



Ref: JB / MM

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Ms Estelle Harvey
Inquiry Coordinator
Stansted Quinquennial Review
Competition Commission
Victoria House
Southampton Row
London WC1B 4AD

Dear Ms Harvey

STANSTED QUINQUENNIAL REVIEW

This letter sets out a response on behalf of the Manchester Airport Group Plc (MAG) to the Competition Commission's inquiry as part of the quinquennial review of Stansted airport, as set out in your letter of the 30 April.

MAG owns and operates Manchester, East Midlands, Humberside and Bournemouth airports. MAG is, therefore, interested in the regulation of Stansted by virtue of its ownership of East Midlands (EMA) since there is a degree of overlap in the passenger catchment areas between the two airports. There is also some degree of competition between most airports in the UK (and beyond) to attract airlines to operate services and/or to establish a base of operations, for both passenger and freight services and the resulting price cap and other aspects of airport regulation are of also a matter of interest.

However, the degree of competition between our airports and Stansted is relatively limited and our response to this inquiry is proportionate; we are not able to comment in detail on some of the questions in the Commission's inquiry.



At the request of the Commission, MAG has previously provided a considerable volume of detailed evidence on the degree of competition in the UK airports market, as well as on our business as part of the inquiry into BAA's market position. I refer you to our submission as part of that inquiry as well as the transcript of the formal hearing held at Manchester on 25 October 2007 (noting that both these documents contain commercially sensitive information and should remain confidential) which set out our views.

MAG also contributed to the Civil Aviation Authority's consultation on the Framework and Options for the Economic Regulation of Stansted in March this year. In that submission we set out the principles by which economic regulation of Stansted should be conducted (including that it should replicate the operation of the market as much as possible) and addressed the areas of concern in relation to price caps impacting on the business of our airports. A copy of that submission is attached for your information.

I would add the following brief comments in respect of the questions to be addressed in your inquiry.

1. MAG is not in a position to determine the appropriate level of airport charges for the five years beginning on April 1st at Stansted. We have insufficient information on the demand for services or the real costs of operations at Stansted. Whilst we are confident that our airports, in particular East Midlands, can compete both on price and on service quality, we would not wish the outcome of the current review to be a price cap set so low as to distort competition between Stansted and its competitors.
2. We are not aware of any course of conduct contrary to the public interest followed by Stansted.
3. In general, as stated in previous submissions, we believe that the existing body of competition legislation and the powers available to the CAA are sufficient to protect the public interest in such cases.

I hope these comments are of use in your inquiry. Our views on the issues raised by the Commission's inquiry have not changed substantially since our previous submissions to the Commission or the CAA.

Yours sincerely

Jonathan Bailey
GROUP DIRECTOR OF EXTERNAL AFFAIRS