



Operation of the UK Traffic Distribution Rules in relation to All-Cargo Services at Heathrow and Gatwick Airports

ACL's RESPONSE TO THE BAA CONSULTATION

1. Introduction

Airport Coordination Ltd (ACL) is the appointed Coordinator of Heathrow and Gatwick, responsible for the allocation of slots, monitoring their use, and determining air carriers' historic rights to slots in future seasons.

2. Common Procedures

The Traffic Distribution Rules 1991 apply equally to Heathrow and Gatwick Airports. ACL believes that the operation of the TDRs should be the same at both airports. This paper is, therefore, a single response to both the Heathrow and Gatwick consultation papers.

3. Economic Value

In applying the Traffic Distribution Rules, BAA should take account of the broader economic value of the all-cargo services at Heathrow and Gatwick. In doing so, it should bear in mind that the structure of airport charges and the effect of the 'single till' mean that BAA's own revenue is a poor proxy for the overall economic benefit of these flights.

BAA should also consider the role that market mechanisms can play in allocating between passenger and freight services. A regime of secondary slot trading, particularly in the context of the Heathrow ATM cap where passenger and freight ATMs are interchangeable, could achieve a more efficient use of slots than Traffic Distribution Rules.

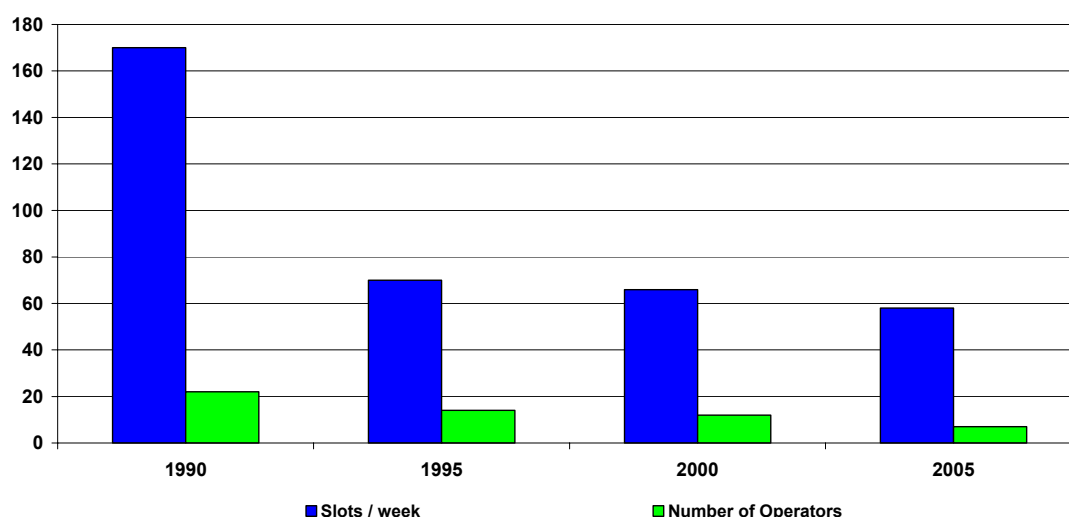
4. Current Traffic Levels

The BAA paper does not quantify current levels of all-cargo traffic at Heathrow and Gatwick. According to ACL's slot data, these services currently account for 58 slots per week at Heathrow and about 55 slots per week at Gatwick, equivalent to 0.7% and 1% of total aircraft movements respectively.

Figure 1 shows the number of carriers operating all-cargo services at Heathrow and the slots-per-week since 1990. It shows the large decline in numbers of all-cargo carriers and services since the introduction of the Traffic Distribution Rules 1991. The remaining services are regularly scheduled freight services operated by Far Eastern carriers plus European services operated on behalf of DHL.

Gatwick's all-cargo operations consist of a Monday – Friday night mail service to Liverpool and a number of cargo operations to Africa, the Middle East and Turkey.

Figure 1: Heathrow All-Cargo Operations since 1990



5. Procedural Amendment Proposals

Before commenting on the main consultation options of the BAA paper, ACL will comment on the procedural amendment proposals:

All-cargo peak period operations: granting permissions for use of unused slots

ACL believes that unused slots should be made available for ad hoc services by any type of aviation in accordance with Article 8(7) of the EU Slot Regulation, including all-cargo operations in the peak hours. ACL is **not** in favour of restricting all-cargo operations to applications no more than 3-weeks in advance, however. This time horizon is insufficient for operators of scheduled freight or mail services. Such a restriction is likely to reduce the utilisation of scarce slots and lacks a clear rationale.

ACL would support making unused slots available to all-cargo operations from the industry slot return deadline dates of 31 January (summer) and 31 August (winter). This is the stage in the process when other requests for ad hoc slots, such as positioning flights, are handled. ACL favours the same rules applying at both Heathrow and Gatwick.

Given that requests for ad hoc permissions may occur frequently and at short notice, special procedures should be put in place so that ad hoc slots and TDR permissions can be granted together in a 'One Stop Shop'. ACL suggests that BAA delegates to ACL the responsibility for giving permission to operate under the TDRs when it allocates a slot to such services..

Amend the method for defining hours as peak hours

ACL agrees that there is merit in notifying the peak hours earlier in the process as proposed. Generally, the method of determining peak hours should be kept simple and transparent, such as the 'less than 3 slots' rule, rather than attempting to forecast demand or relying on subjective judgement.

6. Consultation Options

BAA's favoured 'Option A' envisages that no new permissions will be granted for programmes of all-cargo operations in the peak hours and that existing services will be required to cease operation in the peak hours by April 2008.

'Option B' would permit peak hour all-cargo operations to continue at Summer 2004 / Winter 2004/05 levels. No new permissions would be granted to new all-cargo services, or to established services currently operating in off-peak hours should those hours become peak.

ACL is not in favour of either proposed option. ACL's view is that all-cargo services already operating in peak hours should continue to be permitted, subject to the normal 80% use-it-or-lose-it rule. Similarly, expansion of the peak hours should not prevent the continuation of established all-cargo services in those hours.

ACL would favour an application of the TDRs whereby new all-cargo services are not granted permission to operate in already-established peak hours except on an ad hoc basis. In this context 'new all-cargo services' could include the change of use of slots from passenger to all-cargo services.