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November 18, 2013

Mr. Mike Goodliffe
Senior Regulatory Policy Adviser
Regulatory Policy Group
Civil Aviation Authority, 4th Floor
CAA House
45-49 Kingsway
London WC2B 6TE

RE: CAP 1098 Regulatory treatment of London Approach charges in Reference Period 2 (2015-2019) of the Single European Sky Performance Scheme - Consultation

Dear Mr. Goodliffe,

Airlines for America (A4A) appreciates the opportunity to comment on the CAA's consultation on the regulatory treatment of London Approach charges in reference period 2 (2015-2019). A4A is the principal trade and service organization of the United States scheduled airline industry[1] and represents the principle U.S. airlines serving the UK. We and our members have a strong, vested interest in the outcome of this consultation process. A4A takes this opportunity to request the CAA to end the cross-subsidy of London Approach charges by en route charges because the practice is contrary to international and EU law.

At the present time, London Approach charges are cross-subsidized by en route charges by approximately 60 percent. The consultation paper acknowledges this cross-subsidy in Paragraphs 2.7 & 2.8 (and footnotes 8 & 9) on page 10; Figure 1 on page 11; and Annex A. The cross-subsidy benefits UK-based airlines because those carriers make more approaches to the London airports than their non-UK counterparts.

A4A believes the current charging practice violates international and EU law. First, it is a basic principle of aviation law, enshrined in the U.S.-EU Air Services Agreement (ASA), the Chicago Convention and the EU Airport Charges Directive (ACD) that the users of a service should pay for the costs of its provision. The current charging regime violates this principle by using en route charges paid by non-UK carriers to reduce the London Approach charges paid by UK-based carriers. Second, Article 3 of the U.S.-EU ASA guarantees U.S. and EU carriers a fair and equal opportunity to compete. The London Approach pricing regime violates this guarantee by forcing U.S. airlines to subsidize UK-based airline charges, thereby placing U.S. carriers at a

[1] A4A members include: Alaska Airlines, Inc., American Airlines, Inc., Atlas Air, Inc. , Delta Air Lines, Inc., Federal Express Corp., Hawaiian Airlines, JetBlue Airways Corp., Southwest Airlines Co., United Continental Holdings, Inc., UPS Airlines, US Airways, Inc., Air Canada is an associate member.

competitive disadvantage. Similarly, the cross-subsidy violates the prohibition against discrimination in the setting of charges set out in Article 3 of the ACD.

For the foregoing reasons, A4A respectfully requests the CAA to end the cross-subsidy of London Approach by en route charges consistent with cost-relatedness and non-discrimination principles.

Sincerely,

Keith Glatz
Vice President-International Affairs