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Mr John Banfield
Inquiry Director
Competition Commission – BAA London Airport Inquiry
Victoria House
Southampton Row
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29 August 2007

Dear Mr Banfield,

Heathrow Airport Price Caps 2008-2013

I have been advised that the Competition Commission is seeking guidance from interested parties on the above subject.

I am aware that Durham Tees Valley (DTVA) has serious concerns over the CAA recommendations being considered by the Commission and the impact that this will have on the DTVA - Heathrow service. The Price Cap range proposed by CAA for 2008-2013 (RPI +4%pa to RPI +8%pa) represents an increase of 44% - 73% over the review period.

On this basis, DTVA has been notified by bmi that it is not able to sustain the operation of short feeder services into Heathrow at current pricing levels and that the recommendations made by the CAA would have such an adverse impact on the airline, that a number of routes and services would be terminated. Worst affected would be UK domestic feeder services, one of which is the DTVA-LHR route.

I believe that the implementation of such pricing caps will inevitably result in the continued reduction of UK domestic feeder services into Heathrow and their ultimate replacement by intercontinental air services operated by large aircraft providing increased profits for the BAA at the expense of the Regions.

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I am concerned that the regional economy could be seriously damaged through the loss of international air services via Heathrow. Historically Heathrow operates as the UK gateway for business travellers on a global basis and the region depends on this service to support our international business activities.

The economic disadvantage that such activities will impose upon the regions is totally at odds with the Northern Way concept which was specifically designed to close the North – South Gap.

For these reasons, I would request the commission should consider the introduction of some form of protection for UK regional services within this review. Suggestions would include;

- The development of a separate charging structure for UK Domestic Feeder Services.
- The protection of Heathrow slots that have been operated from any UK Region for a period greater than 10 years.

I trust that these comments will be fully considered as part of your review.

Yours sincerely,

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