

CMA final decision on air traffic control charges

Press release

The CMA has sent the CAA its final price control determination on a dispute between the aviation regulator and NERL regarding air traffic control charges.



The Competition and Markets Authority (CMA) has acted as the independent body charged with looking into a price control dispute between the Civil Aviation (CAA) and NATS (En Route) Plc (NERL).

NERL is the subsidiary of NATS which holds a licence to provide en-route air traffic control services above the UK and the North Atlantic. NERL is regulated by the CAA.

NERL rejected the CAA's price control decision for the 5 year period 2020-2024 and so the CAA referred the matter to the CMA for investigation.

The CMA's investigation was underway before the coronavirus (COVID-19) pandemic. The pandemic has had a significant impact on air traffic and NERL's operations, with the longer term effects remaining unknown. The CMA therefore had to consider how it should take account of the impact of the coronavirus in the final determination, and invited representations on this.

In light of the evidence received, the CMA has concluded that it is not yet possible to assess the full impact of the pandemic on the aviation industry and NERL's business. The CMA has recognised that it is important for the industry and for NERL to have a clear framework within which to operate and has therefore based its final determination on the provisional findings, without making specific adjustments at this stage to take account of the impact of the coronavirus.

The practical effect of this approach is that for an interim period from 1 January 2020 to 31 December 2022, maximum charges for air traffic control services to airlines will in effect be set as if COVID-19 had not occurred.

This will provide important certainty to both NATS and its customers until such time as the impact on the industry can be better understood and a more comprehensive reworking of the regulatory settlement to adjust for what actually happened during this period can be undertaken.

The CMA has decided on price control mechanisms that are largely in line with those proposed by the CAA with some adjustments in line with NERL's submissions, and this will form the basis of the price control for an interim period from 1 January 2020 until 31 December 2022. The CAA will carry out a review of the price control within that time, which will include a reconciliation with actual data from the period affected by the coronavirus. The CMA final determination also requires improvements to capital expenditure governance and incentives which will apply beyond the 2020-2022 price control period.

Further information including a summary with details of the CMA's findings can be found on the [case page](#).

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