

Press Release - 19 March 2009

BAA FORCED TO SELL STANSTED - DEATH KNELL FOR A SECOND RUNWAY?

Today's news from the Competition Commission that BAA must sell Stansted is expected to sound the death knell for the proposed second runway at the Essex airport, which would have made it bigger than today's Heathrow.

BAA has been given two years to sell Gatwick, Stansted, and then either Glasgow or Edinburgh airports - in that order. Importantly, the Commission will not insist on any new buyer of Stansted taking forward BAA's second runway proposals.

Welcoming the Competition Commission's decision, Brian Ross, economics adviser to Stop Stansted Expansion (SSE) said: "SSE has been actively campaigning for a break-up of BAA's monopoly for more than four years and so we are naturally delighted by today's decision which is an important milestone in our campaign. The battle over a second runway at Stansted is far from over but today's decision unquestionably increases our chances of winning that battle."

SSE believes that any new owner would be highly unlikely to press ahead with development plans at Stansted. Opposition to the plans is immense, not least from the airlines, including Stansted's two main airline customers, Ryanair and Easyjet, who would be forced to pay for the expansion.

Furthermore, over the years to 2003 the expansion of Stansted was cross-subsidised by the far more profitable Heathrow and Gatwick airports. With the three airports under separate ownership in the future, cross subsidy will no longer be a possibility for financing any expansion of Stansted.

The airport's passenger numbers have fallen dramatically over the past two years and are currently running 19.5% below the peak reached in 2007. There has been an even sharper decline (21.7%) in the number of flights with the result that this year Stansted will use only about half the capacity of the existing runway. The airport is expected to handle about 20 million passengers this year compared to the peak of 24 million reached in 2007.

"BAA's plans for a second runway at Stansted are driven by blind allegiance to Government policy on airport expansion, not by commercial realities," said Mr Ross. "We cannot imagine any potential purchaser wanting to press ahead with BAA's wildly over-ambitious plans for Stansted, particularly in the current economic climate."

A Public Inquiry to consider BAA's second runway plans was due to begin on 15 April but was recently put on hold by Communities Secretary, Hazel Blears, to allow BAA time to re-consider its position after seeing the Competition Commission's final report. BAA must now decide whether it wishes to proceed with its Stansted planning application or to focus its efforts on its remaining airports.

SSE expects the Public Inquiry to be cancelled but, if it does go ahead, SSE is confident that the proposals will be defeated. Furthermore, if there is a change of Government - a General Election must be held before June 2010 and the Inquiry could not be completed before then - the prospects of securing approval for a second runway would be remote since the Conservatives and Liberal Democrats are both pledged to cancel any plans for a second runway at Stansted.

ENDS

NOTES TO EDITORS

The Competition Commission's final Market Inquiry report into BAA (including Appendix 10 on the interaction of Stansted divestiture and the second runway planning inquiry) is [available online](#).

To commemorate today's decision by the Competition Commission, SSE is reprinting its 'BAA Monopoly' beer mat, first issued in 2004 to focus political attention on BAA's dominant market position at the Party Conferences. SSE will be sending this to all its members as a souvenir (see below). A [higher resolution](#) version is available for media use.

 Parking Invest £4bn for penny flights £33	 Gatwick	 CAA
£ Stansted	 BAA Airports Monopoly Fantastic fun for just one player!	
Heathrow Complete T5 before Starting T6	£ Heathrow	£400m profit
 Stansted	£ Stansted	
World Duty Free ... take a tax break!	£ Heathrow Licence to print money	£ Gatwick No more moves until 2019
	£ GO! Charge the very most you can!	