

## UK govt allows limited increase in Heathrow airport charges

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Dhaka: Heathrow Airport's request to increase its charges to airlines by GBP 2.6 billion has been denied by the UK Civil Aviation Authority, stating such a hike to be "disproportionate and not in the interests of consumers". However, the regulator will allow the airport operator to raise its charges by GBP 300 million in order to recover some losses incurred due to the pandemic.

This will enable Heathrow to "plan effectively, reopen its terminals in a timely way for a summer recovery, and generally invest to benefit its consumers", added UK's CAA.

Heathrow Airport has also received clearance to recoup the cost of the GBP 500 million spent on its expansion programme between 2017 and 2020, a process that it can begin through higher charges from the start of next year.

"Following Heathrow's request for a RAB [regulatory asset base] adjustment we have taken the decision that an early intervention on the scale of its request is disproportionate and not in the interests of consumers," said CAA Director Paul Smith.

"We do, however, recognise that these are exceptional circumstances for the airport and there are potential risks to consumers if we take no action in the short term. The decision

we have announced today will incentivise and allow Heathrow to maintain investment, service quality and be proactive in supporting any potential surge in consumer demand later this year,” he further mentioned.

The CAA will consider the issue of higher charges as part of its next price review, which will run for five years from January 1, 2022.

The regulator adds that it is examining a new risk-sharing mechanism which would “help manage the ongoing uncertainty about future passenger volumes by sharing the risk more equitably between the airport and airlines”.

Future measures could include mechanisms to incentive more efficient capital spending by the airport.

Passenger numbers plummeted by 73 per cent at the London airport last year, to just 22.1 million, more than half of which were recorded in the first two months of 2020 before air travel in Europe was fully hit by the pandemic. This resulted in a GBP 2 billion loss for the year, against a GBP 564 million profit in 2019.