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Nine Elms Lane  
London  
SW8 5DE**

8 April 2010

Airport Regulation Inquiry  
Productivity Commission  
P O Box 1428  
Canberra City  
ACT 2601

Dear Sirs

Having noted the submission by Dr Darryl Biggar to the inquiry into the Economic Regulation of Airports, I would like to submit the attached paper.

Although the paper is written from a European perspective, it does address the issue of stranded assets, which is at the heart of Dr Biggar's paper. It suggests that this problem has been successfully addressed, particularly in the UK, by negotiated bilateral contracts between airports and airlines. The paper suggests that this provides an alternative to the economic regulation of the airport industry.

The paper also emphasises the costs and disbenefits of regulation, an aspect which was not emphasised in Dr Biggar's paper.

Yours sincerely

David Starkie