Published on *Adam Smith Institute* (http://www.adamsmith.org)

Getting there [1]

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Ferrovial's misfortunes may be London travellers' gain. The Spanish infrastructure group, which controls Heathrow, Gatwick, and Stansted (plus four Scottish airports) through its ADI (Airport Development and Investment) consortium, is under pressure from all sides.

The airport regulator (and recent ASI Power Lunch guest) Harry Bush seems likely to cut the return on the consortium's capital. The Competition Commission is also looking at the London airports monopoly, and may force the consortium to sell Gatwick. The economic slowdown has alarmed aviation executives, since holidays and business travel are some of the first things that people cut down on when times are tough.

All of which means that Ferrovial's shares have halved since last year, and its debts have soared. It needs to restructure fast. But the credit crunch has made that pretty difficult. Some commentators are speculating that Ferrovial will have to sell Gatwick, even if it isn't forced to by the regulator, just in order to make ends meet.

That would be good for travellers. When the Adam Smith Institute proposed the privatization of Britain's airports in the *Airports for Sale* [3] back in the 1980s, we did not even contemplate the idea of the London and Scottish airports being packaged as a single unit. We were sure that a competitive structue with different owners would serve customers better. Now, more than two decades later, the regulators seem to be coming to the conclusion that we were right. It's a conclusion that air passengers - especially those who have to face the hell of Heathrow - came to a long time ago.

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