighter airlines, including Turkish Cargo, Emirates SkyCargo and Qatar Airways Cargo have also operated from Heathrow, reflecting the TDRs' role as a congestion management mechanism rather than a restriction on access. GA also receives a significant number of ad-hoc slots every season, enabling their access.

Section 4 | Alternative mechanisms for efficient use of capacity

With Heathrow's level of congestion, the TDR or alternative mechanisms cannot be reviewed in isolation from the wider slot system. The effective use of capacity at peak times depends on how slots are declared, used, returned and redistributed within the wider regulatory framework.

In the short term, the greatest scope for improving access lies in the availability of ad-hoc capacity and in robust airline behaviour on the timely hand-back of unused slots. Earlier hand-backs provide the slot coordinator with the opportunity to reallocate capacity in-season which supports the continued use of Heathrow's limited capacity where it delivers the greatest overall benefit.

Section 5 | Wider slot reforms and any other policy suggestions

Reform of the TDRs should only proceed as part of the Government's wider package of slot reform as both policies pursue the same overarching objective: promoting the efficient use of airport capacity in the interests of air transport users.

In the short term, we recommend that the TDRs are retained as the core policy principle and objective remains appropriate. However, there are several modifications to both the policy process and design of the TDRs that would better support the majority of air transport users:

- **Policy process** – The TDR policy framework should retain sufficient flexibility to allow Government to respond swiftly to material changes in available capacity. This should include the release of new runway or terminal infrastructure associated with expanding Heathrow, without the need for wholesale legislative change. This would ensure that the regime remains robust, responsive and aligned with national priorities and should be done as part of the Government's wider slot reform.
- **System Rule** – Whilst there is geographical proximity, the type of traffic, markets and catchments that Heathrow serves are much different to that of others in the London system rule. There is therefore a strong case for removing the concept of the system rule from both slot regulation and the TDRs.

Conclusion

With Heathrow's current level of congestion, the retention of TDRs remains the most effective means of promoting the efficient use of scarce runway capacity. In the short term, TDRs continue to play a necessary role in managing demand at the UK's busiest airport and in supporting outcomes that are in the best interests of the majority air transport users.

However, to remain effective and proportionate, the TDR regime must evolve. Government should review the policy process to ensure it has the flexibility to adjust as circumstances change, particularly in the event of a material increase in capacity. This would ensure that the regulation remains responsive and aligned with national priorities.

Critically, TDR policy should be developed as part of the Government's wider slot reform. Aligning these frameworks will strengthen incentives for the efficient hand-back and reallocation of slots, improve market signals, and support optimal use of capacity. Taken together, this approach protects passenger frequencies that sustain belly cargo operations, while preserving access for dedicated freighter services, supporting both connectivity and the resilience of the UK aviation system.