



February 10, 2015

The Honorable John F. Kerry  
US Department of State  
2201 C Street, NW  
Washington, DC 20520

The Honorable Penny S. Pritzker  
U.S. Department of Commerce  
1401 Constitution Avenue, NW  
Washington, DC 20239

The Honorable Anthony R. Foxx  
U.S. Department of Transportation  
1200 New Jersey Avenue, SE  
Washington, DC 20590

Subject: U.S. Airports Support U.S. Open Skies Agreements

Dear Secretaries Kerry, Pritzker, and Foxx

On behalf of the Airports Council International-North America (ACI-NA) and our U.S. member airports, I am writing to confirm our continuing strong support of current U.S. international aviation policy which focuses on Open Skies agreements. We understand that criticisms are being levelled against U.S. Open Skies policy by a few U.S. interests and wanted to ensure that you understood the airport perspective.

ACI-NA represents local, regional, and state governing bodies that own and operate commercial airports in the United States and Canada. ACI-NA member airports enplane more than 95 percent of the domestic and virtually all the international airline passenger and cargo traffic in North America. ACI-NA has more than 200 airport members.

### **U.S. Airports and Communities Benefit from U.S. Open Skies Agreements**

U.S. Open Skies air transport agreements eliminate government interference in many commercial aspects of international air services, including routes, capacity, and pricing by providing for an unlimited number of designations of airlines, no unilateral controls on capacity, pricing freedom, liberal charters, and extensive route rights for passengers and cargo services. Open Skies agreements provide flexibility for airlines to choose their business models and to innovate on services and fares.

ACI-NA is a longstanding advocate for U.S. Open Skies policy because it provides the opportunity for new and competitive international air service and increased service and fare

options for passengers and cargo to the benefit of U.S. airports, their communities, consumers, and the U.S. economy as a whole.

International air service provides U.S. airports and their communities with access to the global economy, which translates into economic development and employment from business and tourism travel, trade, and investment. Travel for business, tourism, and other purposes are the largest U.S. service export. Such travel creates jobs which cannot be outsourced easily from the United States. Exports and imports generate jobs at U.S. airports and the broader economy.

Open Skies agreements provide opportunities for U.S. airports to receive international air service from U.S. and foreign airlines which may have different approaches to the market. This is particularly important as the major U.S. international airlines have merged with each other and have also entered into immunized alliances and code sharing arrangements with many foreign airlines, particularly large European carriers. While providing some consumer benefits, these developments have reduced opportunities for service and competition. Furthermore, at this time U.S. carriers have less interest in connecting U.S. airports to many of the important emerging markets, except perhaps through code sharing with their alliance partners. Even though this may reflect rational business decisions, U.S. airports and their communities should not be held hostage by U.S. airline decisions regarding which markets to serve.

Open Skies agreements offer opportunities for global connections for U.S. airports that might otherwise not receive international air service because they do not have a major U.S. airline hub or even if they do, that dominant U.S. airline and its alliance partners are not interested in serving international markets through that airport. It also gives U.S. airports the possibility for competitive services, which might not otherwise be offered because of code sharing and alliance relationships between U.S. airlines and their alliance partners. By allowing entry by U.S. and foreign airlines making their own commercial decisions, Open Skies agreements increase the variety of price and service choices available to passengers and shippers, and enhance the access of U.S. airports and their communities to the international air transportation system and global marketplace.

Some examples of the benefits to U.S. airports and their communities from liberal and Open Skies agreements include:

- Phoenix: Nonstop international flights from Phoenix Sky Harbor International Airport created a total economic impact of about \$3.0 billion within the Greater Phoenix metropolitan area in 2011. Destinations for nonstop international flights from Phoenix during 2011 included Canada, Mexico, the United Kingdom, and Costa Rica.
- Austin: A 2013 estimate found \$69.7M to \$74M each year of economic impact for new London-Austin service, which started in 2014.
- Boston: Since 2012 Massport has announced five new international flights to Latin America, India, and the Middle East. These nonstop flights will generate \$734 million in economic impact and \$22 million in tax revenue.

In a recently published study in the *American Economic Journal*, Clifford Winston, Brookings Institution, and Jia Yan, Washington State University, found that U.S. Open Skies agreements have generated at least \$4 billion in annual gains to travelers. ([American Economic Journal: Economic Policy](#), "Open Skies: Estimating Travelers' Benefits from Free Trade in Airline

Services, Clifford Winston, Economic Studies Program, Brookings Institution and Jia Yan, Department of Economics, Washington State University).

### **U.S. Airport Concerns about Weakening U.S. Open Skies Policy**

If the United States were to weaken its Open Skies policy generally or with respect to targeted countries, ACI-NA believes that many of the benefits enjoyed today could be decreased. We also expect that the leadership role of the U.S. Government in the international aviation community would be seriously damaged, thus undercutting U.S. efforts to liberalize aviation regimes with other countries, and raising the risks that current Open Skies agreements could be undermined as other countries may try to limit U.S. airlines, citing U.S. airline advantages as unfair competition.

Each country has its own approach to governance of the aviation industry and to subsidies and incentives for a variety of historical, political, and other reasons. What some consider to be subsidies, others consider to be legitimate business practices. For example, some countries have pointed to U.S. airline filings under Chapter 11 of the bankruptcy code as a form of subsidy because U.S. airlines are able to reduce their labor and creditor obligations as a result.

The U.S. Government should not undermine its own international success by taking a weakened approach to Open Skies.

### **Conclusion**

The U.S. Open Skies policy has enjoyed a long and successful run of 114 Open Skies agreements over more than 20 years, bringing billions of dollars in economic activity to communities throughout the U.S. We appreciate the effective efforts by the Departments of State, Commerce, and Transportation to pursue and implement the policy.

ACI-NA urges the U.S. Government to continue maintaining, promoting, and enhancing U.S. Open Skies policy in order to continue providing these benefits to the U.S. aviation industry, including U.S. airports and their communities, U.S. consumers and the U.S. economy.

Sincerely,

A handwritten signature in blue ink that reads "Kevin M. Burke". The signature is fluid and cursive, with the first name "Kevin" and last name "Burke" clearly legible.

Kevin M. Burke  
President and CEO

### **Copies to U.S. Department of State:**

Thomas Engle, Deputy Assistant Secretary for Transportation Affairs,  
Stephen Cristina, Director, Office of Aviation Negotiations  
Matthew Finston, Deputy Director, Office of Aviation Negotiations

**Copies to U.S. Department Commerce:**

Ted Dean, Deputy Assistant Secretary for Services

Eugene Alford, Air Transport Specialist

**Copies to U.S. Department of Transportation**

Susan Kurland, Assistant Secretary for Aviation and International Affairs

Brandon Belford, Deputy Assistant Secretary for Aviation and International Affairs

Susan McDermott, Deputy Assistant Secretary for Aviation and International Affairs

Paul Gretch, Director, Office of International Aviation

Brian Hedberg, Assistant Director for Negotiations, Office of International Aviation