



Press release from Heathrow Hub, Extended Runway scheme

## Heathrow Hub Extended Northern Runway promoter formally complains to Competition and Markets Authority about Heathrow Airport Ltd

- **Extended Northern Runway promoter has formally complained to the Competition and Markets Authority about the behaviour of Heathrow Airport Ltd ahead of an expected Parliamentary vote in the summer**
- **Complaint claims that by vetoing Heathrow Hub's cheaper Extended Northern Runway plan, Heathrow Airport "abused its dominant market position"**
- **Extended Northern Runway could be delivered at least four years earlier than 3rd Runway**

**24th May 2018** – Heathrow Hub, the independent proposal to expand Heathrow Airport via an Extended Northern Runway (ENR), has formally complained to the Competition and Markets Authority (CMA) about the behaviour of Heathrow Airport Ltd regarding airport expansion.

The complaint, submitted on Heathrow Hub's behalf by its legal advisers DAC Beachcroft, contends that Heathrow Airport has abused its dominant market position as the nation's only hub airport by effectively and unfairly vetoing the ENR plan. Heathrow Airport Ltd declined to provide the necessary written guarantee that, if selected by Chris Grayling, the Secretary of State for Transport, it would work on standard commercial terms with Heathrow Hub to implement the concept.

The complaint is supported by documentary evidence showing that Mr Grayling requested Heathrow Airport to say whether it would provide such a guarantee in August 2016 and, despite commencing due diligence, the Heathrow Airport board declined to do so. Mr Grayling is on the record<sup>1</sup>, saying that the lack of this guarantee was "the biggest issue" and a "fundamental problem" in not selecting the Extended Runway.

In its complaint to the CMA, Heathrow Hub claims the consequences of Heathrow's actions are that:

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<sup>1</sup> House of Commons Transport Select Committee hearing, Oral Evidence, 7<sup>th</sup> February 2018



- Consumers and airlines will have to fund the higher costs of Heathrow Airport's complex and risky 3rd Runway scheme. They will suffer from unfair prices and trading conditions. At £14-£17bn or more, Heathrow Airport's scheme is substantially more expensive than the ENR scheme and will result in a doubling of passenger charges to an estimated £40<sup>2</sup>. By contrast, Phase 1 of Heathrow Hub's scheme would cost just £3.9bn and leave passenger charges unchanged.
- New airport capacity is being artificially controlled and limited, because Heathrow's complex scheme will take at least four years longer to deliver. The Extended Northern Runway could be in operation by 2026.
- The DfT's competitive process for selecting which scheme to take forward to deliver expansion in the South East was compromised and flawed.

The remedy sought by Heathrow Hub is that the CMA requests Heathrow Airport provide a guarantee or, failing that, the CMA conducts a formal investigation into Heathrow's behaviour, using its extensive powers under the 1998 Competition Act.

Heathrow Airport is already the most expensive in the world. The Competition and Markets Authority has been encouraging increased competition for airport services in the UK since 2009 and Heathrow Hub believes an investigation into Heathrow's behaviour should include the perverse regulatory incentives it has previously highlighted which encourage Heathrow Airport to adopt the most expensive expansion scheme, in order to boost returns for its shareholders.

Heathrow Airport has publicly claimed it did not veto the extended runway, saying that the Airports Commission, while deeming the extended runway viable, preferred its own North West Runway scheme. However, this position is not credible as it fails to take account of the additional data Heathrow Hub subsequently submitted to the DfT which rectified mistakes made by the Commission, especially in relation to capacity, safety and noise. This data was shared with Heathrow Airport Ltd during its due diligence meetings in 2016.

Jock Lowe, director of Heathrow Hub, said: "Our scheme is cheaper, quicker, quieter and easier to build than the 3rd Runway. After years of trying to work co-operatively with Heathrow Airport and the Department for Transport, we have decided it is time to take the gloves off.

"The consequence of Heathrow's veto and the flawed process run by the DfT is that consumers and airlines are being saddled with its unnecessarily complex, noisy and expensive 3rd Runway which will take years to build.

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<sup>2</sup> The Times, 23<sup>rd</sup> June 2016



“We hope the CMA will inject some rigour and common sense into the process so that this vital piece of national infrastructure can be delivered quickly and cheaply while taking account of the important environmental impacts on local communities.”

Parliament is due to vote on Heathrow expansion in the summer and Heathrow Hub has already submitted a revised draft National Policy Statement to the Department for Transport so its scheme can be implemented quickly. The Extended Runway also enjoys cross party support.

#### **ENDS**

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#### **Notes to editors**

Heathrow Hub is an independent proposal for expansion at Heathrow, by extending the existing northern runway westwards away from London, negating the need to build a third runway. Planes would land at one end and take off at the other. The scheme is cheaper, quicker and simpler. It also destroys fewer houses and was deemed viable by the Airports Commission. For more information and images, please visit: [www.heathrowhub.com](http://www.heathrowhub.com)

Heathrow Hub’s proposal to extend the Northern Runway has been independently costed at £3.9bn for its first phase, or £9.7bn for the full scheme. It can be funded by keeping existing passenger fees flat. Heathrow Hub’s principal investor, Anthony Clake, has committed to giving any profits he makes from the scheme to London and Heathrow charities with a focus on youth and the environment.