

YOUR LONDON AIRPORT

Gatwick

6 FEBRUARY 2019

Ministerie van Infrastructuur en Waterstaat

Dear Sir/Madame,

Re: Herzien concept AMvB Verkeerverdelingsregel tussen Amsterdam Airport Schiphol (AAS) en Lelystad Airport (LA)

Gatwick Airport Limited (GAL) welcomes the opportunity to comment on the proposed “introduction of traffic distribution rules between Amsterdam Airport Schiphol (AAS) and Lelystad Airport (LA). We object to the introduction of the traffic distribution rule in the form set out as it:

- Would lead to discriminatory outcome;
- Unfairly discriminates between London airports; and
- Would lead to consumer harm by incentivising ineffective use of constrained capacity.

We expand our points below.

Non-discrimination:

We note that the criteria outlined relies on air carriers proving that they carry more than 10% transfer traffic on flights over a time period. This condition appears designed explicitly to benefit only KLM as they operate a business model which includes interlining. It is however well known in the aviation industry that alternative business models have emerged, and in particular many passengers generate their own travel itineraries by self-connecting at airports – including Amsterdam. This enables them to for example fly with easyJet into Amsterdam and then onto say Aruba on KLM. In some cases it is also possible for passengers to protect these connections using products from other parties. What is important to note is that easyJet may in these cases not hold any data which would enable them to demonstrate these connections are happening.

In order to avoid discriminating between business models without objective justification the onerous should be shifted to AMS to prove that there were less than 10% connecting passengers on a route they wish to designate as point to point. This they could do by using for example survey data.

We furthermore note that the 4 year time period is too long and will serve as a barrier to entry and expansion for carriers wishing to compete with KLM at AMS. This need to be amended to at the most one year.

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Unfair discrimination between the London airports:

The proposal is for routes to be assessed based on “destinations”. However, in the actual annex it is clear that rather than assessing destinations, airports are being assessed. In the London system Heathrow and London City (the two where KLM operates) are found to be transfer “destinations”, while Gatwick, Luton and Stansted are found to be “point to point” (KLM does not operate there).

Numerous European Commission studies on competition between airlines (IAG-Aer Lingus, IAG-BMI, Ryanair-Aer Lingus etc) have consistently treated flight from the London airports as substitutes – in particular the ones from Gatwick and Heathrow. This is obvious as it is London that is the destination, not the individual airports. It is therefore clear that segmenting between the different London airports in the way proposed is not appropriate.

Consumer harm:

We note that in addition to not fairly considering the contribution of self-connecting passengers, the potential outcome of the distribution rules may be to displace significantly more passengers than it frees up. For example, an easyJet A320 (the majority of the easyJet fleet) typically have 186 seats and operates at a load factor of 92% (average of last 3 years). Meanwhile a KLM embraer 190 has 100 seats and operates at 87% load factor. This means that the easyJet flight only has to carry roughly half the percentage of connecting passengers to make the same contribution to AMS transfer passenger as one KLM flight and in addition to that 162 easyJet point to point passengers would be redirected to an inferior airport product at Lelystad.

Please do not hesitate to contact me if you wish to discuss any aspect of this response.

Yours Sincerely



Mattias Bjornfors
Economic Regulation Manager