

Our Ref: 006/05/09/AMcD/mps

20th May 2009

The Rt Hon Hazel Blears MP
Secretary of State for Communities and Local Government
Department for Communities and Local Government
Eland House
Bressenden Place
London
SW1E 5DU

Dear Secretary of State

STANSTED G2 PUBLIC INQUIRY

I refer to your letters of 2 March and 15 April 2009 regarding the proposed timetable for the Stansted G2 public inquiry, and to other correspondence you have received on this matter some of which we have commented upon to you.

Your more recent letter of 15 April said that your decision on the inquiry timetable needed to be taken in the light of the fullest available information and taking into account all parties' views in the light of developments including, in particular, the BAA response to the Competition Commission's (CC) final report on BAA airports (*A report on the supply of airport services by BAA in the UK*) published on 19 March 2009.

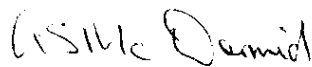
On 18 May 2009, BAA submitted a Notice of Application to the Competition Appeal Tribunal under section 179 of the Enterprise Act to review the CC's final report on two separate grounds: (i) apparent bias; and (ii) proportionality.

BAA is submitting that the Tribunal should quash the finding in the final report requiring the divestiture of Gatwick, Stansted and one of Edinburgh or Glasgow airports and the findings on which that requirement is based. It is difficult to know at the outset how long this case will last. We understand that, in the norm, the Tribunal aims to complete cases in less than nine months.

These matters raise important issues. While BAA's proposals for a second runway at Stansted are fully supported by clear and up-to-date Government aviation policy, BAA agrees that communities need certainty, as your two letters recognise, and that developers promoting large infrastructure projects need confidence in the processes that they will use. The timetable and the process for considering the G2 applications previously contemplated by the Inquiry Inspector may now appear less reliable for both the communities and for BAA as a result of the current position regarding the CC's investigation, and where that might lead, even though the merits of the G2 applications are unaffected.

BAA does not intend to withdraw its planning applications for its G2 proposals. In the event that you should decide that, for reasons associated with the points made in the previous paragraphs, the planning process should be suspended until such time as there is clarity about the future ownership of Stansted airport, you should be aware that, notwithstanding the appeal to the CAT, BAA has provided interim undertakings to the CC to preserve the G2 applications. The purpose of those undertakings is to enable either BAA or any new owner to act on how and when additional capacity beyond 35mppa should be provided at Stansted once the ownership issue is settled.

Yours faithfully



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