



News Release

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CC REQUIRES BAA TO PRESS AHEAD WITH AIRPORT SALES

BAA should still be required to sell Stansted Airport and Edinburgh or Glasgow Airport, the Competition Commission (CC) has provisionally concluded today.

The CC has been [considering](#) whether there have been any material changes in circumstances since it published its final report on BAA in March 2009 that should give it cause to reconsider the implementation of the airport sales¹ required by that original decision. The decision was subject to a legal challenge by BAA, which eventually culminated with the [Court of Appeal](#) reinstating the CC's findings in October 2010. In February, the [Supreme Court](#) refused BAA permission to appeal further.

The CC has provisionally concluded that the sale of the airports is fully justified and that passengers and airlines would still benefit from greater competition with the airports under separate ownership, despite the current Government's decision to rule out new runways at any of the London airports. The CC has also concluded that there is no reason to change the original timescale with the Stansted sale followed by sale of one of the Scottish airports.² The CC will now invite responses before publishing its final verdict in May/June.

CC Chairman and Chairman of the BAA Remedies Implementation Group, Peter Freeman, said:

We remain convinced that the original decision to require BAA to divest three airports is the right one for passengers and airlines. We have re-examined that decision in the light of a significant subsequent development when the Government decided to rule out further runways at London's airports. Having examined the case closely, we are clear that many benefits will still arise without that expansion, by increasing competition and addressing detrimental effects from BAA's common ownership.

We found that, if anything since the report, there now appears to be greater capacity available which will increase the potential for competition between the London airports. The introduction of new ownership at Gatwick, whilst too

¹BAA has since sold Gatwick Airport (in December 2009) to a consortium led by Global Infrastructure Partners.

²The original timescale included the sale of Gatwick.

recent for us to base any conclusions on, has also given a foretaste of the benefits competition can bring. There has also been no cause to alter our view on the need for either Edinburgh or Glasgow to be under separate ownership.

As for the timing and sequence of the sales, we have seen no reason to change those either and again if anything, the case has been strengthened as the conditions for airport sales have improved slightly since we originally decided to require them. However, we will continue to allow the airports to be sold in sequence with a small overlap between the two sales periods with Stansted to be sold first as it serves the larger number of passengers who will benefit.

Whilst there are reasonable concerns on setting a fair timetable for the sales process, it is also right that passengers and airlines should not have to wait indefinitely for the improvements that will arise from greater competition.

A summary of the draft consideration of possible material change of circumstances is available at: www.competition-commission.org.uk/inquiries/ref2007/airports/index.htm. The full version will be published shortly. Submissions should be made in writing by 19 April 2011 to airports@cc.gsi.gov.uk or to:

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Notes for editors

1. On 29 March 2007, the Office of Fair Trading made a reference to the CC under [section 131](#) of the Act concerning the supply of airport services by BAA in the UK. The CC published its [report](#) titled *BAA airports market investigation* on 19 March 2009 (the report). BAA appealed aspects of the CC's decision to the Competition Appeal Tribunal (the CAT), and on 21 December 2009 the CAT found that BAA's application for review of the report succeeded on one ground (namely, apparent bias), but failed on a second ground (namely, that the CC failed properly to apply the proportionality principles when fixing the timetable for divestiture of three BAA airports).
2. The CC appealed against the CAT's decision on apparent bias. On 13 October 2010 the Court of Appeal upheld the CC's Appeal against the decision of the CAT, restoring in full the report together with its remedies. On 18 February 2011, the Supreme Court refused BAA permission to appeal further.
3. The BAA Remedies Implementation Group consists of: Peter Freeman (Chairman of Group and CC Chairman), Dr Peter Davis (CC Deputy Chairman), Jayne Almond, Jill Hill and John Smith. Former CC Deputy Chairman Diana Guy stepped down from the Group when her term as a CC member ended in November 2010.
4. Media enquiries should be directed to [Rory Taylor](#) or by ringing 020 7271 0242.