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BUILDING A 21ST-CENTURY INFRASTRUCTURE FOR AMERICA: AIR TRANSPORTATION IN THE UNITED STATES IN THE 21ST CENTURY

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BEFORE THE

SUBCOMMITTEE ON
AVIATION

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

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Washington DC 20515

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March 3, 2017

SUMMARY OF SUBJECT MATTER

TO:	Members, Subcommittee on Aviation
FROM:	Staff, Subcommittee on Aviation
RE:	Subcommittee Hearing on "Building a 21st Century Infrastructure for America: Air Transportation in the United States in the 21st Century"

PURPOSE

The Subcommittee on Aviation will hold a series of hearings to receive testimony from representatives of different segments of civil aviation in order to help prepare for the Federal Aviation Administration (FAA) reauthorization bill. This memo will serve as the Summary of Subject Matter for these hearings.

The Subcommittee will meet for the third hearing on Wednesday, March 8, 2017, at 10:00 a.m. in 2167 Rayburn House Office Building. The Subcommittee will hear about the current state of the U.S. air transportation industry. The Subcommittee will receive testimony from representatives of the Alaska Air Group, Inc., SkyWest, Inc., Air Transport Services Group (ATSG), Association of Flight Attendants-CWA, and Travelers United.

BACKGROUND

Federal Aviation Administration

The primary mission of the FAA is ensuring aviation safety. The FAA has the responsibility to certify, monitor, and regulate the safety and operation of the civil aviation sector, including airlines, general aviation, unmanned aircraft systems (UAS), airports, commercial space transportation, repair stations, and aircraft manufacturers, as well as to establish licensing and training requirements for pilots and other aviation-related professionals. One of the most visible functions of the FAA is the operation of the air traffic control system. The FAA provides air traffic control services in the continental United States airspace and also vast areas of international airspace over the Gulf of Mexico, Atlantic Ocean, and Pacific Ocean.

On February 14, 2012, President Obama signed into law the *Federal Aviation Administration Modernization and Reform Act of 2012* (FMRA) (P.L. 112-95). This law includes

significant changes to FAA programs and policies. It also provided nearly $16 billion annually from fiscal year 2012 through fiscal year 2015 for FAA programs, projects, and operations.[1]

On July 15, 2016, President Obama signed into law the *FAA Extension, Safety, and Security Act of 2016* (P.L. 114-190). This law extends expiring authorities and taxes included in the FMRA through September 30, 2017. It also authorizes certain critical, time-sensitive safety reforms.

Civil Aviation

The United States civil aviation industry is a major economic driver, contributing roughly $1.6 trillion in total economic activity and supporting roughly 11 million jobs.[2] Our civil aviation system accounts for more than five percent of the U.S. Gross Domestic Product.[3] Air transportation accounts for a significant part by safely and efficiently moving passengers and cargo around the United States and connecting our country to the rest of the world.

This industry supports a diverse and essential aviation system comprised of commercial aviation, general aviation, unmanned aircraft, airports, commercial space transportation, and other users. Commercial and general aviation help transport millions of passengers and move billions in revenue ton-miles of freight safely and securely all across the country. Impacts are also seen state-by-state, where airports and air operators help connect large and small communities, create jobs, and increase economic output.[4]

Manufacturing

Aviation manufacturing is the "seventh leading contributor to national productivity growth."[5] The United States is the home of several major aviation manufacturers, including one of the two major global manufacturers of wide-body aircraft, and a number of the world's major general aviation manufacturers for business jets.[6] While the Nation experienced a severe economic downturn in 2007, civil aviation manufacturing has recovered and has increased its production over the past several years. In 2014, civil aircraft manufacturing's total output was roughly $147.7 billion, an increase from 2012's total output of $122.7 billion. Further, in 2014, general aviation manufacturing's total output was over $29 billion, which was roughly a nine billion dollar increase from 2012.[7]

[1] The FAA's authorities and taxes authorized in FMRA were extended through March 31, 2016 in P.L. 114-55, and again through July 15, 2016 in P.L. 114-141.
[2] Federal Aviation Administration. "The Economic Impact of Civil Aviation on the U.S. Economy." November 2016. Pg. 3.
[3] Federal Aviation Administration. "The Economic Impact of Civil Aviation on the U.S. Economy." November 2016. Pg. 3. https://www.faa.gov/air_traffic/publications/media/2016-economic-impact-report_FINAL.pdf
[4] Federal Aviation Administration. "General Aviation Airports Reports." http://www.faa.gov/airports/planning_capacity/ga_study/
[5] Federal Aviation Administration. "The Economic Impact of Civil Aviation on the U.S. Economy." November 2016. Pg. 3. https://www.faa.gov/air_traffic/publications/media/2016-economic-impact-report_FINAL.pdf
[6] United States International Trade Commission. "Business Jet Aircraft Industry: Structure and Factors Affecting Competitiveness." April 2012. http://www.usitc.gov/press_room/news_release/2012/er0530kk2.htm
[7] Federal Aviation Administration. "The Economic Impact of Civil Aviation on the U.S. Economy." November 2016, p. 28.

While American aviation manufacturing has continued to grow, the industry has also faced a number of global and domestic challenges. In the United States, the FAA is responsible for developing certification standards to ensure the safety of design and production of aircraft, aircraft components, and other avionics. To meet this responsibility, the FAA has a system of processes and compliance reviews that certify the design and production of aircraft and aircraft components to specific safety standards. However, these processes can often be lengthy and costly for aviation manufacturers.[8] FMRA directed the FAA to find ways to improve and streamline certification processes, reduce delays, and harmonize regulatory standards both domestically and internationally.[9] As a result of this mandate, working groups consisting of industry, FAA, and labor representatives made a number of recommendations to streamline aircraft certifications and address inconsistent regulatory interpretations across the Agency.

Airports

The United States has over 19,400 airports providing important services to our aviation system, and in many communities, they are key economic drivers. The current National Plan of Integrated Airport Systems (NPIAS) identifies 3,332 commercial service and general aviation airports that are significant to national air transportation and thus eligible to receive federal grants under the Airport Improvement Program (AIP). It also includes estimates of the amount of funding needed to complete infrastructure development projects bringing these airports up to current design standards and adding capacity at congested airports.[10] The current NPIAS estimates there are $32.5 billion in AIP-eligible projects between 2017 and 2021.

There are 382 airports in the NPIAS classified as primary airports because they support scheduled commercial air service at a certain volume, and 2,950 non-primary airports supporting low-level commercial service and general aviation operations.[11]

Airport Revenue

To finance daily operations, airports generate and rely on both aeronautical and non-aeronautical revenue. The primary sources of aeronautical (or airside) revenue are various fees paid by airlines and other airport users for the lease of terminal space, landing fees, and use of other airport facilities, such as jet bridges. Non-aeronautical (or landside) revenue sources include airport terminal concessions, parking, rental car operations, and rental fees.

Airport Capital

To finance capital needs, airports use a combination of federal grants, federally-authorized local airport charges, state and local grants, and airport revenues.[12] The primary

[8] 14 C.F.R Parts 21, 23, and 25.
[9] Sections 312 and 313 of the *FAA Modernization and Reform Act of 2012.* (P.L. 112-95.)
[10] Federal Aviation Administration. "National Plan of Integrated Airport Systems (NPIAS)" http://www.faa.gov/airports/planning_capacity/npias/
[11] *Id.* at 4.
[12] Tang, Rachel Y., Kirk, Robert S., "Financing Airports Improvements", Congressional Research Service. December 4, 2013.

Federal grant program funding for airport development and planning is the AIP. AIP funds are primarily used for improvements related to enhancing airport safety, capacity, security, and environmental concerns. Airport sponsors can also use AIP funds, in most cases, on airfield capital improvements or repairs and, in some specific situations, for terminals and hangars. The AIP is currently authorized at $3.35 billion.

Because the AIP does not cover all airport capital needs, Congress has authorized airports to collect a fee on passengers called the passenger facility charge (PFC). A PFC is approved by the federal government, collected by the airlines, and paid directly to the airport without going through the federal Treasury. The PFC is intended to supplement, not replace, AIP funds. Airports can use PFCs to build critical infrastructure projects at their facilities. However, unlike AIP funds, airports can use PFC revenue for gates, airline ticket areas, and debt service on bonds that airports issue to finance airport infrastructure projects. In 2016, the FAA estimated that airports collected approximately $3.1 billion from PFCs.

Civil Aviation Operators

Airlines and Charters

The air transportation industry includes major airlines, regional airlines, all-cargo airlines, and charter operators that serve the widely varying needs of American consumers and businesses.

In 2015, approximately 2 million passengers flew on domestic and international flights operated by U.S. airlines each day.[13] Foreign carriers serving the United States carried additional passengers to and from the United States. The transportation of air freight is also substantial: in 2014, over 64 billion ton-miles of freight passed through U.S. airports.[14] Charter operators are a diverse group of approximately 2,000 companies operating over 10,000 aircraft of various sizes and types serving the largest cities and also rural communities lacking scheduled service.[15] In addition to direct economic impacts, air transportation enables substantial economic activity outside of the transportation sector.

In recent years, the U.S. airline industry has shown sustained profitability. However, this stability comes after decades of financial volatility that resulted in mergers and acquisitions, the disappearance of some airlines, and the emergence of others. Major U.S. passenger airlines often partner with other airlines to complement their services. Domestically, they partner with regional airlines operating smaller aircraft to fly routes or during times-of-day that cannot be economically served with other, larger aircraft. Internationally, they also form alliances with foreign airlines to mutually expand their reach of their global networks. U.S. all-cargo airlines are part of larger integrated logistics companies that operate hubs around the U.S. and the globe.

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[13] Bureau of Transportation Statistics. "2015 U.S.-Based Airline Traffic Data." https://www.rita.dot.gov/bts/press_releases/bts018_16

[14] Federal Aviation Administration. "The Economic Impact of Civil Aviation on the U.S. Economy." Pg. 4. https://www.faa.gov/air_traffic/publications/media/2016-economic-impact-report_FINAL.pdf

[15] Study of Operators Regulated Under Part 135, April 2016. Available at: http://nata.aero/data/files/gia/4656_001.pdf (p. ES-2)

The FAA conducts comprehensive safety oversight of the airline industry. In 1978, the *Airline Deregulation Act of 1978* (ADA) eliminated most economic regulation of the industry in favor of allowing market forces to determine domestic airfares, routes, and levels of service. The legislation included the Essential Air Service program to protect air service in smaller communities. Since enactment of the ADA, airfares have fallen dramatically in real terms.[16] In 1992, the United States entered into its first "Open Skies" agreement which eliminated most governmental limits on international services. Since that time, the United States has entered Open Skies agreements with 100 countries around the world.[17]

General Aviation

The general aviation segment consists of flight activity for personal and business use. This activity includes recreational aviation, flight training, and other private uses. Aircraft used in general aviation range from helicopters and piston-engine aircraft to large transport aircraft capable of intercontinental flight.

According to the FAA, "...the long term outlook for general aviation is favorable, led by gains in turbine aircraft activity. While steady growth in both GDP and corporate profits results in continued growth of the turbine and rotorcraft fleets, the largest segment of the fleet–fixed wing piston aircraft—continues to shrink over the forecast."[18] In addition, FAA forecasts that "...the number of active general aviation pilots (excluding ATPs) is projected to decrease about 5,000 (down 0.1 percent yearly)..." between 2016 - 2036.[19]

New Aviation Technologies and New Operators

Air Traffic Control Modernization or "NextGen"

In order to meet anticipated growth in air traffic, Congress directed FAA to undertake a series of initiatives to revamp the Nation's Air Traffic Control System known as "NextGen". The goal of NextGen is to transition from ground-based navigation and surveillance systems to a satellite-based system in order to increase the efficiency, capacity, and flexibility of our airspace. Specifically, NextGen initiatives should reduce the required separation between aircraft, result in more efficient routes, and decrease congestion. Together, these initiatives should provide a better experience for the travelling public.[20] NextGen consists of specific programs to realize these benefits, including Automatic Dependent Surveillance-Broadcast (ADS-B), System-Wide Information Management (SWIM), and Data Communications (Data Comm). The goal at the

[16] Thompson, Derek. "How Airline Ticket Prices Fell 50% in 30 Years (and Why Nobody Noticed)." The Atlantic. Feb. 23, 2013. http://www.theatlantic.com/business/archive/2013/02/how-airline-ticket-prices-fell-50-in-30-years-and-why-nobody-noticed/273506/

[17] U.S. Department of State. "Open Skies Agreements." https://www.state.gov/e/eb/tra/ata/

[18] FAA Aerospace Forecast, 2016-2036, p. 2.

[19] *Id.* at 25.

[20] GAO "*Next Generation Air Transportation System: Information on Expenditures, Schedule, and Cost Estimates, Fiscal Years 2004-2030,* "November 17, 2016, p. 1.

inception of NextGen was to achieve transformation of our National Airspace System (NAS) by 2025.[21]

According to a Government Accountability Office (GAO) report, FAA has spent approximately $7.4 billion on programs identified as NextGen.[22] In order to ensure timely completion, FMRA established a Chief NextGen Officer within the FAA to oversee the implementation and management of NextGen and created NextGen metrics. However, the NextGen programs have been consistently fraught with delays and cost-overruns. According to a November 2016 GAO report, six NextGen activities with completion dates in 2025 have been delayed to 2030.[23] According to Inspector General of the Department of Transportation (DOT IG) Calvin Scovel during the February 5, 2014 hearing entitled *"The FAA Modernization and Reform Act of 2012: Two Years Later"*, the total expenditures of NextGen look to be two to three times greater than the initial $40 billion estimate.[24]

Remote Air Traffic Control Towers

Technology could enable some airports to provide air traffic services remotely. Remote air traffic control towers include cameras, microphones, meteorological sensors, and other monitoring equipment installed at the airport. Controllers are located at facilities that receive real-time data and video from these sensors and equipment. A controller at the remote location operates traffic at the airport the same way he or she would in a normal tower. This technology was tested at Leesburg Airport in Virginia in 2015. This technology could provide air traffic services to airports located in rural and remote areas, thereby greatly improving safety and increasing access to the NAS.

Unmanned Aircraft Systems

UAS, or drones, are an important innovation in aviation technology. There is significant demand for UAS in the United States. From 2005-2014, the number of countries using UAS for commercial and military purposes nearly doubled.[25] Since the early 1990s, UAS have operated in the national airspace mostly in support of governmental functions, such as military and border security operations.[26] In recent years, the private sector has developed a sweeping range of uses for UAS including aerial photography, surveying, agriculture, communications, environmental monitoring, and infrastructure inspection.[27] Certain companies have announced plans for small package delivery using UAS.

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[21] *Id.* at 3
[22] *Id.* at 2
[23] *Id.* at 2
[24] GAO *"The FAA Modernization and Reform Act of 2012: Two Years Later"* Hearing before the Subcommittee on Aviation – Hearing Transcript, February 5, 2014, p. 22.
[25] GAO *"Key Issues: Unmanned Aerial Systems (Drones),"* February 1, 2016 http://www.gao.gov/key_issues/unmanned_aerial_systems/issue_summary
[26] Federal Aviation Administration, "Integration of Civil Unmanned Aircraft Systems (UAS) in the National Airspace System (NAS) Roadmap" https://www.faa.gov/uas/media/UAS_Roadmap_2013.pdf (p. 4)
[27] *Id.* at 6

The emergence of UAS offers substantial opportunities and also raises important policy issues such airspace rules, privacy concerns, and aviation safety. Since 2014, the FAA has promulgated regulations authorizing use of small UAS on a routine basis, requiring registration of certain UAS, and has also authorized use of certain advanced technologies through waivers and other regulatory means.

Commercial Space Transportation

For decades, private industry, with the support of National Aeronautics and Space Administration (NASA) and the FAA, have worked to develop new and innovative methods to transport passengers and cargo safely and efficiently into space. Under the *Commercial Space Launch Act of 1984* and subsequent amendments, the Secretary of Transportation has the responsibility and authority to facilitate, regulate, and promote the commercial space transportation industry. This responsibility has been assigned to the FAA's Office of Commercial Space Transportation (AST). According to the FAA, the AST's mission "is to ensure protection of the public, property, and the national security and foreign policy interests of the United States during commercial launch or reentry activities, and to encourage, facilitate, and promote U.S. commercial space transportation."

AST issues launch and reentry licenses for commercial space launches, permits for experimental launches, and launch site licenses for commercial spaceports. AST licensed 11 commercial launches, permitted four experimental launches, and supervised 10 active spaceport licenses in 2016. As the pace and complexity of commercial space transportation operations continues to increase, AST's role in regulating and facilitating the industry will continue to evolve.

Other issues.

In addition to the issues discussed above, the hearings may also touch on the following subjects:

- *Safety Oversight*: The U.S. commercial aviation system has an impressive safety record, but accidents, including the crash of Colgan Flight 3407, the disappearance of Indonesia AirAsia Flight 8501 and the intentional crashing of Germanwings Flight 9525, are stark reminders to be ever vigilant. Aviation safety is reliant on excellent training, the sharing of safety critical data and information, and strong oversight.

- *Essential Air Service (EAS) program*: The EAS program was created in 1978 to ensure continuity of air service to small communities following enactment of the ADA. The program provides subsidies to airlines to provide service to small communities where there are not enough passengers to operate profitably. Recent Congresses have enacted reforms limiting program participation and subsidy levels.

- *FAA Contract Tower Program*: Federal contractors provide air traffic control services at visual flight rule airports. FAA oversees the safe operation of these towers. As of February 2016, there are 252 contract towers in the NAS.

- *Cybersecurity:* As aviation has evolved and newer technologies have been adopted and integrated cybersecurity concerns have arisen. In July 2016, the President signed into law the *FAA Extension, Safety and Security Act of 2016* that directed the FAA to implement a strategic framework for cybersecurity.

WITNESSES

Mr. Brad Tilden
Chief Executive Officer
Alaska Air Group, Inc.

Mr. Russell Childs
Chief Executive Officer
SkyWest, Inc.

Mr. Joseph Hete
Chief Executive Officer
Air Transport Services Group, Inc.

Ms. Sara Nelson
International President
Association of Flight Attendants-CWA

Mr. Charles Leocha
President
Travelers United

BUILDING A 21ST-CENTURY INFRASTRUCTURE FOR AMERICA: AIR TRANSPORTATION IN THE UNITED STATES IN THE 21ST CENTURY

WEDNESDAY, MARCH 8, 2017

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON AVIATION,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The subcommittee met, pursuant to call, at 10:02 a.m., in room 2167, Rayburn House Office Building, Hon. Frank A. LoBiondo (Chairman of the subcommittee) presiding.

Mr. LOBIONDO. Good morning. The subcommittee will come to order. Thank you all for being here.

Before I begin the prepared remarks, I would like to thank the Colgan family for once again being here, for so many of them being so strong in their continued dedication and commitment to enduring aviation safety. So thank you very much.

Today, the Aviation Subcommittee is holding its third hearing in preparation for the upcoming FAA authorization bill. As all of you know, the focus of the Transportation and Infrastructure Committee this year is "Building a 21st-Century Infrastructure for America." Today, we will be looking at the current state of our Nation's air transportation system and those who operate in it. We will also learn what those operators believe are needed for the system to move into the future.

And we also want to learn from those in the public in the days ahead. We have created a dedicated email address to receive your ideas and welcome them very much. It is transportfeedback@mail.house.gov. Please send us your ideas.

Air transportation has become so commonplace that we really don't think about what an impact it has on our daily lives. Journeys that once took days, weeks, or even months are now safely completed in hours. We can order something online and have it delivered the next day.

Today, air travel is routinely and readily available to millions of Americans. In fact, last year more than 800 million passengers traveled by air within the United States, a figure that is projected to grow to 1 billion within 10 years.

This remarkable system is a testament to the hard work of the pilots, flight attendants, mechanics, and others who take us safely across the country and around the world.

Air transportation in the United States is diverse. Along with private aviation, it also includes mainline airlines, regionals, all-cargo airlines, and charter companies, each playing a vital role in meeting various needs of the traveling public and economy.

Mainline airlines connect our major cities and also connect us to other countries. Regional airlines help connect many small and medium-size communities to large hub airports, providing them access to the globe. For other communities and certain travelers, such as small business operators, charter service or fractional ownership may be the only viable air transport option. Cargo airlines allow for our factories and supply chain inventories to remain fully stocked and keep goods flowing between businesses to consumers. They also play a large role in e-commerce.

Our panel today represents a range of air transportation companies and stakeholders. Each witness brings a unique expertise and perspective on the state of our system. I look forward to their testimony on how Congress can help facilitate the building of a 21st-century aviation infrastructure.

Before recognizing Ranking Member Larsen for his remarks, I would like to ask unanimous consent that the record of today's hearing remain open until such time as our witnesses have provided answers to any questions that may be submitted to them in writing and unanimous consent that the record remain open for 15 additional days for comments and information submitted by Members or witnesses to be included in the record of today's hearing.

Without objection, so ordered.

I would now like to yield to Mr. Larsen for any remarks he may have.

Mr. LARSEN. Thank you, Mr. Chairman, for calling today's hearing on the state of today's U.S. air transportation industry. I too would like to recognize the families of the passengers of Colgan flight 3407 who are with us today.

Welcome, and thank you for your tireless efforts to improve aviation safety.

I also want to welcome to today's panel of witnesses Brad Tilden, the CEO of Seattle-based Alaska Airlines and a fellow Aleut. Brad and I know what that is. It is not necessary to explain it.

The U.S. airspace is the busiest and most complex in the world and is undergoing a historic shift in modernization in the form of FAA's NextGen program. Alaska Airlines has been a strong advocate for NextGen, which has delivered more than $2.7 billion in benefits to airlines and operators of GA aircraft and is expected to produce $13 billion in benefits for the Government and users by 2020 and over $160 billion by 2030.

I understand that NextGen's performance-based navigation or PBN procedures allow Alaska Airlines flights to fly more directly and precisely into Juno each day. And the Greener Skies initiative improves the efficiency of the airline's flights, its landings at Sea-Tac International Airport.

So, Mr. Tilden, I look forward to hearing from you today about how the state-of-the-art NextGen technologies and procedures are improving efficiency in today's airspace and providing benefits for the aviation industry generally.

Not only the busiest and most complex, the U.S. is the safest aviation system in the world, and I would like to commend the FAA and all the industry witnesses here today and everyone involved in the air transportation system for their coordination and continued commitment to ensuring the highest level of safety. This laudable safety record of U.S. commercial airlines in recent years is due in large part to the 2010 congressional mandate that each airline pilot possesses an airline transportation certificate. I personally support that. I believe that current pilot training requirements are nonnegotiable.

At the same time, though, I realize that some regional air carriers, among them there is some concern about the shortage of pilots in this country. So earlier this week Ranking Member DeFazio and I made a request to the Department of Transportation's inspector general—I am sorry. At our request, the DOT inspector general reported that some regional airlines have started increasing pay to attract additional pilots. That is a step in the right direction.

I also look forward to hearing today from Ms. Sara Nelson from the Association of Flight Attendants. We are in the midst of the safest period in U.S. civil aviation history, thanks in large part to the hard work of U.S. flight attendants. Their training and readiness to spring into action have saved lives and dangerous accidents. Therefore, it is critical that flight attendants are well-rested and that out-of-date Federal regulations of flight attendants' flight and duty periods are reformed.

Last year's long-term FAA bill, as reported by the committee, included such a provision. I look forward to working with Chairman LoBiondo to ensure its inclusion in the FAA bill this year.

And today, I am pleased to join with Ranking Member DeFazio in introducing a bill to improve passengers' travel experience by requiring airlines to be more transparent about what they will do for passengers caught up in large-scale network meltdowns, among other things.

We must continue to ensure the air travel experience is fair and devoid of discrimination. On this front, I was pleased to have included in last year's short-term bill a provision on air travel accessibility and look forward to hearing what more the subcommittee can do to improve passengers' travel experience.

And finally, Mr. Chairman, I would ask for unanimous consent that written statements prepared by the Air Line Pilots Association, International and the Association of Professional Flight Attendants be entered into the record.

Mr. LOBIONDO. Without objection, so ordered.

[The information can be found on pages 81–92.]

Mr. LARSEN. Thank you, Mr. Chairman. I look forward to the witnesses' testimony.

Mr. LOBIONDO. Now I would like to recognize Mr. Shuster for any comments he may have.

Mr. SHUSTER. Thank you, Chairman LoBiondo. Let me start by echoing your thanks to the families, the Colgan families, for being here, and your efforts to make sure that we have the safest possible system we can have. And so thank you very much for that dedication.

I want to thank Chairman LoBiondo and Ranking Member Larsen again for this third in a series of the Aviation Subcommittee hearings focusing on FAA reauthorization and building a 21st-century aviation system for America. I look forward to discussing the state of the transportation industry. It is a vital industry to America. It is one of our most important, one we invented, and it for all my efforts is to continue to make sure that America leads the aviation industry in the world.

Private air transportation plays an important role in our aviation system, connecting our smaller communities. I come from a rural community. It is vital that we have those connections. The general aviation also provides a tremendous training ground for potential future pilots to be able to go to work for the bigger carriers to make sure that we have the levels necessary to staff those planes and to continue to grow air transportation in this country.

As I said, we have been a leader in it, and I want to maintain that leadership in the world. We have done lots of things over the last 40 years, from low-cost carriers, fractional ownership, giving people more and more choices, how we get our tickets, whether it is an e-ticket, which I am still not sure I know how to do, but I stumble along.

It is true. I know what Aleut means, too. That is what pirates used to do.

But, no, I stumble and bumble along with the technology, but having 20-year-old kids, they seem to get me to where I am going, as well as Mr. Larsen sometimes helps me.

Again, in 2016, we took steps in the extension to help families sit together, things like that, that we thought would be helpful to the folks that are traveling in this country.

Forty years after airline deregulation, which occurred in 1978, the airline industry continues to evolve. And I am really interested in hearing from our witnesses today and to continue efforts to evolve and provide America with more choices, more opportunities for safe air travel.

So I look forward to being here. Thank all of you for being here and taking the time to help educate us and help in this discussion.

And with that I yield back.

Mr. LOBIONDO. Now I would like to turn to Mr. DeFazio for any remarks.

Peter.

Mr. DEFAZIO. Thank you, Mr. Chairman.

You know, we are living in the safest period of the U.S. civil aviation history. We can all be thankful for that. We want to sustain that. We are also looking at one of the longest and most profitable sustained periods for the airlines, combined after-tax profit, $25.6 billion in 2015, including $6.8 billion in bag and reservation change fees.

And I would like to recognize that Brad Tilden here, representing Alaska, registered a record profit in 2016 of nearly $1 billion. Congratulations.

A healthy industry is good for everyone, travelers, employees, our economy as a whole, and we want to see this continue into the future.

I am concerned, and Ranking Member Larsen raised it earlier, about the IT situation. We had many thousands, tens of thousands of people stranded over the last couple of years because of IT meltdowns, some that relate to the dispatch of the planes, some that relate to the reservation systems.

One high-profile event at Chicago Midway International Airport was described by a travel blogger as a war zone with the floors covered by stranded passengers. None of the airlines represented here today caused those disruptions, although SkyWest partnered some that did, and I am going to be interested if Mr. Childs has any reflection upon how difficult it was for them and their intended passengers because of those problems.

So the bill we introduced would give people—I mean, people in Chicago Midway were just told by that particular airline: Go look at your contract of carriage if you want to know what you can get. We think it should be a little more clear than paging through the fine print somewhere online what obligations the airlines have when the airline itself has caused the problem with an IT meltdown. So I have introduced that bill today.

The most important issue, as I said earlier, is safety. And we have Colgan families here today, many of whom I have met with and worked with in the past, and I appreciate your persistence. I think probably I first raised the issue of 250 hours rating back in the early 1990s. It took way too long to change that, and unfortunately you had tremendous losses that ultimately did lead to that change. You know, I observed many times that people who are becoming hair stylists and manicurists in Oregon had to have 600 hours of training, but you could have people's lives in your hands and fly a plane with 250 hours. That was not adequate.

Some are out there saying that this has led to a pilot shortage. As Ranking Member Larsen said earlier, we have a study showing that the pay is pathetically low at some regional airlines. Just look at Embry-Riddle. If you go to school there and go through the training for your certificate, it comes to about $300,000.

But say, OK, some are advocating let's roll back the hours and some other things, cut the cost. All right, let's cut it down to $200,000 to get a certificate, something I don't support. But if you think about what that means, $200,000 is a little over $2,000 a month on your loans, and you are earning $20,000 a year.

Now how does negative $4,000 income work out? That is why we had the copilot on the Colgan flight living in her parents' basement in Seattle and deadheading across the country. That shouldn't happen.

And a lot of young people are not going to make a rational decision to become pilots until the pay better matches the costs of getting the certificate and engaging in that occupation. So I think that is a problem, but weakening the rules is not the solution.

With that, Mr. Chairman, I yield back the balance of my time.

Mr. LOBIONDO. Thank you, Mr. DeFazio.

I would now like to turn to our witnesses. And on the panel today included are Mr. Brad Tilden, chairman and chief executive officer of Alaska Air Group; Mr. Russell "Chip" Childs, president and chief executive officer of SkyWest, Incorporated; Mr. Joseph Hete, president and chief executive officer of Air Transport Services

Group; Ms. Sara Nelson, international president of the Association of Flight Attendants—CWA, AFL–CIO; and Mr. Charles Leocha, chairman and cofounder of Travelers United.

Mr. Tilden, you are recognized for your statement.

TESTIMONY OF BRAD TILDEN, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, ALASKA AIR GROUP, INC.; RUSSELL "CHIP" CHILDS, PRESIDENT AND CHIEF EXECUTIVE OFFICER, SKYWEST, INC.; JOSEPH C. HETE, PRESIDENT AND CHIEF EXECUTIVE OFFICER, AIR TRANSPORT SERVICES GROUP, INC.; SARA NELSON, INTERNATIONAL PRESIDENT, ASSOCIATION OF FLIGHT ATTENDANTS—CWA, AFL–CIO; AND CHARLES LEOCHA, PRESIDENT, TRAVELERS UNITED, INC.

Mr. TILDEN. Chairman LoBiondo, Ranking Member Larsen, Chairman Shuster and Ranking Member DeFazio, and members of the committee, thank you very much for this opportunity to testify today. It is a real pleasure to be here to talk about Alaska Airlines and the industry.

My name is Brad Tilden, and I am the CEO of Alaska Air Group. Alaska Airlines is the fifth-largest airline in the United States following our recent acquisition of Virgin America. We now have approximately 19,000 employees, 280 aircraft, and we fly about 1,200 flights a day.

While that may or may not sound like a large company, we are small by airline standards. We have been in business for 85 years, but we don't fit the legacy carrier mold in that we are low cost, low fare, and in the end that we have grown at a significantly higher rate than the average airline.

Our customer-facing employees are focused on making the flying experience from start to finish as great as possible every day for our guests. As a testament to their skill and dedication, we are honored to have been recognized for 9 consecutive years by J.D. Power as the best traditional network airline.

We are bullish on the airline industry, and we believe that with our cost structure, customer orientation, and operational capability, Alaska is well positioned to take advantage of an improving industry. Warren Buffett, who in the past famously derided investing in airlines, now invests nearly $10 billion in the industry. That says something.

The industry has changed a lot in the last 10 to 15 years. The pervasive bankruptcies and consolidation we have dealt with have been painful and challenging, but the industry as a whole is now in a different and healthier place. Airlines are investing in their facilities, people, and products in order to win new customers.

For example, Alaska recently launched premium class service, providing our guests more leg room and amenities as an option. We are enhancing in-flight entertainment and connectivity options. We are adding popular new local food and beverage options. And we are taking steps to make our industry-leading mileage plan even better. Beyond these areas, we are also making major capital investments in things like new seats, space-saving bins, and airport improvements.

Despite improvements in the industry, it is more important than ever that aviation policy supports vigorous competition. Today, the

four largest airlines comprise more than 80 percent of the domestic market, whereas 10 to 15 years ago it took nine airlines to make up that much of the market.

As you consider aviation policy issues, we ask you to embrace policies to keep the industry vibrant, including enhancing the ability for smaller carriers to gain access to constrained airports and enhancing our ability to share feed traffic with larger airlines.

On that point, there are different perspectives on the Gulf Carrier Open Skies issue. As a smaller airline without a global network, Alaska needs to partner with airlines from around the globe to have a chance of competing with U.S. airlines that have a global footprint and that can offer a one-stop shop to customers needing global access. We believe it is imperative that the U.S. Government do zero harm to the vibrant U.S. Open Skies policy.

The subject of this hearing is about building 21st-century infrastructure in America. Alaska believes it is imperative to speed up modernization of air traffic control to deal with increasing congestion and delays and to bring it into the modern era. To be fair, modern GPS technology is used today by most airlines for the en route portion of flights, but once an airplane starts its descent, efficient operations are typically interrupted by the use of 1950s-era radar-based manual procedures.

Herein lies a big opportunity. We need to modernize the system to connect the en route navigation structure with the arrival and approach phases of a flight.

Alaska Airlines is deeply familiar with this technology. In the mid-1990s, we pioneered what is called required navigation performance, which are GPS-based approaches and which are a key building block of NextGen. However, today, more than 20 years later, we use these RNP approaches for just 4 percent of our approaches nationwide.

We believe that in the future airplanes should not be vectored left and right for spacing and engines shifted from idle to powered as airplanes descend and then level off in a stairstep approach to the runway. Instead, aircraft should arrive at a specific waypoint in the sky at a predetermined point in time to provide for spacing, and they should then begin a continuous glide at idle power, following a precise curving flight path down to the runway. This will allow more airplanes into the system. It will materially reduce noise, fuel consumption, travel time delays, and environmental emissions.

As a pilot myself, I can tell you that this country's air traffic controllers manage the safest system in the world, and the FAA is full of talented professionals who have made progress with NextGen. However, under current governance and funding, we run a real risk that demand for airspace is going to rise at a rate that is more rapid than our rate of technology innovation, worsening delays.

While we understand ATC reform may be a topic of future hearings, and while we know that there are numerous viewpoints on this subject, we would like to go on record with our belief that ATC reform, including the separation of ATC operations into an independent, nonprofit entity, as most other industrialized countries have done, is needed, and such a change will allow innovation and technology deployment to flourish.

Thank you very much for this opportunity to speak with you today.

Mr. LOBIONDO. Thank you.

Mr. Childs, you are recognized.

Mr. CHILDS. Good morning, Chairman LoBiondo, Ranking Member Larsen, Chairman Shuster, Ranking Member DeFazio, and distinguished members of the subcommittee. I am Chip Childs, president and CEO of SkyWest, Inc., which is the largest regional airline in the world.

SkyWest, Inc. owns and operates two regional airlines, SkyWest Airlines and ExpressJet Airlines. Combined, these entities complete more than 3,000 flights per day and carry 53 million passengers a year. This includes service to more than 250 cities in North America, Canada, Mexico, and the Caribbean.

On behalf of SkyWest, ExpressJet, and more than 18,000 employees, I appreciate the opportunity to be here today and offer testimony about the importance of the regional airline industry.

Regional airlines operate under parts 121 and 135 and generally utilize aircraft with fewer than 100 seats in partnership with major airlines. As such, we are held to the same safety standards as mainline carriers. We treat Federal safety regulations as the floor, not the ceiling, and take pride in meeting and exceeding these standards.

We believe in one level of safety for all passenger carriers, and our safety culture drives everything at SkyWest and ExpressJet. To that end, we utilize advanced technology and innovative safety programs. Our flight crews and mechanics are some of the most experienced and thoroughly trained in the entire airline industry, with training programs that are lauded by the FAA.

We are part of the regional airline industry, which is by no means small. In 2015, regional airlines operated 44 percent of the Nation's departures and safely carried 157 million passengers on nearly 4 million departures, about 11,000 departures a day.

We play a critical role in the aviation industry by connecting communities large and small to the global air transportation network. We fly as Delta Connection, American Eagle, United Express, and in partnership with Alaska Airlines. We share our majors' codes and have their names, color schemes, and logos painted on our aircraft.

Regional airlines are job creators. Our industry employs more than 59,000 employees. Among these employees are approximately 15,000 flight attendants and 20,000 pilots, and our industry needs more. While SkyWest has been able to stay fully staffed with qualified pilots, our industry has been hit by a growing pilot shortage.

We are honored that the major airlines recruit heavily from the regional industry, but this honor comes with consequences. According to university studies, major airlines will hire more than 18,000 pilots in the next 3 years. That is nearly the size of today's active regional airline pilot workforce. Within a decade, cumulative demand for pilots is forecast to reach 50,000 pilots.

Overall the shortfall of commercial airline pilots is forecast to reach 15,000 by 2026. Using an industry standard of roughly 10 pilots per aircraft, a shortfall of this magnitude would necessitate

parking 1,500 aircraft. For perspective, this number corresponds to roughly two-thirds of the regional airline fleet in operation today.

Thanks to the leadership of this committee, Congress gave FAA tools to address these concerns. Recognizing the high value of structured training, Congress authorized the FAA to approve alternate pathways for first officer qualification, allowing specific academic training courses to be credited toward a portion of total flight-hours where the Administrator determines that these academic training courses will enhance safety more than requiring the pilot to fully comply with the flight-hours.

Pilots following these approved pathways hold restricted privileges ATP [Airline Transport Pilot] certificates and may serve as part 121 airline first officers. These R–ATP pathways create a much higher level of safety and are well supported by data.

Although Congress gave the FAA the authority to approve R–ATP pathways, the agency has taken a narrow view of its authority to grant additional pathways outside of military and degree program institutions. We urge Congress to prompt the FAA to use its existing authority to authorize additional R–ATP pathways.

We could also help fill the shortfall with student loans. One of the single greatest deterrents facing new pilots is cost. Aspiring pilots can spend as much as $100,000 to $150,000 on a flight training path to commercial airlines, but the return on investment on these training dollars exceeds that spent on teachers, lawyers, and even doctors.

While we seek ways to reduce costs and offer tuition reimbursement, scholarships, and other incentives, Congress can help by backing loans to these students to achieve their dreams and meet the pilot shortfall.

Mr. Chairman and Ranking Members and distinguished members of the subcommittee, it is my pleasure to be here today, and I look forward to taking your questions at the conclusion of the panel.

Mr. LOBIONDO. Thank you.

Mr. Hete.

Mr. HETE. Chairman LoBiondo, Ranking Member Larsen, and members of the subcommittee, I am privileged to serve as the president and CEO of Air Transport Services Group. Thank you for the opportunity to highlight our company's vision for all-cargo aviation in the 21st century.

ATSG wholly owns two airlines, ABX Air, Inc. and Air Transport International, each independently certificated by the U.S. Department of Transportation. The company's airlines separately offer a combination of aircraft, crews, maintenance, and insurance services, commonly referred to as ACMI services. ABX operates Boeing 767 freighter aircraft, while ATI operates 767s, 757 freighters, and 757 combi aircraft. Combi aircraft are dedicated to the U.S. military and are capable of carrying passengers and cargo containers on the main deck. The airlines can conduct cargo operations worldwide.

The air cargo industry is unique compared with other industry users. We have a different business model and operational characteristics. So it is important to recognize our segment of the aviation industry when making policy decisions. Today, I would like to

share with the committee some of the challenges and concerns we have and how they affect our cargo airline operations.

We at ATSG have seen a great deal of change take place in the air cargo industry over the past 2 years. With stiff competition in the industry, removing specific regulatory burdens have the potential to pay off in the form of operational efficiencies, which will undoubtedly improve our costs and competitive abilities, as well as for our primary customers, the U.S. military, DHL, and Amazon.

There are a few key topics of concern for our industry that I would like to share with you. Over the past few years, a debate has been waged over whether cargo pilots should continue to be regulated under the existing part 121 rules or whether they should be subject to newer, part 117 rules. The Federal Aviation Administration, after no less than three separate reviews, each time correctly found that the cargo pilots should be regulated under part 121.

These rules work for our industry. There has been no sound evidence to suggest a move to a one-size-fits-all rule would improve safety for all cargo pilots, and this makes sense as the air cargo industry is inherently different from the passenger carrier industry. As I mentioned earlier, ATI operates the 757 combi, which carries passengers, and those flights are operated under the part 117 rules.

If ATSG's airlines were forced to comply with the 117 rules, we would have to hire more pilots, which would be a boon for the pilots union, but would allow for even less flying time for each pilot, potentially affecting their proficiency. Changes in flight and duty time rules that apply to all cargo carriers is a bad idea, and doing so could actually make our operations less safe and put our pilots at risk.

At ATSG's airlines, we provide more and longer flight crew rest opportunities in our cargo operations than our passenger counterparts. Most importantly, our pilots average 40 to 45 flight-hours per month and are usually point-to-point, while passenger carrier pilots fly approximately 60 hours each month and include many segments per day. Our pilots are also only scheduled for duty 14 to 16 days out of every month, and in many cases that includes weekend layovers.

Former Administrator Randy Babbitt said it best at an ALPA Safety Conference: "In rulemaking, not only does one size not fit all, but it's unsafe to think that it can."

With regards to the air transport of lithium batteries, ATSG supports the promulgation of tough and internationally consistent regulations governing the air cargo transportation of lithium batteries, as well as stringent enforcement of those regulations around the world.

The key issue here for our company is consistency. We can simply not have a patchwork of international lithium battery transportation standards. Harmonization avoids confusion among shippers, carriers, and others in the supply chain while maximizing safety.

Regarding the Open Skies issue, I share the opinion of the Cargo Airline Association that opposes altering the country's policy of expanding international opportunities through the negotiation of Open Skies agreements with trading partners. The all-cargo carriers have global networks with destinations all over the world, and

we rely on the access that Open Skies agreements allow us to provide time-definite delivery of high-value goods.

Unlike the passenger carriers, all-cargo carriers do not have code share agreements or worldwide alliances and depend on the beyond rights inherent in Open Skies agreements to provide global service. Therefore, we oppose any attempt to jeopardize our existing Open Skies agreements.

Finally, one of the biggest impediments to NextGen may not in fact be funding or transfer of ATC to a private entity as many have talked about, but rather aircraft noise. With new, more fuel-efficient flight paths for aircraft being implemented as part of the airspace redesigned for NextGen, new communities are exposed to noise that previously were not. Further, as a cargo operator we fly a substantial number of nighttime operations, and any call to impose nighttime flight restrictions would be problematic. These issues tend to be local-level problems that then get elevated and then in time become congressional problems.

While a lot of advances have been made in the area of aircraft noise, and a significant decrease in those exposed to noise has been achieved, this issue will continue to prove challenging for both the FAA and operators like us.

In summary, I would oppose any effort to impose new aircraft noise restrictions that may undermine our national aviation and airport system or inhibit the implementation of NextGen modernization projects, which are crucial for the efficiencies of the future of air transport.

Again, thank you for the opportunity to appear before you today, and discuss the issues important to ATSG, its airlines, and the future of the airline cargo industry. I look forward to answering any questions you may have.

Mr. LOBIONDO. Thank you very much.

Ms. Nelson, you are recognized.

Ms. NELSON. Thank you Chairman LoBiondo, Congressman Larsen, and members of the committee. We appreciate the opportunity to testify today about maintaining the safest, globally competitive U.S. aviation system in the world. As international president of the Association of Flight Attendants—CWA, representing nearly 50,000 flight attendants at 19 mainline, niche, regional, charter, and international airlines, I am proud to bring the expert voice from the aircraft cabin to this discussion.

It is fitting that on International Women's Day, our union that was founded by strong women and which remains largely a workforce of women would have a platform to testify in the United States Congress. Our members are dutifully performing their work as aviation's first responders around the world today.

But aviation would come to an immediate halt without the contributions of women in aviation, as there is a call for a day without women. We should recognize these women for the work that they do in aviation, and we appreciate the opportunity to testify on issues of equality in aviation today.

My written testimony addresses four key issues flight attendants need: proper rest to do our work, an orderly and secure cabin free of voice calls, a reality check on the disparate compensation at re-

gional airlines, and the enforcement of Open Skies agreements to keep global competition on a level playing field.

AFA continues to advocate for equal rest with our flight deck counterparts, and thanks to over 100,000 flight attendants and our supporters speaking out and the action of this committee, a 10-hour minimum rest requirement and the implementation of a Fatigue Risk Management Plan for flight attendants was included in H.R. 4441 last year. We look forward to inclusion of this language in the base bill this year.

Our job as aviation's first responders and the last line of defense in aviation has only become more challenging in recent years with staffing at minimums and aircraft cabins fuller than ever. The FAA rest minimum for flight attendants is 8 hours, even after a 14-hour duty day. During our rest breaks, flight attendants exit the airport, eat dinner, check into and out of hotels, and report for duty after returning to the airport and transiting security. The reality is we only have an opportunity for 4 or 5 hours of rest.

Studies commissioned by Congress show we need more rest. We are thankful to Chairman LoBiondo, Congressman Capuano, Ranking Members DeFazio and Larsen, and the members of this committee for including 10 hours' rest in the Fatigue Risk Management Plan in the FAA reauthorization bill.

Our industry is the safest in the world because of the work of the stakeholders represented today, the oversight of Congress, and our airlines' ability to compete on a level playing field with any other aircraft operator in the world. Our union is gravely concerned that this is all at risk due to the failure to enforce Open Skies agreements.

The U.S. has negotiated 120 Open Skies agreements with the intention of providing increased travel and trade, enhancing productivity, and spurring high-quality job opportunities and economic growth. The majority of these agreements are working. However, failure of the previous administration to enforce Open Skies agreements with the Gulf States, means Emirates, Etihad, and Qatar Airways are distorting the market with over $50 billion in subsidies from their governments.

We can compete with any airline in the world, but competing with the treasuries of their governments is unsustainable and threatens to choke out U.S. carriers, ultimately destroying consumer choice as well.

Every route ceded is a cost of 1,500 U.S. jobs. If these airlines cannot play by the rules, then we must consider canceling these agreements that are being violated.

In addition, the Obama administration made a grave mistake when it approved the foreign air carrier permit of Norwegian Air International. NAI violates article 17 bis of the EU/U.S. Open Skies agreement by setting up an Irish subsidiary to capitalize on less restrictive labor laws. NAI's deliberate effort to undermine Norway's strong labor protections violates Open Skies and sets in motion a downward spiral for U.S. aviation and 300,000 U.S. jobs.

This committee is uniquely positioned to take up this issue and stop the expansion of the approval of foreign air carrier permits for airlines operating according to this flag-of-convenience model.

Aviation, born in the U.S., is perhaps one of the greatest symbols of our freedom. Our members and our passengers fly to every corner of the earth when only some can dream of crossing borders. Our airlines are staffed with those who come from service in our military, and we proudly transport our military around the world, most wonderfully to bring them home.

The U.S. aviation industry accounts for 5 percent of U.S. gross domestic product, contributes $1.6 trillion in total economic activity, and supports nearly 11 million jobs. It is the symbol of American progress, innovation, and opportunity, and we must protect it.

I understand with gut-wrenching firsthand experience that safety, security, and economic strength are paramount for an industry that continues to capture the imagination and attention of the world. As a Boston-based flight attendant on September 11, 2001, I lost my dear friends.

But I know too that in the midst of our grief and our resolve to keep our airlines flying, we lost over 100,000 aviation jobs, took massive pay cuts, lost our pensions, and now spend more time away from our families with staffing cut to minimum. Aviation workers had to face the harsh realities of a post-9/11 world, and so have our families.

But in the long run, any aviation business model that seeks to operate solely on the backs of the people who make our airlines fly is not only inhumane, it is a threat to our safety. September 11 is not the exception to the rule for our charge as stakeholders, including, with deep respect, the Colgan Air families who are here today, and together with your careful oversight.

It is forever the reality that a breach in aviation security and a wounded U.S. aviation industry is a threat to the very freedom of our Nation and the prosperity of every community across the United States.

Thank you, Chairman LoBiondo, Congressman Larsen, and Congressman DeFazio, for serving as the strongest imaginable champions for our vital American industry. Flight attendants appreciate you and the members of this committee for the opportunity to testify here today, for your oversight, and for the protection of good American jobs. I look forward to answering your questions.

Mr. LOBIONDO. Thank you very much.

Mr. Leocha.

Mr. LEOCHA. Thank you for giving passengers a seat at this hearing. My name is Charlie Leocha. I am president of Travelers United, the country's largest travel advocacy group. We work intimately with both Government and travel stakeholders here in Washington.

Anyone who has flown recently in the back of a plane knows that passengers have far less personal space, planes are flying fuller than ever, leg room and seat width is being reduced, and ancillary fees are exploding. My testimony today focuses on a list of changes that have developed over the past decade in the aviation marketplace.

Number one, common carriers. Airlines are common carriers. There are centuries of settled tort law. Pricing of common carrier services is considered public information. It used to be nailed up

next to the door of their offices. It has been that way for thousands of years.

The airlines, however, decided since 2008 to publicly release only partial pricing. Today it is impossible to effectively comparison shop for airfares and fees. This has stopped IT development in its tracks.

Once the full airfare and fee data is released, IT experts can expect new shopping engines that will allow passengers to comparison shop for airline travel. Don't tell the airlines, but they will make far more money selling their products throughout their total distribution network.

Public pricing. Once an airline decides to work with travel agencies, their pricing should become public, and it always should be under common carriers. Airlines should not be permitted to pick and choose where their airfares and fees appear. Their prices are public information.

Reservation system outages. These are under the complete control of the airlines. Airlines should not be allowed to treat them like acts of God. Bizarrely, passengers are being punished for the failures of the airlines.

When there is an airline IT system failure, the airlines are responsible and should make their customers whole. Full refunds should be made available, and all airline tickets should be valid for at least 1 year from the date of the disruption. Plus, additional expenses should be covered.

Next, DOT should reevaluate the antitrust immunity and airline alliance rules. Originally, these grants were developed to create a better travel experience for passengers. Today, the airlines are using these DOT-provided grants to stop competition.

As smaller airlines, like Alaska, JetBlue, Southwest, and Hawaiian, begin to look at new markets, they are being faced with coordinated efforts by large alliances to deny them useful takeoff and landing slots at international airports. Airlines simply cannot compete without takeoff and landing slots. And without competition, consumers suffer, prices rise.

Open Skies treaties. These have been the bedrock of expansion for the U.S. aviation industry since the early 1990s. Today, these treaties are providing consumers some hope for competition and lower transatlantic and international airfares. Middle Eastern carriers, Etihad, Emirates, and Qatar, are serving a part of the world that was virtually ignored by the U.S. carriers for years, and low-cost carriers, like Wow and Norwegian, are finally forcing Delta, American, and United to lower transatlantic airfares.

Better service to the fastest growing areas of the world and lower transatlantic airfares are both enhanced by Open Skies treaties.

Next, airport taxes. As head of Travelers United, I have never met a traveler who thought they should pay more taxes for using an airport. Any increase in airport funding should come from the surrounding municipalities that benefit from the economics of the airport. Passengers are already paying their fair share. Proposed airport fee increases may result in more than $60 of fees being added to a ticket before passengers even spend $1 on airfare, and that dollar is taxed another 7.5 percent.

And finally, this one should be easy: Educate travelers about their rights. Congress doesn't have to pass any bills. DOT doesn't need any rulemakings. The only thing we need from our Government is the courage to let passengers know their rights regarding compensation. And there are only two of them. One, passengers are due compensation for lost, damaged, and delayed luggage up to $3,500. And when passengers are bumped, they can get compensation up to $1,350. That is it. End of domestic passenger compensations.

I look forward to any questions.

Mr. LOBIONDO. Thank you very much.

Mr. DeFazio, you are recognized.

Mr. DEFAZIO. Thank you, Mr. Chairman.

So we have heard from two people mention Etihad. Let's talk about that for a second. H.E. Sultan Bin Saeed Al Mansouri is head of the aviation authority, H.E. Eng. Mohamed Mubarak Al Mazrouei is head of the airline, H.E. Eng. Awaidha Murshed Al Marar runs the airport, and the Government is dumping massive amounts of money into a losing proposition.

And it isn't just that they are providing service to parts of the world that were underserved. Emirates is flying planes to places like Milan, Italy, and using their Fifth Freedom Right to come across the Atlantic.

Simple question: Do you think we should allow a State-owned enterprise in a monarchy dictatorship, do you think that is fair competition for our airlines, just because you get a little bit off the ticket?

Yes or no, Mr. Leocha? Do you think it is fair.

Mr. LEOCHA. Well, if what you are——

Mr. DEFAZIO. Yes or no?

Mr. LEOCHA. If what you are saying is true, no.

Mr. DEFAZIO. Yes, it is true. OK. Thank you.

Mr. LEOCHA. OK. I don't——

Mr. DEFAZIO. Thank you. Thank you.

Mr. Tilden? So do you want to be ultimately competing—I mean, you want to partner with a State-owned enterprise, but what happens if a State-owned enterprise starts competing with you?

Mr. TILDEN. What I would say about this, Alaska Airlines is a domestic airline operating in the U.S., but we have treaties with these other countries——

Mr. DEFAZIO. I know, but my question, do you think the United States of America should have policies that require our capitalist, privately owned companies to compete with State-owned enterprises from dictatorships that are being financed in that manner?

Mr. TILDEN. I think every country in the world sets up their airline industry a little differently.

Mr. DEFAZIO. OK. All right. So you are not going to——

Mr. TILDEN. Well, what I will say is that all these airlines should be required to comply with the treaties. I do believe that.

Mr. DEFAZIO. Well, I don't think the treaty—you know, most of our trade policy is a failure, and that is another example of it.

Now, we just had a panel last week, Mr. Leocha, of airports talking about their needs. You are opposed to an increase in the passenger facility charge.

Now, I will give you an example. Denver was in to see me. They are doing everything they can, including a P3 to redo their main terminal, which needs to be redone to tremendously facilitate the movement of passengers through security and also will provide much more shopping environment and all that kind of stuff.

So they are using P3s. They have got a PFC. They are bonded out. You are saying they shouldn't be allowed to increase their PFC, but they have a dire need to extend their terminals to accommodate additional traffic so people won't be sitting on the ground waiting to get to a gate. So you are just saying you are against PFC increases no matter how well they are merited?

Mr. LEOCHA. I am saying that we don't need PFC increases. There are other ways to increase the money for the airports.

Mr. DEFAZIO. Well, excuse me, sir, but they are using a P3. They are getting a huge benefit from that. They are charging the airlines fees. They are doing everything else. And the question is, at some point you are bonded out, and what are you going to do when you are bonded out?

I was the Democratic author of PFCs because I use the Eugene Airport. Eugene had to do municipal bonds to expand the airport. I didn't pay a cent. I don't live in Eugene. Now, you are just saying, well, the municipality benefits, and I live in the next town over, which you can hardly distinguish, but I shouldn't pay anything.

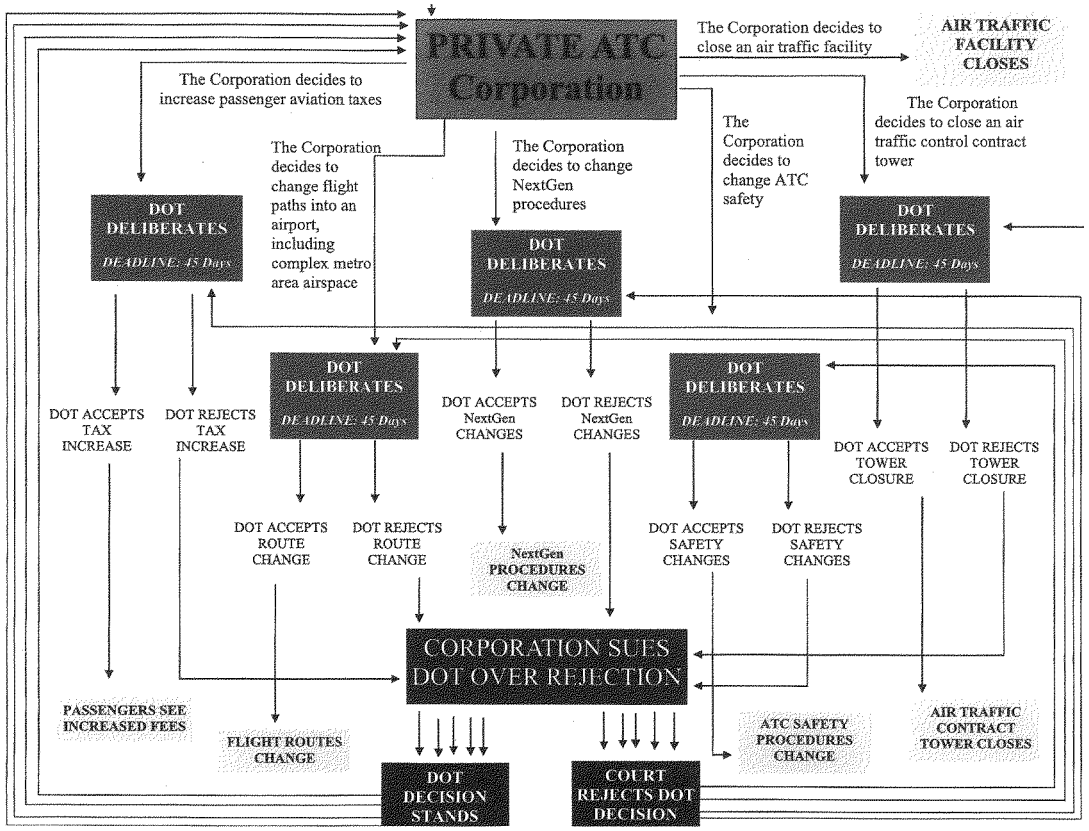
Mr. LEOCHA. Those are questions which need to be raised by the localities and municipalities serviced by the airports.

Mr. DEFAZIO. Well, I raised them 20 years ago when we established the PFC, which I think is the fairest way to have a user fee-based system. And there are all sorts of restrictions on the PFCs. There are no abuses of the PFCs. It is all benefitting the flying public.

So I find your adamant opposition—I don't like the Greyhound bus experience, which I find in a number of airports, that are constrained from making improvements, and the PFC is a fair way to make it. And in the case of Denver, the municipality isn't necessarily benefitting from all the people who are just changing planes in Denver, and that is what some of the terminals are targeted toward. What is the benefit there? So I just find your adamant opposition very problematic.

And then, finally, I did not want to get into ATC today, but if you could hold up the chart.

[The chart follows:]


PRIVATE ATC Corporation
The Corporation decides to close an air traffic facility
AIR TRAFFIC FACILITY CLOSES
The Corporation decides to increase passenger aviation taxes
The Corporation decides to change flight paths into an airport, including complex metro area airspace
The Corporation decides to change NextGen procedures
The Corporation decides to change ATC safety
The Corporation decides to close an air traffic control contract tower
DOT DELIBERATES
DEADLINE: 45 Days
DOT DELIBERATES
DEADLINE: 45 Days
DOT DELIBERATES
DEADLINE: 45 Days
DOT DELIBERATES
DEADLINE: 45 Days
DOT DELIBERATES
DEADLINE: 45 Days
DOT ACCEPTS TAX INCREASE
DOT REJECTS TAX INCREASE
DOT ACCEPTS NextGen CHANGES
DOT REJECTS NextGen CHANGES
DOT ACCEPTS TOWER CLOSURE
DOT REJECTS TOWER CLOSURE
DOT ACCEPTS ROUTE CHANGE
DOT REJECTS ROUTE CHANGE
NextGen PROCEDURES CHANGE
DOT ACCEPTS SAFETY CHANGES
DOT REJECTS SAFETY CHANGES
CORPORATION SUES DOT OVER REJECTION
PASSENGERS SEE INCREASED FEES
FLIGHT ROUTES CHANGE
ATC SAFETY PROCEDURES CHANGE
AIR TRAFFIC CONTRACT TOWER CLOSES
DOT DECISION STANDS
COURT REJECTS DOT DECISION

Mr. DEFAZIO. Just again, Mr. Tilden, this is the organizational chart, because there is a little problem in privatizing in the United States of America. The Germans had to change their Constitution. We are not changing ours.

So we prohibit private entities from doing anything that affects competition. So that means if they want to increase taxes, obviously it has to go to the Secretary. If they want to change flight paths, it has to go to the Secretary. If they want to change NextGen procedures, it goes to the Secretary. If they want to change anything else regarding ATC, it has to go to the Secretary. If they decide to close an air traffic control tower, contract tower, et cetera, it has to go to the Secretary. If the Secretary disagrees, then we go to court.

I don't find that to be a more efficient system. Plus, you are cleaving the FAA in half, and certification, which is vital to manufacturers, stays over here, and, yes, we move ATO over here. I believe there are other ways to resolve longstanding issues, and I didn't really want to get into this today, but since you raised it, I had to say that.

Thank you, Mr. Chairman.

Mr. LOBIONDO. Thank you, Mr. DeFazio.

Is Mr. Davis back yet?

Mr. Gibbs.

Mr. GIBBS. Thank you, Chairman.

Mr. Hete, welcome, fellow Buckeye. I hear you are from Ohio, from Clinton County. I just wanted to recognize you, fellow Buckeye.

I guess the first question is to anybody on the panel that wants to talk about it. You know, we have seen, we had a downturn in the industry and the industry has bounced back and doing well now, and we are seeing things turn around a lot. And we have also seen quite a few mergers in recent years.

And I guess my first question is, how does the capacity issue interact with the regional carriers and the big carriers for slots and just airports in general? How does that interaction work? So anybody that wants to try to answer that, I appreciate it.

Mr. CHILDS. I will take a shot at it, if I could. Our business model that we have at regional carriers, to be clear, what we do is, as in my opening statement, we fly for the major carriers, and we are under contract with them to where we get paid a block hour, which is a flight-hour basis to fly the routes that they want us to fly.

We do not have any material say in the slots or how we are scheduled in the big cities. That is completely up to the major carriers that make all those decisions for us. We just go where they want us to go and make sure we coordinate it and do it in a very safe and effective manner. But we don't have any say relative to how we are utilized in those big areas.

Mr. GIBBS. Mr. Tilden, I see you are biting at the bit there.

Mr. TILDEN. Yeah, I think this is an interesting time in our country. These airports were built 40, 50 years ago. In some cases a runway was added 10 or 15 years ago. But facilities are constrained. I think almost every airport in Alaska is in significant—

every big airport, LAX, San Francisco, Portland, Seattle, is significantly constrained. I just think that is a fact of our future.

To points that others have made, I do think this is a time for substantial investment in infrastructure. I think folks are doing this. We are on board with that. I think the industry is a lot healthier today than it was 10 or 15 years ago, so airlines are better able to support these very substantial capital programs.

And I think airspace is a part of that. So we need more capacity in the airspace. We need more capacity at the airport itself.

Mr. GIBBS. That is the other part of my question, capacity. So we have got the issue with runways, getting passengers through the terminals, and then issue with airspace, so they are obviously intertwined. So if we ever get the NextGen adopted and moving on, does that solve that airspace issue?

Mr. TILDEN. That will go a long way to helping. There are constraints, airspace, runways, terminal gates, even roadways in front of the airports, there are constraints sort of at every step of the process. But airspace is certainly a big one.

Mr. GIBBS. Go ahead.

Ms. NELSON. Congressman Gibbs, I think it is also important to recognize the interplay between the regionals and the mainlines for the people who make the airplanes fly. As Mr. Childs testified, the regional airlines provide 45 percent of the lift in the domestic market, but the pilots and flight attendants are also being paid at 45 percent the rate, even though the same passengers are buying the same tickets and expecting to get to the same destinations. So it is an important piece within a part of all this discussion.

Mr. GIBBS. Since you brought that up, Ms. Nelson, I saw, it must have been about a year ago, an article in a newspaper, and I was really taken aback by what they were saying the salaries were for regional personnel. And as I recall, I think, I don't know if it was a pilot or the copilot, could be around low $20,000 annual pay. Is that correct?

Ms. NELSON. That is correct. It is insufficient, and it is part of the reason that you have twice as many pilots with certificates to fly today as are performing the jobs today. If we can increase those wages and provide a living wage for these people, we will encourage people to enter the market.

Mr. GIBBS. So you just said there are twice as many pilots that are available, they are just not, because they have got to find other jobs to support their families. Is that what you are saying?

Ms. NELSON. Correct.

Mr. GIBBS. OK. Anybody want to respond to that?

Mr. CHILDS. Yeah, I would love to respond to that. I think that there has been a tremendous move and shift in compensation in the last couple years with pilots and some flight attendants as well. And it is important to note, as we went through the statistics early on in my testimony, and in my written testimony, we are the only source of travel for over 60 percent of the airports that we serve.

We have never really come out of service at SkyWest or ExpressJet due to a lack-of-pilot scenario. We have come out because it didn't make economic sense. Now, other carriers outside of us do have a very, very difficult time, and all of us see a very sig-

nificant pilot shortage on us today, and a lot of people believe that there is a very strong inventory out there.

I can tell you from personal experience, because we hire them and we interview them and we train them, that that is absolutely not the case. We are deeply concerned about the statistics as it is moving forward in the next 3 years. There are a lot of retirements at the mainline carriers, and there simply is not enough backfilling them as of today. So we need to do some things to make sure that we fix that.

Mr. GIBBS. Thank you, Chairman. My time has expired.

Mr. LOBIONDO. Mr. Larsen.

Mr. LARSEN. Thank you, Mr. Chairman.

Mr. Tilden, in your written testimony you discussed RNAV [area navigation], instrument procedures and such, and said nationwide it is 4 percent. For your flights, it is about 4 percent. And Sea-Tac, do you have a percentage?

Mr. TILDEN. I do not have that percentage with me. Despite Greener Skies, it isn't 25 percent even.

Mr. LARSEN. Oh, yeah?

Mr. TILDEN. Yeah. It is less than that.

Mr. LARSEN. And what steps, either nationally or even at Sea-Tac, could be done to increase that to something higher than it is?

Mr. TILDEN. Yeah. The situation we have is that these Greener Skies or RNP [required navigation performance] approaches have to be approved for every approach to every runway end at every airport. So Sea-Tac there are three runways, so that means there are six runway ends, and there are two or three approaches to each runway. And there is noise—one of the other gentlemen spoke to noise—noise is a big part of the review process. The FAA takes time to develop the procedure.

So what we have is a one-by-one approval of each of those approaches. And I just think somehow we need a much more rapid—in my own way of thinking about this, there should sort of be a default view that these approaches, this technology is better than what we have today. Even though the noise may be a little bit, it will be an engine at idle power, and with GPS it will be the same track every day. It may hit one house more than the current system, but there will be way less noise with this new technology than we have with the old. So some sort of fast-tracking of those approaches I think would help us.

Mr. LARSEN. Yeah. So it is not just a matter of different approaches. It is also in how you operate that approach as well, is what you are saying?

Mr. TILDEN. Yes.

Mr. LARSEN. If you have the same kind of approaches, but we still do the stairstep in and out, we are not really taking full advantage of the technology.

Mr. TILDEN. Correct. Correct. But I think in the perfect world, these approaches are designed so that the airplane at altitude, 38,000 feet, it goes to idle power, and it stays there until maybe a little bit of a true-up just at the end before it touches down.

Mr. LARSEN. Just don't tell your passengers that.

Mr. TILDEN. Safety is number one above everything else.

Mr. LARSEN. Yeah, I know. Just flew in yesterday.

Ms. Nelson, could you give a little more detail on flight attendant fatigue and why it is an important issue to you all?

Ms. NELSON. Yes, I appreciate that very much. Flight attendant fatigue is something that we have been working on addressing for the last 30 years. The first duty and rest regulations went into place in 1994, and they were essentially a dart thrown at a dart board just to get something on paper.

Then-Chairman Norman Mineta suggested that there should be a 10-hour free-from-duty rest. And the reason for that is what we have seen through the fatigue studies, seven fatigue studies commissioned by Congress that show that there needs to be more rest in order to avoid fatigue. If you can imagine, that was the conclusion.

And so, in order to get that proper rest, because of the duties that have to be completed during that rest time as well, it is important to have the 10 hours' rest that is equal with our flight deck counterparts that is now in place.

And we are adamant to get this done, especially with the increased duties and less staffing that flight attendants have on board, with more opportunity for error with fewer of us handling more passengers. It is simply unacceptable. We have got to address this fatigue issue and have equal rest with our flight deck counterparts.

Mr. LARSEN. Thanks.

Mr. Hete, I believe the current administration pulled back a rule from FMCSA [Federal Motor Carrier Safety Administration] on lithium, transporting lithium batteries. But I understand you support the ICAO's [International Civil Aviation Organization's] work to improve the standards for transporting lithium batteries. Do you have a consistent pattern about how you transport lithium?

Mr. HETE. Yeah, I think it is critical, because if you look at our customers, DHL, for example, everything that we handle for them throughout their North American network is an international ship, either originating or destinating in an international environment. And so if you have a mixed bag of rules and you don't have harmonization of those rules, you have an exposure to a shipment getting into the system without following prescribed procedures, and no one wants to see that happen. So it has got to be consistent across the board.

Mr. LARSEN. Yeah, thanks.

Mr. Chairman, I will yield back and let someone else have a chance. Thanks.

Mr. LOBIONDO. Thank you.

Mr. LaMalfa.

Mr. LAMALFA. Thank you, Mr. Chairman.

Mr. Childs, thank you for appearing, and for the whole panel here today. I am from far northern California, where—including airports such as Chico and Redding—until 2014, Chico had service from SkyWest.

And I know that regional airlines do face unique challenges, et cetera. And some of the testimony I heard from the panel here that they can operate between the smaller airports, but this is also at the behest of what the parent airline that you are contracting with requires.

So is it different to operate just between the smaller airports or when you have to tie into a larger one where the major aircraft and the parent airline is operating? Is there a difference in the way you can operate that way? Do you have more freedom to set rates or types of service, numbers of trips, et cetera, like, say, Chico to Redding or Redding to Oregon, places like that?

Mr. CHILDS. Yeah. So let me go back, because we miss serving Chico, honestly. And from our perspective on how that happens, there are some models that we do under a prorate arrangement, where we do have some freedoms to do some things. That only constitutes about 10 percent of our particular model, and many regional carriers don't even have that model.

So back historically, when it was with Chico, we enjoyed great service there. We did it with a turboprop, a 30-seat Brasilia. And as we continued to evolve as a company, we started to take larger aircraft, and as we continued to execute on some good strong compensation models with our people. Unfortunately, what happened was that it did not make economic sense and we couldn't do it profitably there.

So that technically was one of our decisions that we also made with our partner. We were doing it with United at the time. And that was one at which the cost was prohibitive because of certain elements of our business model where that service was——

Mr. LAMALFA. Understood. We had some airport representatives, as was mentioned earlier, last week, and some of that tied into the conversation.

So if a 30-seat turboprop plane, as you mentioned and they talked about last week also, those are being phased out, what is the size of the aircraft, the more regional jets? Is that the volume part of the reason that it is priced out on more regional airports like that?

Mr. CHILDS. Yeah, that is exactly——

Mr. LAMALFA. Sixty, seventy passengers, is that what you are dealing with?

Mr. CHILDS. Yeah. So the majority of our fleet is a 50-seat jet. And we now are taking more new aircraft that are at 76 seats with first-class configuration and longer range and that type of stuff. So that is the trend. That is what the manufacturers are making.

You bring up an excellent point, because there are cities that, from our economic model, we can't serve anymore. We have gotten bigger, and certainly, given our compensation strategy with that, we can't serve with a 30-seat aircraft anymore. There are a lot of other carriers that can, and they are the ones that are struggling with attracting pilots and they are the ones that are struggling with some of the things that they can do to actually execute on those plans.

So, unfortunately, Congressman, your city is an interesting case study about what our situation is, because our economic model is very volatile and it is one which it can't bear a lot of fluctuation relative to costs. And that is kind of what we have to work with within our industry.

Mr. LAMALFA. Are the facilities themselves part of the issue, being able to handle, versus the turboprop aircraft the jet, the

jetway, or what are some of the issues with that that the facilities might need more upgrades on to accommodate a newer——

Mr. CHILDS. There are a lot. If this industry continues to evolve the way it is, away from turboprops to jets the same way that we did, there are a lot of small airports that need to make airport adjustments—longer runway, wider runway, emergency equipment, those types of things—to accommodate the jet.

We are working in no less than 10 cities since we pulled out with turboprops and want to go back in with 50-seat aircraft. If it is economically viable, that the communities need to upgrade their airports and their facilities to accommodate a 50-seat jet, which would be the next step for most of these communities.

Mr. LAMALFA. Well, Chico, for example, has a 6,700-foot runway and I have seen 737s take off there. So that is probably not the issue there, right?

Mr. CHILDS. Not in Chico, no.

Mr. LAMALFA. OK. Is there anything that Department of Transportation regulation-wise that are causing any kind of imposition to be able to do what you need to do, either on the regional basis or in its integration with the larger carriers or larger airports?

Mr. CHILDS. And I don't know if there is anything that the Department of Transportation specifically can do, but in my opening statements we talked a lot about some solutions to keep the regional airline viable and strong. We fundamentally believe that if we keep a strong stream of pilots coming into the industry, good things happen all around. Everything becomes more safe. We can make more clear decisions relative to some of the things that the manufacturers want to make.

I mean, part of our problem, particularly with Chico, is if it is not supportive of a 50-seat aircraft, we need a manufacturer that makes an aircraft that can fit the size of your town. And the manufacturers simply don't want to make that aircraft, because they don't have confidence that we have a strong pilot stream within the industry.

So the industry needs confidence about the fact that we will have pilots. As an entity, you are comfortable that we are going to do what it takes to do it safely. But, again, the other thing that we can do is do some of these restricted ATP things, which actually enhance safety.

We are not out here to reduce the 1,500-hour rule. I actually like the rule, and I think that that is a good mark. But I think that we know now that there are some things from a safety perspective that we can have some alternate pathways to help people get integrated into the industry.

Mr. LAMALFA. I am sorry, I have to yield back.

Thank you. I appreciate the answers.

Mr. LOBIONDO. Mr. Lipinski.

Mr. LIPINSKI. Thank you, Mr. Chairman.

I know Mr. DeFazio, Ranking Member DeFazio had talked about the Middle Eastern airlines and the unfair competition. We want to make sure that we have rules that are in place that help the airlines, the airline employees, and the flying public.

I wanted to raise another related issue in regard to international competition in the Norwegian Air International. As most of you

probably know, NAI is flying as an Irish airline with flight crews employed by contracts that are governed by the laws of several Asian countries. It sort of leaves you wondering who the regulator is here.

Clearly—well, unfortunately, this was approved here in the U.S. I would assume that, going forward, there may be more attempts to do something similar. I think it really undermines our Open Skies agreement in regard to maintaining labor standards.

And so I wanted to ask Ms. Nelson what the effect of something such as NAI has on your members' employees?

Ms. NELSON. Thank you, Congressman Lipinski.

Yes, this is a grave concern for us. What Norwegian has done here is they have created a subsidiary with the Norwegian name to essentially hoodwink the public and regulators to believe that they are going to be flying under the same standards, high standards that we would expect from Norway. As a signatory to the U.S.-EU Open Skies agreement, that was negotiated based on the idea that we would maintain the high labor standards in the U.S. and EU. None of the other provisions would have gone forward unless that first standard was met.

And yet, the NAI permit was granted, setting aside, essentially, article 17 bis. Not saying that it wasn't being violated. It is being violated with this flag of convenience in Ireland, which will allow Adecco or OSM, essentially these temp agencies that hire out aviation workers, pilots and flight attendants and other workers, from anywhere in the world where they can find the lowest labor standards.

We cannot compete with that. Not only that, but there are U.S.-based Norwegian flight attendants working today, working for Norwegian today. What Norwegian has attempted to do is to also hoodwink the public into believing that the NAI certificate needed to be approved in order to offer U.S. jobs, when, in fact, we have no assurances from Norwegian that they will continue to hire under U.S. or European contracts once this takes hold.

Our European counterparts told us that their airlines were very honest with them that they were opposed to this flag-of-convenience model that NAI sets up, but if it was approved they will have to immediately compete within 2 years' time. SAS has already filed for an Irish certificate just since this permit has been approved. So we are seeing this. This is going to be a faster destruction than there was with the flag-of-convenience model with U.S. shipping, where now we see Liberian flags flying in our ports. All of our airlines will be choked out, because they will not be able to compete.

The flight attendants flying for Norwegian here today have just unionized. They are voting right now to join the Association of Flight Attendants, because we are going to beat back these temp agencies who form short-term contracts with them. When they get too old, too fat, they are the wrong color, they don't go along, they can just end their contracts when it comes to the next time. They only have a 4-year pay scale, because they do not intend for these people to stick around.

These are some things that we beat back in 1946, and this is where our aviation industry is headed if we allow the flag of convenience to remain in place, if we allow Norwegian to continue to

hoodwink the public and allow other carriers to follow their suit, to follow this flag-of-convenience model for putting down their flag wherever they need to in the world so they can find the lowest labor standards and compete based on that.

Our airlines can't compete. U.S. aviation workers can't compete. And the reality is that 300,000 good U.S. aviation jobs are at stake here.

Mr. LIPINSKI. Thank you.

Can I have another minute, Mr. Chairman? You can say no.

Mr. LOBIONDO. Go ahead.

Mr. LIPINSKI. Sorry, I will yield back.

Mr. LOBIONDO. Go ahead.

Mr. LIPINSKI. Very quickly. Mr. Tilden, Mr. Larsen went through some of what you are doing to increase efficiency. I know you have done some work with—you did a flight with biomass fuel. You work with Boeing. Boeing uses the CLEEN [Continuous Lower Energy, Emissions, and Noise] program to research for engine efficiency. Is this something that is also very helpful to what you are trying to do with efficiency?

Mr. TILDEN. It is. We are really proud. I think it is still the case that Alaska Airlines has the most fuel-efficient fleet in the industry. That is also true of Horizon Air for regional airlines. And we have been a big partner with anybody that approaches us with biofuels or other alternative fuels.

There is a big role for the science community and the engine manufacturers and others in that. What we are really trying to do is demonstrate that there is a market. If somebody can bring a new fuel to the market, we have run several of these flights, commercial flights with biofuels on board, just to demonstrate, if this fuel does come to market in a feasible fashion, we will buy it.

Mr. LIPINSKI. Thank you. I yield back.

Mr. LOBIONDO. Mr. Davis.

Mr. DAVIS. Thank you, Mr. Chairman, and thank you for granting Mr. Lipinski the extra minute. That was a great question. I am supportive of that.

And also, I want to thank you for asking the question of Ms. Nelson, because you took mine. So I want to add my name to being supportive of that question too.

But thank you for your response, and thank you for what you are doing. You know, we want to make sure that we offer bipartisan consensus on some of the concerns that were addressed.

Mr. Childs, during your opening remarks—and I fly a lot of regional airlines in central Illinois, thank you for what you do in keeping many of my regional airports active—but you also mentioned something about student loans and student debt. I have got a bill I would love for you to take a look at that is called the Employer Participation in Student Loan Assistance Act. I figured our team probably could have thought of a shorter title, but they didn't, so I will address that later.

But what it does is it creates a private sector incentive for companies like yours and others to have another tool in the toolbox to address student debt, and that is a tax incentive to provide up to $5,250 a year to your employees to pay down their debt. The em-

ployees wouldn't be taxed on it. It is a win-win, addresses a big problem. Please take a look at that. We would love your support.

Now, Mr. Tilden and Mr. Childs, my colleague Mr. DeFazio talked a lot about ATC reform. He and I are good friends. He may not admit that, but I do. But I am on the other side of that debate. I support ATC reform. I think NextGen's rollout has been a continuous inefficient, expensive rollout that we are not seeing progress in.

Now, there were a lot of charts put up. I don't have any. But I want to hear from you. What are your thoughts on those charts? What are your thoughts on ATC reform? How can we make the aviation industry better through ATC reform?

We will start with Mr. Tilden.

Mr. TILDEN. Thank you, Congressman Davis. If I could, I just wanted to support Chip Childs on the pilot training. I think this is a real issue for our country.

Mr. DAVIS. It is.

Mr. TILDEN. Alaska feels this issue as well. When I went to Pacific Lutheran University with Congressman Larsen, I got student loans that were guaranteed by the Federal Government. I think if we could bring something like that to the pilot profession, the mechanic profession, I think it would be really beneficial and Alaska would certainly be supportive.

On ATC reform, I know it is a contentious issue. I know that people feel differently. How we feel about this is that we have actually had this—it actually isn't a technology problem anymore. It is a technology deployment issue.

The technology has been proven, it has been in place for 21 years, and the speed is just not what it could be.

And I personally think it is a time—and I do respect the diversity of opinion on this, but I personally think—flying is about freedom. This is the greatest country in the world. We invented flying here. Almost everything about flying was done in this country.

I think it is a time for us to move forward and create airspace that is the most modern and in a time of more and more congestion is the most advanced in the world. And I think safety will actually be enhanced if we say to the FAA, "You are responsible for making sure we are safe at every single juncture," and separate the operation of the system into another company or another organization that has whatever oversight it needs to have, but has stability with funding, it has stability with governance, and it has a singular focus to give us the best airspace system in the world.

Mr. DAVIS. And what you are saying is the status quo is not achieving any of those goals.

Mr. TILDEN. The status quo—I personally believe that demand is growing at a rate that is higher than technology deployment. So the delays are getting worse and worse by the year.

Mr. DAVIS. And costing taxpayers.

Mr. TILDEN. Yes.

Mr. DAVIS. Thank you.

Mr. Childs.

Mr. CHILDS. Well, he is my partner, so I shouldn't probably say much more than what he did. He did a great job.

The only thing I want to emphasize is that operating a regional aircraft, we want to be very careful about how it is funded. No matter what the reform is, you can get into a dots-on-the-screen scenario, but we fundamentally, like we have talked about, the volatility of our model is tight. And we just want to make sure that it is a fair representation of the economics within our model.

But we are 100 percent supportive of the direction that you are going down with that. And I agree with Mr. Tilden on those points as well.

Mr. DAVIS. All right.

Any additional points, Mr. Tilden, you want to make on ATC reform——

Mr. TILDEN. Not——

Mr. DAVIS [continuing]. Comparatively speaking to any other countries?

Mr. TILDEN. I think I made the point in my testimony. There are different models in different countries, but most industrialized countries in the world have moved to a separate air traffic management organization, separate from the FAA or the safety oversight, aviation safety oversight.

And I think the examples are mixed. There are some great examples. There are examples that aren't so good. But there are models out there for us to look at if we choose to.

Mr. DAVIS. All right. Thank you. I yield back.

Mr. LOBIONDO. I would like to now recognize Mr. Tom Brady—no, I am sorry, Mr. Capuano.

Mr. CAPUANO. Thank you, Mr. Chairman.

Ms. Nelson, I just want to kind of draw a big bold line on this. The other day when I took a late flight home, 9 o'clock I landed—actually, a little before 9. The 8-hour rest period, last passenger gets off, flight attendant steps off the plane, the 8-hour rest period starts, bang. A flight attendant has to walk out to the sidewalk just like me, get a ride, usually from a van, to a hotel—I am going home, they are going to a hotel—check into the hotel, grab something to eat, and go to sleep.

So let's just assume, for the sake of discussion, that the 8-hour rest period starts at 9 p.m., let's assume they are asleep by 11 p.m., which, of course, nobody I know that works a 9-to-5 job is asleep at 7 p.m., but let's just assume it for the sake of discussion.

In order to get back to work by 5 a.m., which is the 8-hour period, you have to do the same thing in reverse. You have to wake up, grab a shower, check out of the hotel, have a little something to eat, grab a ride back to the airport, get off that shuttle, walk through security, walk down, and the 8-hour shift starts the minute you step on that plane.

That means that has left you with—now, again, that presumes you have had 2 hours from the end of your shift to the time you are actually asleep. If it takes you 2 hours to do that, it takes you 2 hours in the morning, that leaves you 4 hours to sleep. Now, as I understand it, pilots have 6. You have 4.

How many flight attendants were lost on 9/11?

Ms. NELSON. Twenty-five.

Mr. CAPUANO. How many flight attendants were on the flight with Sully Sullenberger when he landed in the Hudson?

Ms. NELSON. Three.

Mr. CAPUANO. Did they do their job?

Ms. NELSON. They did their job perfectly.

Mr. CAPUANO. And their job was a little bit more than serving drinks and picking up after my trash. It was saving my life.

Ms. NELSON. That is correct.

Mr. CAPUANO. I only do this—I know you know all these answers and I know the people at the panel and I know the people here know it, but I do it to make sure that people understand, to the best of my ability, that flight attendants are a lot more important than what we see on a regular basis.

I don't want to see a flight attendant in an emergency situation. And when they ask me when I am sitting in the emergency row if I am willing to help, and they say, you really don't want me opening that door, that is a problem. And I want a flight attendant there who is trained on how to help me.

So I actually don't think you are asking for much. I think you are asking for ridiculously little. And I hope that Congress can do what is long overdue to get this done.

Mr. Tilden, I would like to shift gears a little bit. I am a big supporter of NextGen. I totally agree with everything you said about trying to catch up in technology and try to make things efficient. But does NextGen alone require a specific flight path to make it work?

Mr. TILDEN. No. No. I think NextGen is about——

Mr. CAPUANO. It allows more options.

Mr. TILDEN [continuing]. A lot of different technologies to shorten the travel time.

Mr. CAPUANO. As an executive of a growing airline, do you ever concern yourself with the noise of the people who live under these flight paths?

Mr. TILDEN. Yes.

Mr. CAPUANO. I figured you would. You should, and I believe that. So, therefore, there is nothing that you know about in NextGen that would prohibit the FAA and my NATCA [National Air traffic Controllers Association] people from changing the flight paths to spread whatever noise is there. Noise is noise, I get it. But there is no need to have a flight path continuously going over one house and only one house. Is that a fair statement?

Mr. TILDEN. Yes. I think it is a fair statement.

Mr. CAPUANO. The reason I ask, because many of us have had some trouble. The FAA has finally acquiesced to try to take a look at it. I think we can have modern NextGen equipment, saving you some money, saving me some time, and still concern ourselves with the quality of life of people who live under flight paths.

Mr. TILDEN. I agree with you, sir.

Mr. CAPUANO. Thank you. That is really all I want to say.

Mr. Childs, would you agree with that?

Mr. CHILDS. I would agree with that, yes.

Mr. CAPUANO. And, Mr. Hete, would you agree with that?

Mr. HETE. I would agree with that.

Mr. CAPUANO. I am not going to ask you two guys, because you don't own airlines. If you did, though, I know you would.

I guess I am just going to use the last 30 seconds I have to also add my voice to the Norwegian thing. The Norwegian thing is horrendous. It is an absolutely wrong decision and it is heading in a direction exactly as you described, Ms. Nelson. It is jeopardizing American jobs.

Mr. Tilden, you will not be able to compete if this goes undone.

I also want to add one more thing. Mr. Tilden, what is your largest airport that you service?

Mr. TILDEN. Los Angeles.

Mr. CAPUANO. Los Angeles. If I start an airline tomorrow and I wanted to fly to L.A., and California said, "You know something, Mike, we are going to give you, your new airline, $4 billion to be able to fly into L.A. so you don't have to pay quite so much landing fee," do you think that would be fair?

Mr. TILDEN. No. And to be fair, I wasn't asked. But Alaska actually has not taken a position on the Norwegian Air International.

Mr. CAPUANO. I am not asking you to take a position. I am just kind of using you to like——

Mr. TILDEN. No. And I said it earlier, but just to be really clear, as a little airline ourselves, we are 6 percent, 5.5 or 6 percent of the industry now with Virgin America. At every opportunity, we want to make the case that we want a level playing field.

And the simple point I made with the Gulf Coast airlines is that we are competing against airlines that can go into companies and say, "We are a one-stop shop, we can sell you tickets all over the world." Alaska can't. And in a network business, we need to build partnerships with others to have any shot——

Mr. CAPUANO. And that is why I am not asking you to knock your partners. That would be wrong.

Mr. TILDEN. Gotcha.

Mr. CAPUANO. But fair is fair. And fair is a level playing field, the Government not paying me to do what somebody else already does.

Mr. TILDEN. Yes, I agree.

Mr. CAPUANO. Thank you, Mr. Tilden.

Mr. Chairman, it looks like I am over. You are getting kind of lax.

Mr. LOBIONDO. You are always over.

Mr. CAPUANO. I yield back the remainder of the time I don't have.

Mr. LOBIONDO. Just for the record, you are always over.

Mr. Webster.

Mr. WEBSTER. Thank you, Mr. Chair.

Mr. Tilden, you mentioned constrained capacity in your testimony. And I had a question about, are you satisfied with the way you can obtain a gate slot at an airport, in general? Do you think it is balanced?

Mr. TILDEN. At most airports in our country, it is actually a good system. The Government gives these airports money and, as a consequence of receiving Federal money, they are required to create access for airlines like Alaska that might want to come into Chicago or Indianapolis or what have you.

There are a handful of highly constrained airports. And I think smaller airlines like Alaska would say, "No, we would like more ac-

cess to these airports, and if we had more access we will bring our brand of service, different fares" and so forth.

So I think in the most congested, slot-controlled airports, more access would be a good thing for competition and for smaller airlines.

Mr. WEBSTER. So how would you propose to remedy that?

Mr. TILDEN. You know, I didn't sort of put a lot of thought into this today, but in markets like JFK, as an example, I think we got into there a couple of years ago with one red eye flight. I think as we look to make changes in the flight schedule at JFK, we might allocate a certain number of slots, a certain number of landing rights and departure rights for airlines that don't have capacity, airlines that will come in and bring competition to the marketplace.

Mr. WEBSTER. I have another question about cybersecurity. There was another panel a while back, I don't remember exactly when, and they downplayed cybersecurity in the flight industry. And then, on the other hand, I was in another committee, and they were talking about the fact that even Barbie dolls have IPOs. And I am not sure why, maybe just because they can do it. I don't know. But it seems like if that is open, maybe there is a problem.

Do you see, or can you even talk about in a public forum, what might be the problems in cybersecurity?

Mr. TILDEN. I can speak to that. Are you talking about cybersecurity with respect to airlines generally or with respect to——

Mr. WEBSTER. Yes. Well, the more specific you can get, great.

Mr. TILDEN. Yeah. No, I think it is a big, big concern for every U.S. company. I think it is a particular concern for airlines. You have seen airlines have had some outages, some issues in the last 2, 3, 4 years. Alaska had an outage 5 years ago that required us to shut down our operation for half a day. I think folks are dealing with it. And it is one of these, whatever, the bad guys are moving at a certain rate, and we are trying to move as fast as we can.

At Alaska, I will tell you that we have quadrupled our IT budget in the last 5 years. We have gone from roughly $50 million a year to roughly $200 million of spending on IT. Cybersecurity, I would call that defensive. A lot of that spending is defensive. It protects our operation the way it is today, but it doesn't really add new features or functionality or benefits for our customers.

Mr. WEBSTER. Thank you very much.

I yield back.

Mr. LOBIONDO. Mr. Carson.

Mr. CARSON. Thank you, Mr. Chairman.

Mr. Hete, in your written testimony you note that ATSG provides more and longer flight crew rest opportunities than your passenger counterparts. Would you care to comment further?

And you noted your opposition to any new aircraft noise restrictions. As you know, noise is a very contentious issue for Members of Congress. What steps would your airline subsidiaries be willing to reduce with regards to local communities' exposure to aircraft noise?

Mr. HETE. Well, I think it would be, with the existing ATC system, we have to follow prescribed flight paths to begin with. So there is not much you can do in regard to controlling noise other

than operate the aircraft according to the manufacturer's specifications and keep your engines as low a turn rate as possible. So we don't have a lot of flexibility in that regard today.

Our concern is more if you expand and go to a Next Generation System, that it imposes more restrictions on us. Since most of our flying is done in the off-hours during the nighttime, since we service the express industry primarily, that we have a larger exposure I think in that regard to the time that people are sleeping. So it is a greater concern to us than it would be for the passenger carriers who operate in daylight hours.

As far as the crew rest times, as I said, our operations are built around primarily a 5- or call it 5½-day-a-week operation. Most flights are one flight into a hub and maybe a shorter leg tagged onto it thereafter, and then the pilot is off duty for a considerable period of time. If they fly to a west coast, we have 36-hour layovers, for example, where they get the additional rest period. So it is not as great a concern for us, because of the limited number of flight legs that we do fly in a given day.

Mr. CARSON. Thank you.

Ms. Nelson, we have heard from U.S. regional airlines that they are experiencing a growing pilot shortage, and this kind of shortage is often attributed to the 2010 requirement that airline first officers possess an airline transport certificate. As you know, this requirement raised the training prerequisite for first officers to 1,500 flight-hours.

As president of AFA, you have a vested interest in aviation safety. Do you take a position on this issue and whether there should be any rollback on minimum flight-hours for first officers?

Ms. NELSON. The Association of Flight Attendants supports the position of the Air Line Pilots Association and the Colgan families who are here today, and we believe that industrial issues should not inform safety issues in aviation.

Mr. CARSON. I yield back, Mr. Chairman.

Mr. LOBIONDO. Mr. Westerman.

Mr. WESTERMAN. Thank you, Mr. Chairman.

Ms. Nelson, could you elaborate a little bit more about your concerns with voice calls on airplanes?

Ms. NELSON. Yes. We have incredible concerns with voice calls on airplanes. We have concerns in many ways.

First and foremost, our members are charged with keeping order in the cabin, and more and more we are having to deescalate conflict. We are concerned about the conflict, that this will increase as people are having to listen to very loud business meetings or conversations with new boyfriends or girlfriends or relationships that are ending. Whatever those conversations may be, people don't want to hear it in the space of the cabin where they are closer together than they have ever been before.

But even more so, we have a concern with security. And if terrorists are able to communicate in real time through voice communications, Richard Reid's bomb likely would have gone off. Flight attendants would not have been able to thwart that effort. If we have voice calls allowed in the cabin, we will not be able to see those who are intending to use this for ill purposes. They will not stand out, they will blend in.

And so, for those reasons, we are adamantly opposed. And we are also opposed, we believe, because we also are often the strongest advocates for the passengers in our care, and they are unanimously opposed to voice calls in the cabin.

Mr. WESTERMAN. I believe you just addressed a question about pilots, but what can be done from a policy standpoint to encourage more young people to pursue aviation careers?

Mr. HETE. I think from an aviation career standpoint, a lot of it is just awareness, for young people to be aware of what the opportunities are in the aviation community. I know there is a lot of focus on pilots, but we also operate an MRO, maintenance, repair, and overhaul operation. And from a technician standpoint, trained aircraft mechanics are in very short supply as well, just because of lack of familiarity of the opportunities there for young people to get into those career fields.

Certainly from a pilot standpoint, the investment is significantly greater than you would have for a mechanic, for example. So anything that could be done to facilitate the funding of those certainly would be of long-term benefit.

Mr. WESTERMAN. And, Ms. Nelson, I saw a story recently about—I think this actually happened several years ago, but it was highlighting airline employees intervening in human trafficking. There was a young girl, who I believe passed a note in the bathroom, and found out she was being harassed or trafficked.

Can you explain more about the progress of enhanced training required by our 2016 bill to help flight attendants detect human trafficking?

Ms. NELSON. I would like to thank this committee very much for taking up that issue and mandating training for flight attendants to recognize and report human trafficking.

The only issue is that there was not a process to implement that training or specific requirements about what would be contained in that training. And so we are working with our airlines to implement those programs to the highest standards possible, hopefully aligning with the Blue Lightning Initiative of DHS and DOT.

And we are a little bit concerned that this is not moving as quickly as it should. We have heard from flight attendants over the years that they have seen something that just doesn't look right or thought about it after the flight but didn't know what to do at the time. So everyone needs to understand how to recognize it, what to do, how to report it, and how to get it to the proper authorities so that we can stop human trafficking in our skies.

Mr. WESTERMAN. I have got one final question, I guess more for the airline companies. I live in a rural district where what commercial airline service we got is essential air service, and I get complaints from my constituents on the quality of that service. So what can we do to get more—twin-engine turboprops would be an improvement in some of these airports or even jet service—through the Essential Air Service program?

Mr. CHILDS. Well, I think a lot of it has to do, quite candidly, with the economics and that type of stuff. I mentioned earlier that the best thing for us is to make sure we have got a very strong, ample supply of aviation professionals. I think reassuring the confidence with manufacturers, airplane manufacturers and that, so

they continue to move technology in the right direction is a great thing.

And more importantly, speak out to your carrier. I don't know which location you are meeting with, but there are a lot of great opportunities that are being left behind today throughout the United States relative to essential air service, great communities that deserve outstanding support. But some of the things that we have talked about in my previous written and oral testimony I think are very key elements to help us resolve that.

Enhancing safety to making sure that we have got an R–ATP, make sure there is an awareness like was discussed about how good the aviation community is. We need more diversity within it. And then we need some loan programs for pilots that help them get to a very lucrative career, what is out there today.

All of that stuff will come back to small communities. But we have got to get granular, more confidence in the regional airline side to make sure that we get the right aviation professionals in there to help even have that conversation.

Mr. WESTERMAN. Thank you.

Mr. LOBIONDO. Mrs. Napolitano.

Mrs. NAPOLITANO. Thank you, Mr. Chair.

Ms. Nelson, you detailed concerns about pilot pay. Can you explain about flight attendants' pay and where you stand?

Ms. NELSON. Yes. Thank you very much for that question.

We have the same concerns about flight attendant pay in the regional industry. In fact, flight attendant pay is lower than the figures that were given today for pilots.

So, for example, actually sharing the panel here today, Mr. Childs, SkyWest does a better job of paying flight attendants in the regional industry. But across the board, on average, flight attendants working on regional jets under the flag of the mainline carriers and serving the same passengers are making 45 percent less.

Mrs. NAPOLITANO. Why?

Ms. NELSON. And that is concerning, because they are also aviation first responders and last line of defense in aviation security.

Mrs. NAPOLITANO. Why are they getting less pay?

Ms. NELSON. Because of what has been described here today, which is the volatility of the regional model that is very, very tight in these capacity purchase agreements with the mainline airlines. And those agreements have not built in enough ability for these regional carriers to provide sufficient pay to the people who are working for them.

Mesa Airlines is a bottom feeder on this, providing 20 percent less than the rest of the regional flight attendants as well. We are in the middle of a strike vote on that and trying to rectify that situation. But they also have very low work rules that include only paying for schedules. So if a flight is going from Chicago to LaGuardia and has to divert, has to hold in the air, has to stay with those passengers for upwards of 6, 7 hours, depending upon what happens, they are still only paid the 2 hours that they were originally scheduled for.

It is inhumane. It has got to change. And it is a problem with the general structure of the agreements between the mainline and the regional carriers, first and foremost.

Mrs. NAPOLITANO. Thank you. But one of the other questions that I had was the concern I have over subsidized foreign airlines in the U.S. market. I was wondering whether they have the same requirements for pilots and for the attendants, because if they are subsidized, we don't subsidize that to the size of what they do in foreign countries.

Would you have any comment about the concern this brings up and the problem with any airline and how we could address it?

Ms. NELSON. We have concerns that, of course, we don't have oversight over what those airlines are doing. So in some of these countries it is outlawed for workers to even organize, to bargain contracts, to band together, to beat back the discriminatory practices that we have beat back over the years.

If they overtake our market, we will not be able to get that back again. So for every route that the U.S. airlines have to cede, those Gulf carriers are encroaching upon the U.S. market, which is decreasing their ability to actually compete with the network structures and ultimately will be choked out. And we won't have any say over how those workers are treated or what the safety standards are. We won't have any control over the industry that is providing service for Americans.

Mrs. NAPOLITANO. Well, I would like to ask you one question since you brought up the attendants. Are the attendants and the pilots given any mental health screenings? Because you deal with a lot of crazy people sometimes. And I fly twice a week, so I have seen it all, I have heard it all. Eighteen years of it. Mental health is beginning to be a major problem that we should have maybe training for the pilots and for the attendants.

Ms. NELSON. So mental health is certainly an issue that we deal with for our union. And having unions and having professional pilots and flight attendants who are career employees is very important. We can provide resources and structures to be able to support people throughout their careers.

So we have vibrant EAP programs where we address these issues in the workplace immediately. Their peers understand that they can report any concerns that they might have, get people the help that they need sooner.

Mrs. NAPOLITANO. But are they trained to recognize any of the symptoms?

Ms. NELSON. Our EAP committees are trained to recognize those symptoms, to report that. And all workers are advised in unionized workplaces at U.S. carriers that they have the ability to use these resources to their benefit, to report any potential problems in a confidential atmosphere, to get help to those employees, get them off the job while they need to recover, and bring them back when they are healthy.

Mrs. NAPOLITANO. Thank you, Mr. Chair.

Mr. LOBIONDO. Mr. Rokita.

Mr. ROKITA. Thank you, Chairman.

I thank the witnesses.

Mr. Tilden, you said you are a pilot. Are you current?

Mr. TILDEN. Yes, sir.

Mr. ROKITA. What do you fly?

Mr. TILDEN. I actually bought a TBM now. I was in a Cessna 182 for a long time.

Mr. ROKITA. Right. There we go. So general aviation for sure.

Mr. TILDEN. Yes.

Mr. ROKITA. I appreciate that. I also appreciate, if I understood your testimony to questions prior to that, a lot of the congestion and capacity issues aren't just in the air, right? You said that is at the airport, whether it is going to the airport, marshalling issues. You know, we have that issue a number of times trying to get to a gate.

Mr. TILDEN. Yes.

Mr. ROKITA. And, in fact, don't the airlines execute their schedule such that you have departures and arrivals generally coming together at the same time so you can facilitate the movement of passengers, so you don't have to pay people at extraneous hours if you don't have to, to make things more efficient, which I appreciate, correct?

Mr. TILDEN. Yes.

Mr. ROKITA. So that contributes to capacity and constraints and some things as well.

I also understood from your testimony—and I haven't really heard this before, I think you said it very well—look, we are looking for fast tracking of approaches.

Mr. TILDEN. Right.

Mr. ROKITA. I am happy to work with you on that. I think that is a great idea. I am going to have you put up an approach I picked from Miami just kind of randomly. I don't know if you can read that. I don't know if we can get it any bigger.

You have seen this if you are instrument-rated. This is a relatively simple approach. And you can see two-thirds of the way down to the right the profile view of that approach. And you see this is an ILS into 26-left at Miami, and you come down that approach and starting at about 3,000 feet, and for the next 6, 7 miles or so it is exactly what you are talking about.

Mr. TILDEN. Correct.

Mr. ROKITA. But I think what you are saying is that you would like to see that line continue on for 100, 150 miles out or whatever, so that you can idle the engines, which would help with sound. You can hit your numbers, hit your speeds, true up at the end if you have to, but otherwise, boom, you are in, right?

Mr. TILDEN. That is exactly right. So this is an ILS approach. And an ILS has two radio beams. It has got a localizer, which is the up/down—sorry, the lateral beam.

Mr. ROKITA. I only got 5 minutes, so we are not going to do a class now.

Mr. TILDEN. OK. But what you want is to get rid of that and have GPS a curved line from altitude down to the runway in.

Mr. ROKITA. Sure, but not get rid of this. I don't like that, because for some of us we use that still, because we are not coming from 30,000 feet or 200 miles away.

Mr. TILDEN. But it only extends 10 miles.

Mr. ROKITA. Right. It is simple enough. I think we are on the same point. We can get an approach for you, because we have a GPS approach that I can put up right now that would show the

same thing. Within 2 or 3 years, we had GPS approaches plates pop up all over the country. They got that done.

Mr. TILDEN. Yes. Yes.

Mr. ROKITA. I don't see why they can't get that done for you, and I would like to work with you on that.

At the same time, I don't see why you would testify, why you need to testify that that is the problem, that we need to give away the national treasure that is our airspace, not even lease or sell like we did with the Indiana toll road for $3.8 billion, but give away the national treasure that is our airspace to facilitate that for you. I think there is just a much simpler way.

And I would, Chairman, introduce, without opposition, apparently, hopefully, Mr. DeFazio's poster board for the record with unanimous consent, if I can have that. Whatever he was testifying with, I would like that in the record.

Mr. LOBIONDO. Without objection.

[The chart can be found on page 17.]

Mr. ROKITA. Thank you.

Because you want to do all that Mr. DeFazio pointed out to accomplish that line getting extended 100, 150 miles out, which I completely agree with.

I think perhaps the bigger problem is maybe, not to put words in your mouth, these are mine, that once you do that, once you idle back and you set that course—and you could do this very easily, very safely, and you are hitting your numbers just like you say—you can't have anyone else get in your way, right?

So if I am flying that approach coming in, not on your timetable, but my own timetable, you can't, because it defeats the purpose if you have to vector away, come back, idle back up to hold an altitude, which is exactly what our ATC professionals are there to do, to provide safety in an environment where we all have a right to use the airspace. And you, as a GA pilot, certainly in Alaska, know that we pay a gas tax, we have a right to that airspace just like everyone else for as much as we use of it.

Mr. TILDEN. Right.

Mr. ROKITA. And it works and it works very efficiently.

So at least on the approach plate aspect of this, count me as a fan. Count me as someone who wants to get you there. Because not only is it the sound, you are saving a lot of money, because to run a turbine at a lower altitude is an extremely much more amount of fuel than at a higher altitude where they are designed to run.

Mr. TILDEN. I think we calculate 100 gallons and 1 ton of emissions per approach that is flown with this methodology.

Mr. ROKITA. This is the issue. It is easily solvable. We just did it with GPS approaches all over the country. We can get there without destroying the ecosystem that is our national airspace and where a lot of your future pilots for both you and the regionals are going to come from.

I will shut up.

Mr. LOBIONDO. Mr. Johnson.

Mr. JOHNSON OF GEORGIA. Thank you, Mr. Chairman.

This question is for Mr. Tilden, Mr. Childs, and Mr. Leocha. And, Mr. Leocha, I would like for you to answer first, followed by Mr. Tilden and Mr. Childs.

With respect to flight pricing data, is there a legal or public interest requirement that requires that flight pricing data be public information that can be displayed or published by anybody, any entity, at any time; or, on the other hand, is flight pricing data proprietary information protected by intellectual property law, which enables the airline to control which entities can display or publish their flight pricing data?

Mr. Leocha?

Mr. LEOCHA. Thank you for the question.

The airlines are common carriers, and there is a lot of law that says that pricing of common carriers is public information. At the same time, airlines should be allowed to operate and to sell their tickets through businesses of their choice.

What we at Travelers United have been pushing for for years is for the release of all of the pricing data, including airfares and ancillary fees, so that we can then put together a good shopping engine and IT professionals can put together something which allows good comparison shopping.

We are not trying to take away the choice of an airline in terms of who they would like to sell their tickets through, but we are trying to find out how we can comparison shop and understand what the final cost of the product is going to be.

Mr. JOHNSON OF GEORGIA. All right. Thank you.

Mr. Tilden.

Mr. TILDEN. So on this subject, when we advertise a fare, Seattle to Los Angeles, for example, we are required to include all the Government fees and taxes in those fares as part of the advertised price, and those fees and taxes can be 20 or 25 percent of the ticket price. So that is done. And if we try to sell that fare over AlaskaAir.com or through a travel agent or whatever third-party website it might be, those fares are all represented.

I think where the industry pulls back is people that are saying, you are required to give us extra information on—it might be the charge for a bag or for a fruit and cheese tray, for any ancillary. And here is the important part of this, is these people all have a business model where they charge the airlines for that.

And I think what we say is that that should be a commercial transaction. If it is in our interest to distribute through a travel agency that uses Sabre, then we should go negotiate that transaction with the travel agency that uses Sabre and provide the information.

But to be compelled to and then to have to pay the fee to the global distribution service, I guess what we are saying is we don't see the commercial value. We think that we will actually have lower costs and lower fares for travel—and low fares is something Alaska cares about a lot—through lower cost and more direct distribution.

Mr. JOHNSON OF GEORGIA. All right. Thank you, Mr. Tilden.

Mr. Childs.

Mr. CHILDS. Yes, I would echo what Mr. Tilden said. We do not, within our business model, in any way distribute any of the sales

of the tickets. We don't do any advertising, we don't do any of that. We just make contracts with the major carriers that fly from point A to point B. So for us, it would be not necessarily part of our business model or I wouldn't be able to have anything to say about it.

Mr. JOHNSON OF GEORGIA. All right. Thank you.

Ms. Nelson, in your written testimony, you mentioned that the United States lags behind other countries in equalizing rest regulations. As you noted, the committee included a provision requiring a 10-hour rest between flight attendants' duty days and Fatigue Risk Management Plans in last year's FAA reauthorization.

How would these requirements help create equality with other countries on flight attendant rest?

Ms. NELSON. Thank you very much for the question.

What ICAO has done is set standards that say that the flight deck and the cabin crews should have equalized rest, and has been very prescriptive about that and was very clear about that in 2009.

What changed is when 117 went into place, FAR 117 for the pilots, the minimum rest moved to 10 hours' minimum rest, and the flight attendant rest regulations got left behind, even though we had participated in at the same time fatigue studies commissioned by Congress that concluded that flight attendants needed more rest in order to avoid fatigue.

So including the 10 hours' minimum rest and a Fatigue Risk Management Plan that will help flight attendants identify when they are tired, how to avoid being tired, and how to stay rested longer is critical to ensure that we do not have flight attendants who are serving as aviation's first responders fatigued in our aviation system.

It is a critical safety issue. And I want to thank the committee again for making this a top priority. And I also want to note that we have a leader in the industry at the table. Alaska Airlines actually does better than this. So there are some carriers who have negotiated better contracts, but we need to raise the standard across the industry, because the 8 hours that are in place today are simply not enough to avoid fatigue.

Mr. JOHNSON OF GEORGIA. Thank you.

And I yield back.

Mr. LOBIONDO. Thank you.

Mr. Leocha, how would you rate the performance of the DOT consumer protection efforts?

Mr. LEOCHA. DOT's consumer protection efforts, when I first came to Washington back in 2009, were excellent. We had several big changes in terms of increasing the compensation for lost luggage, delayed and damaged luggage. We had increases in the denied boarding compensation. They began with the tarmac delay rules. And we also have the Full Fare Advertising rule that came into effect. And on top of that, the 24-hour rule, where if you make a mistake you can go back and you have got up to 24 hours to cancel your flight.

Over the last 4 years, the Department of Transportation has been doing an awful lot of studies and rulemakings, and I have filed literally hundreds of pages of comments. However, nothing has really changed.

So at this point, we are in a situation where the system is operating. As you heard from my testimony, I still don't feel that consumers can adequately comparison shop and to know what the full price of the product that they are buying is. There is no way today for anybody to say, "I am traveling with my wife and two kids, we are going to carry on four bags and check two bags, and we are going from New York City to L.A." You cannot get the total price, including checked bags, assigned seats, and airfares. It doesn't exist. And that is something which we need to get around to, and eventually we will, because it will help everybody.

Competition is what makes these systems work. And without competition, without having the pricing and the data available to everyone, the system just won't change.

Mr. LOBIONDO. Thank you.

For Mr. Tilden and Mr. Childs, Mr. Westerman touched on this, and it may be purely economics, but I represent Atlantic City Airport. We have a 10,000-foot runway. We were backup for the shuttle when it was in operation. We have a new, very modern terminal. We are in fairly close proximity to Philadelphia, which is bursting at the seams with trying to figure out how to expand.

And maybe it is just economics, but the South Jersey Transportation Authority and actually the New York Port Authority, which is now the operator for the airport, we are just searching for, like, the same thing Mr. Westerman was searching. Do you have any advice for an airport like ours of how to attract additional?

Mr. TILDEN. What we have seen on the west coast, what Mr. Childs said, I think airports have had outreach efforts. They come talk to airlines like Alaska. And I think when they work with the airline and they commit that an airline brings in service, we are going to try to get people on the flight, we have done that in many cases, and often it works. Often the community says, bring new air service to us. We bring the new air service. They get people out, support the air service, and it works. So that is a bit of advice I would have.

The other thing I would just add is the system is fantastic. I mean, it works really, really well. But a lot of the things we have been talking about today, it just costs money to fly an airplane well and safely and pay people the way you want to pay them and so forth.

So what you have seen—and Chip has been speaking to this—is that the smallest airplane size you see has gone from 9 seats to 19 seats to 28 seats to now really the smallest airplane you see much of at all is about a 50-seater. And I don't know what to do about that. I don't have any bright, any great—it just may be that to fly the way we want to fly and need to fly, that is about the size that you are going to see sort of commonly used.

To the other Congressman's question, in certain markets where they are really remote, maybe essential air service with some help from the Government is how you prop up service in some of those locations.

Mr. LOBIONDO. Anything different, Mr. Childs?

Mr. CHILDS. Yeah, I may sound like a broken record a little bit here today, but the reality is, if there are not enough pilots and the statistics that I read earlier are real, if you are trying to get new

service the way you are talking about, it is very, very difficult unless we solve this pilot solution through the means in which we have talked about, because that enables you to have a conversation.

We talk about communities losing service. We talk about communities getting service. A lot of this has to be solved by this pilot situation that we need help with.

Mr. LOBIONDO. OK.

Ms. Nelson, you were very articulate about the rest hour, and at least some of us hope that becomes a reality. But in addition to that, is there anything that we should be looking at that would be on a top priority list for you that we have not asked about that you think should be included or we should be looking at?

Ms. NELSON. Thank you very much, Chairman LoBiondo.

Our top priority is the 10 hours with the Fatigue Risk Management Plan. We also appreciate the work of this committee and would continue to support some of the items that were in last year's bill, which include a review of the evacuation standards, no knives on planes, and I am trying to look for the list of the rest.

But we would really implore this committee to continue with the 10 hours in the Fatigue Risk Management Program and to take very seriously your job with the oversight of the industry in enforcing these trade agreements, enforcing these Open Skies agreements, and addressing the issue of the flag-of-convenience model in aviation. We believe that that is the top concern for our members and we hope that that will be addressed this year.

Mr. LOBIONDO. Very well.

Mr. DeFazio, do you have anything else.

Mr. DEFAZIO. Thank you, Mr. Chairman.

Mr. Hete, the Trump administration has recently put a hold on an FAA rule to harmonize the United States with the ICAO lithium battery transport requirements. ICAO determined that the risk is such that there should be no commercial transport of lithium batteries on passenger aircraft whatsoever. And then secondly, they imposed requirements upon packaging and charge and other things for freight transport. Do you support the ICAO rules?

Mr. HETE. Yes, we do. Harmonization is key to us.

Mr. DEFAZIO. OK. Right. So I am hopeful that the Trump administration will withdraw their delay in that rule. I mean, what this said is: Well, we know we will have voluntary compliance.

I am always concerned with voluntary compliance because there is always some low-budget person out there saying: To heck with that, I will take your stuff.

So you think if we set this floor we are going to be much better off because everybody has to follow the same rules.

Mr. HETE. That is correct.

Mr. DEFAZIO. OK.

And then to Mr. Tilden or Mr. Childs, I would assume you support the ICAO position that the commercial transport at this point in time is too hazardous and would not want to see that, again, someone is transporting commercially on passenger aircraft.

Mr. TILDEN. Yes.

Mr. DEFAZIO. OK.

Mr. Childs.

Mr. CHILDS. Yes.

Mr. DEFAZIO. OK. Good. Well, hopefully we can get that straightened out with the administration. So—well, OK.

I had asked the question of Ms. Nelson. Your testimony was great. And, I mean, one thing that came to my mind was, is if we are contracting for pilots around the world, what standards would they have been trained under and what number of hours would they have. And then of course there is the additional problem of the Malaysian flight that we still haven't found. So I am not anxious to be having Malaysian pilots in the near future.

And I have found, the staff found that ICAO says 200 hours of flight time, or 150 if completed during training, is the pilot standard. So when we start looking at this contract model, it is likely that your people are going to be flying overseas in complicated, large aircraft with someone who has got 201 hours of time. That is great.

I do note in India, in fact, there were people who got certificated who had never, ever even flown a simulator, let alone a plane. It was a bit of a scandal, and they got their certificates pulled, but it did happen.

So I just want to thank you for raising those issues. And I don't think we should be asking U.S. airlines to compete with countries that only require 200 hours to meet the minimum ICAO standard. I would have a tremendous concern about that.

Would you, Mr. Leocha, have a concern in terms of consumer protection of having people fly on planes with pilots with that little experience?

Mr. LEOCHA. The international airline system as it is running right now is probably the safest that it has ever been in history, and if we keep doing what we are doing and we have basically no fatal crashes for a long time, I think that we are on the right track.

Mr. DEFAZIO. OK. That was a little equivocal. I would say we still haven't found that Malaysian flight, so I have concerns about chasing the cheapest labor around the world. I have spent a lot of time on cruise line issues and domestic maritime issues, and nobody wins in a race to the bottom, which is where we have taken things, particularly with flags of convenience.

There was a great "60 Minutes" piece about 15 years ago on flags of convenience and what it means for passengers: rape, murder, whatever. You would go to the Liberian courts if you were on the high seas. A ship gets hijacked, call the Liberian Navy. I do not want to see something like that happening to the airline industry, and this model will take us in that direction.

With that, Mr. Chairman, I thank you for the time, and yield back.

Mr. LOBIONDO. Thank you, Mr. DeFazio.

I would like to thank our panelists here today. I think this was very productive.

I would like to remind everybody we are looking for your ideas, transportfeedback@mail.house.gov.

And this hearing stands adjourned.

[Whereupon, at 12:07 p.m., the subcommittee was adjourned.]

Testimony of

Brad Tilden

Chairman and Chief Executive Officer of Alaska Air Group

before the

Committee on Transportation and Infrastructure

Subcommittee on Aviation

U.S. House of Representatives

March 8, 2017

Chairman LoBiondo, Ranking Member Larsen, and members of the Committee, thank you for this opportunity to testify today.

I am Brad Tilden, Chairman and Chief Executive Officer of Alaska Air Group. Alaska Airlines is the 5th largest U.S. airline following our recent acquisition of Virgin America. We now have approximately 19,000 employees, 280 aircraft, and 1,200 daily departures to 118 destinations.

We have been in business for 85 years, but do not fit the "legacy" carrier mold, in that we are a low cost, low fare carrier. Our customer-facing employees are focused on making the flying experience – from start to finish – as great as possible every day for our guests. As a testament to this service, we are honored to have been recognized for nine consecutive years as #1 by J.D. Power in airline customer satisfaction among traditional carriers.

We are bullish on the U.S. airline industry, and we believe that with our cost structure, our customer orientation, and operational capability, Alaska is well positioned to take advantage of an improving industry. Warren Buffet, who in the past famously derided investing in airlines, now invests nearly $10 billion in the industry. That says something.

The industry has changed a lot. Today the 4 largest airlines comprise more than 80% of the domestic market, whereas 10 to 15 years ago, it took 9 airlines to control that much of the pie. The pervasive bankruptcy and consolidation in the industry have been painful and challenging, but the industry as whole is now in a

different, healthier place. Airlines are investing in their facilities, people and products in order to win customers. For example, Alaska Airlines recently launched premium class service, providing our guests more legroom and amenities as an option. We're enhancing inflight entertainment and connectivity options, adding popular new local food and beverage options and taking steps to make our industry leading loyalty program even more compelling for customers. Beyond these areas, we're also making major capital investments in things like new seats, space saving bins and airport improvements.

Despite these improvements, it's very important now that aviation policy support competition in the industry. As you consider the aviation policy issues of the day, we would ask you to embrace policies that keep the industry vibrant, including enhancing the ability for smaller carriers to gain access to facilities, share feed traffic with other larger airlines, etc.

For example, there are different airline perspectives on the Gulf Carrier Open Skies issue. As a smaller airline without a global network of our own, we need to partner with international airlines from all around the globe to have a chance of competing with U.S. airlines that have a global footprint. We believe it is imperative that the U.S. government do ***zero harm*** to the vibrant U.S. Open Skies policy.

The subject of this hearing is about building 21st century aviation infrastructure in America. Alaska Airlines believes it is imperative to speed up modernization of our air traffic control infrastructure to deal with congestion and delays and bring it into the modern era. To be fair, modern, GPS technology is used today by most airlines for the enroute portion of the trip, but once an airplane starts descending into the arrival and approach phase of a flight, efficient operations are interrupted by the use of 1950's era radar-based manual procedures. Therein lies the specific, *big* opportunity: We need to modernize the system to connect the enroute navigation structure with the approach phase of the flight using today's technology.

Alaska Airlines is deeply familiar with this technology. In the mid-1990s, in the state of Alaska, we pioneered what is called Required Navigational Performance instrument procedures, which are GPS-based approaches and a key building block

of NextGen. However, today, *more than 20 years later,* we are able to use these RNP procedures for just 4% of our approaches nationwide.

We simply need to move faster. The future vision should look like this: No longer are airplanes vectored left and right for spacing, or engines shifted from idle to powered as airplanes descend and then level off in a stair step approach to a runway. Instead, aircraft should arrive at a specific waypoint in the sky and a pre-determined point in time (to provide for spacing) and then begin descending in a continuous glide at idle power, following a precise curving flight path to the runway.

As a pilot myself, I can tell you that this country's air traffic controllers manage the safest airspace system in the world. The FAA is full of highly talented professionals who have made progress on Next Gen. However, under the current governance and funding system, we run a real risk that demand for airspace is going to rise at a rate that is more rapid than our rate of technological innovation, worsening delays.

Alaska Airlines wants to see the United States on a path to deal with these near and long-term infrastructure issues and flourish as the world leader in next generation airspace management. While we understand ATC reform may be a topic of a future hearing, and we know there are numerous viewpoints across the aviation spectrum, we do want to go on record with our belief that ATC reform, including the separation of ATC operations from the FAA and into a not-for-profit, non-government corporation – as many other industrialized countries have done - is needed in order to put our country on the path of true aviation infrastructure improvement.

Thank you for the opportunity to testify today.

Building a 21st Century Infrastructure for America:
Air Transportation in the United States in the 21st Century
Hearing of the House Committee on Transportation and Infrastructure
Subcommittee on Aviation

Wednesday, March 8, 2017
2167 Rayburn House Office Building

Statement of Russell "Chip" Childs
President & CEO
SkyWest, Inc.

Good morning, Chairman LoBiondo, Ranking Member Larsen, Chairman Shuster, Ranking Member DeFazio, and distinguished members of the Subcommittee. I am Chip Childs, the President and CEO of SkyWest Incorporated ("SkyWest Inc.") which is the world's largest regional airline. SkyWest Inc. owns and operates two regional airlines: SkyWest Airlines and ExpressJet. Combined, we complete more than 3,000 flights a day and carry 53 million passengers a year. This includes service to more than 250 cities in North America, including Canada, Mexico and the Caribbean. On behalf of SkyWest Airlines, ExpressJet Airlines and more than 18,000 employees, I appreciate the opportunity to be here today and offer testimony about the importance of the regional airline industry.

Regional Airline Safety

Regional airlines operate under 14 CFR Parts 121 and 135 and generally utilize aircraft with fewer than 100 passenger seats in partnership with major airlines. As such, we are held to the

same safety standards as mainline carriers. This is as it should be. We treat federal safety regulations as the floor, not the ceiling, and take pride in meeting and exceeding these standards. We believe in one level of safety for all passenger carriers and our Safety Culture drives everything at SkyWest and ExpressJet. To that end, we utilize advanced technology and innovative safety programs. Our flight crews and mechanics are some of the most experienced and thoroughly trained in the entire airline industry, with training programs that are lauded by the FAA. We are focused on remaining at the forefront of aviation safety, including implementation of Safety Management Systems with ASAP[1] reporting programs and FOQA[2] data collection and analysis. Continued transparency and collaboration with DOT and FAA is essential to enhanced safety and the next generation of aviation.

Regional Airline Business Model

SkyWest and ExpressJet fly as Delta Connection, American Eagle, United Express, and in partnership with Alaska Airlines. We share their codes and have their names, color schemes and logos painted on our aircraft. The vast majority of regional flying happens under Capacity Purchase Agreements (CPA's), which are long-term fixed-fee arrangements where the major airlines assign routes to their regional partners. The marketing, pricing and scheduling of these flights is entirely controlled by the major airlines. Regionals are not paid based on ticket revenue but are compensated on a flat hourly rate for completing flights. If the CPA rate increases over the term of the contract, it is normally only by two percent each year. Although the margins are slim, these contracts are beneficial because regionals are sheltered from the risk of fluctuation in fuel price, passenger loads and ticket sales. However, it also means that regionals do not benefit

[1] Aviation Safety Action Program
[2] Flight Operational Quality Assurance

from the upward trends in ticket prices, ancillary fees (such as baggage or change fees) and passenger enplanement. Because regionals do not have the ability to increase fees to drive revenue under these CPA's, we must focus on cost control to remain profitable. Even with this pressure, regional airlines have raised new-hire pilot pay more than 100 percent over the past three years to attract and retain an ever-shrinking supply of pilots.

The smallest portion of regional flying occurs under pro-rate agreements, where regionals are compensated by ticket revenues and take on a larger role in marketing and setting ticket prices. These pro-rate flights often provide commercial service to small communities under the U.S. Essential Air Service (EAS) program. There are 113 communities in the lower 48 states and Hawaii and 61 in Alaska that rely on this vital program to connect their cities to the National Air System ("NAS").

Regional Airlines Keep America Connected

The regional airline industry is by no means "small." In 2015, regional airlines operated 44 percent of the nation's departures and safely carried 157 million passengers on nearly 4 million departures—about 11,000 departures a day. We play a critical role in the aviation industry by connecting communities large and small to the global air transportation network.

Regional airlines create jobs. Regional airlines employ more than 59,000 employees. Among these employees are approximately 20,000 pilots, 15,000 flight attendants, 10,000 support staff, 8,000 mechanics, 5,000 customer service professionals and 1,000 flight control employees. Each of these individuals plays a key role in keeping the industry strong. Just as modernizing our infrastructure is a critical investment in the physical systems supporting the industry, building a

safe and stable aviation network in the 21st Century also depends on investment in the employee workforce that constitutes the backbone of this industry.

Regional airlines are also a critical part of the booming civil aviation industry, which generated $1.6 trillion in economic activity and supported 10.6 million jobs in 2014. Civil aircraft manufacturing continues to be the top net exporter in the U.S. with a positive trade balance of $59.9 billion.[3] At a time when small town America is struggling for economic parity, small community air service drives at least $121 billion in economic activity and supports over 1.1 million jobs.[4] Often, regional airlines are the only airlines providing this service. In fact, at two-thirds of our nation's airports, regional airlines provide the only source of scheduled passenger air service.

NextGen Will Enhance Safety and Efficiency

With the amount of traffic detailed above, nothing could increase efficiency or safety more than implementing the Next Generation Air Transportation System ("NextGen"). We need NextGen now, without further delay. The NAS currently relies on outdated radar and radio technology to control aircraft, lagging twenty years behind the capabilities of the aircraft it serves. NextGen will replace radar and radio with a satellite-based system for aircraft positioning, communication and weather tracking. This GPS technology can be used to shorten routes, save time and fuel, reduce traffic delays, increase capacity and permit controllers to monitor and manage aircraft with greater safety margins. The tangle of seventeen different voice switching systems would be replaced by data exchange and automation – reducing the amount of information the air crew

[3] U.S. DOT FAA *"The Economic Impact of Civil Aviation on the U.S. Economy"* November 2016.

[4] interVISTAS "Economic Impact of Small Community Airports and the Potential Threat to the Economies with the Loss of Air Service" January 2017

must process at one time. As a result of these changes, aircraft will be able to take more direct routes and avoid delays caused by airport "stacking" as we wait for an open runway. The improvements to our NAS safety and efficiency margins would be enormous. SkyWest and the regional industry urge this Committee to take every step possible to get NextGen implemented with all speed.

The Pilot Shortage

While SkyWest has been able to stay fully-staffed with qualified pilots, our industry has been hit by a growing pilot shortage. According to the Regional Airline Association (RAA), its member airlines attracted just 80 percent of their desired pilot complement in 2014, 71 percent in 2015, and only 64 percent of their desired pilot complement in 2016.[5] During this time first year regional First Officer average total compensation rose over 105 percent[6] with Captains averaging more than $100,000 in 2015.[7] Despite these investments and other recruiting efforts, the number of pilots qualified for hire has continued to shrink dramatically as airline industry demand for pilots continues to rise.

We are honored that the major airlines recruit heavily from the regional industry – but this honor comes with consequences. According to the University of North Dakota,[8] major airlines will need to hire more than 18,000 pilots in the next three years. That is about the size of today's active regional airline pilot workforce. Within a decade, cumulative demand for pilots is forecast to reach 50,000 pilots. Too few new pilots are entering the pipeline to keep pace with this demand. While a spike in new ATP certificates has accompanied new federal requirements for

[5] Regional Airline Association Pilot Staffing Survey, January 2017
[6] Based on publicly available information at www.airlinepilotcentral.com and RAA Member recruiting Pages
[7] DOT Inspector General Letter to DeFazio and Larsen, March 2, 2017.
[8] Pilot Supply Forecast 2016. Higgins, Bjerke, Lovelace, Leonard, University of North Dakota.

first officers, the total hirable pilot pool is getting dramatically smaller. Today, this pool is 20 percent smaller than it was in 2009[9].

Overall, the shortfall of commercial airline pilots is forecast to reach 15,000 by 2026. Using an industry standard of roughly 10 pilots per aircraft, a shortfall of this magnitude would necessitate parking about 1,500 aircraft. For perspective, this number corresponds to roughly two-thirds the regional airline fleet in operation today.

Airlines also recruit from the military; however, the military pipeline is shrinking dramatically and the overall airline pilot shortage is attracting more active-duty pilots to the commercial sector, accelerating the exodus of pilots from the Department of Defense. The Air Force has called this a crisis and predicts the pilot shortage could impact combat operations, strategic mobility, and pilot training, including training pilots from NATO countries.[10]

Enhancing the Pathway to Pilot Safety and Proficiency

As this Committee knows, Congress passed the Airline Safety and Federal Aviation Administration Extension Act in 2010, which drove a number of important federal regulations improving aviation safety. One of the resulting regulations was FAA's 2013 FOQ rule requiring airline First Officers to possess an Airline Transport Pilot (ATP) certificate, which raised the prerequisite to 1,500 hours in flight. These hours in flight may be gained outside the scope of instruction in various flying environments.

SkyWest and ExpressJet supported and continue to support the FOQ rule, and as I said above, we fully support one level of safety for the industry. Although SkyWest has carried a surplus of top-

[9] FAA Civil Airmen Statistics, Private, Commercial, ATC Certificates Age 20-59, Table 17.
[10] "Air Force Chief Seeks to Lower Commercial Flight Hour Requirement" Stars and Stripes 7 February 2017.

notch pilots, we recognize the rule has impacted the pilot supply by reducing, and postponing, the pool of hirable pilots. Pilots who have not actively used their aeronautical knowledge nor consistently exercised relevant flying skills in the period before hire have been less successful in regional airline initial training.

Thanks to the leadership of this Committee, Congress gave FAA tools to address these concerns. Recognizing the high value of structured training, Congress authorized FAA to approve alternate pathways for First Officer qualification, allowing specific academic training courses to be credited toward a portion of total flight hours, where the Administrator determines that these academic training courses will enhance safety more than requiring the pilot to fully comply with the flight hours. Pilots following these approved pathways hold restricted privileges ATP certificates (R-ATP) and may serve as part 121 airline First Officers. These R-ATP pathways create a much higher level of safety and are well supported by data. In 2015, a study by several independent, prestigious aviation universities[11] examined the training records of every pilot hired since the FAA's FOQ rule went into effect to determine the effect of PL111-216 on regional airline pilot hiring and training. Researchers found no positive correlation between higher hours in flight and proficiency in initial airline training and found that pilots hired after the rule (16.4 percent) were actually failing to complete training more than pilots hired before the rule (6.6 percent). However, the study supported the value of the rule's R-ATP pathways. Specific findings included:

- Pilots hired after the rule required more extra training and failed to complete training more often than pilots hired before;

[11] Smith, Bjerke, et. al. "Pilot Source Study 2015: US Regional Airline Pilot Hiring Background Characteristic Changes Consequent to Public Law 111-216 and the FAA First Officer Qualifications Rule."

- Pilots with higher hours in flight did not perform as well as lower time counterparts in initial training;
- Longer time between training and hiring corresponded with decreased initial training performance;
- Pilots who followed R-ATP pathways had the best outcomes – they successfully completed initial training more often and did not require as much extra training as other categories had.

Although Congress gave FAA the authority to approve R-ATP pathways, the Agency has taken a narrow view of its authority to grant additional pathways outside of military and degree-program institutions. RAA urges Congress to prompt FAA to use its existing authority to authorize additional, R-ATP training pathways. This prompt does not require a change to today's important safety regulations and is essential for ensuring the proficiency of the pilot workforce needed to provide safe, reliable air service to U.S. communities.

Aspiring Pilots Need Financial Support

One of the single greatest deterrents facing new pilots is cost. Aspiring pilots can spend as much as $150,000 on a flight training path to the commercial airlines. Aviation training institutions are seeking ways to reduce costs and some regional airlines are offering tuition reimbursements and other incentives designed to help pilots overcome financial challenges associated with training. Last year, my colleagues and I on the RAA Board of Directors approved the establishment of a charitable foundation to help grow the Association's existing scholarship fund.

While these and other private investments will continue, lawmakers can play a key role in helping to support pilot training. Given the expense of training today, many aspiring pilots from working class families find it impossible to pursue their dream of flight. To help, Congress might consider:

- Declaring pilots a high need field;
- Federal and state grant opportunities for students planning to enter the airline industry, similar to those provided by the federal TEACH grant;
- Greater flexibility and more coverage by federal student loans that encompass flight training costs, which are additional to tuition ;
- Loan forgiveness programs for borrowers who enter the airline industry, similar to those provided by the Teacher Loan Forgiveness Program and other federal/state career-specific loan forgiveness programs;
- Expanded flight training benefits under GI Bill, Montgomery GI Bill, or REAP, and ensuring those important benefits in place today are not curtailed.

Regional Airlines Urge Swift Implementation of a Comprehensive Pilot Records Database

Before I close, I want to applaud this Committee's work in driving improvements to aviation safety. With the full support of industry, FAA has made good progress in enacting most of these improvements as well as many other voluntary safety enhancements. In particular, I want to voice my strong support of Section 203 of the Airline Safety and FAA Extension Act of 2010 (Pub.L. 111-216), which directs the FAA to establish a comprehensive pilot records database (PRD).

SkyWest and other regional airlines see this as one of the single-most important steps the FAA can take to help assure an even higher level of safety throughout the entire airline industry. We understand the FAA has been working on this, but the time for creation of this database is now. We urge the Committee to compel FAA to move safely and swiftly to devise and implement this critical safety tool.

Conclusion

Mr. Chairman, and ranking members, it has been a pleasure be here today. I look forward to taking your questions at the conclusion of the panel.

Statement of Mr. Joseph C. Hete
Chief Executive Officer of ABX Air and Air Transport Services Group
Before the Committee on Transportation and Infrastructure,
Subcommittee on Aviation

United States House of Representatives
115th Congress, 1st Session

March 8th, 2017

Chairman LoBiondo, Ranking Member Larsen, and Members of the Subcommittee, I am privileged to serve as the President and CEO of Air Transport Services Group. Thank you for the opportunity to highlight our company's vision for all-cargo aviation in the 21st century.

ATSG wholly owns two airlines, ABX Air, Inc. ("ABX") and Air Transport International, Inc. ("ATI"), each independently certificated by the U.S. Department of Transportation. The Company's airlines separately offer a combination of aircraft, crews, maintenance and insurance services, commonly referred to as ACMI services. ABX operates Boeing 767 freighter aircraft, while ATI operates Boeing 767 and Boeing 757 freighter and 757 "combi" aircraft. Combi aircraft are dedicated to the U.S. Military and capable of carrying passengers and cargo containers on the main flight deck. The airlines can conduct cargo operations worldwide.

The air cargo industry is unique – compared with other industry users we have a different business model and operational characteristics so it's important to recognize our segment of the aviation industry when making policy decisions. Today I'd like to share with the committee some of the challenges and concerns we have and how they affect our cargo airline operations.

We at ATSG have seen a great deal of change take place in the air-cargo industry over the past two years. With stiff competition in the industry, removing specific regulatory burdens have the potential to pay off in the form of operational efficiencies which will undoubtedly improve our competitive abilities as well as our primary customers, the U.S. Military, DHL and Amazon.

There are a few key topics of concern for our industry that I would like to share with you.

Over the past few years, a debate has been waged over whether cargo pilots should continue to be regulated under the existing Part 121 rules or whether they should be subject to newer, Part 117 rules. The Federal Aviation Administration, after no less than three separate reviews, each time correctly found that the cargo pilots should be regulated under Part 121. These rules work for our industry. There has been no sound evidence to suggest a move to a one-size-fits-all rule would improve safety for all-cargo pilots – and this makes sense as the air cargo industry is inherently different than the passenger carrier industry. As I mentioned earlier, ATI operates the 757 combi which carries passengers and those flights are operated under the Part 117 rules.

The safety record of all-cargo carriers in the fatigue area under Part 121 is impeccable. Operating under existing Part 121 regulations, the all-cargo industry has reduced all accidents significantly

over the past two decades and, since 2003, has operated over ten (10) million flight operations with absolutely no fatigue-related accidents attributable to crew scheduling.

If ATSG's airlines were forced to comply with the 117 rules, we would have to hire more pilots – which would be a boon for the pilot's union – but would allow for even LESS flying time for each pilot potentially affecting their proficiency. Changing the flight and duty time rules that apply to all-cargo carriers is a bad idea and doing so could actually make our operations less safe and put our pilots at risk.

Notably, the NTSB has reported that over the last 20 years, there have been only two cargo accidents where fatigue was listed as the cause or a contributing factor. Neither of these accidents would have been prevented by the new Part 117 rules.

At ATSG's airlines, we provide more and longer flight crew rest opportunities in our cargo operations than our passenger counterparts. We provide sleep facilities at both cargo hubs that we operate through.

Most importantly, our airlines pilots average 40-45 flight hours per month and are usually point to point while passenger carrier pilots fly approximately 60 hours each month and include many segments per day. Our pilots are also only scheduled for duty 14-16 days out of every month and in many cases that includes weekend layovers.

By recognizing that the all-cargo segment of the air transportation industry is unique and has significantly different operations than the passenger segment, the FAA has correctly determined, as stated by former Administrator Randy Babbitt at an ALPA Safety Conference, that "In rulemaking, not only does one size not fit all, but it's unsafe to think that it can."

With regards to the air transport of lithium batteries, ATSG supports the promulgation of tough and internationally-consistent regulations governing the air cargo transportation of lithium batteries, as well as stringent enforcement of those regulations around the world. The key issue here for our company is consistency. We simply cannot have a patch-work of international lithium battery transportation standards. It would make it virtually impossible to transport batteries which power many aspects of our lives.

Our position at ATSG and working with the Cargo Airline Association which has been a leader on this issue is grounded in a long-standing endorsement of Section 828 of the bipartisan FAA Modernization and Reform Act of 2012 and recognition of the ongoing work of the International Civil Aviation Organization or, ICAO, in addressing lithium battery transportation safety. Section 828 mandated that U.S. regulations be harmonized with international regulations, because harmonization avoids confusion among shippers, carriers, and others in the supply chain while maximizing safety.

We ship millions of lithium cells and batteries and products containing them annually, and for our customers, safe and reliable air transport is a critical part of their logistics chain. We depend on lithium batteries in our jobs, in our personal lives, and to power life-saving medical devices so

it is important we work to maintain international harmonization while enforcing existing regulations around the world.

I know that ATC Reform has been a hot button issue for Congress and I will not elaborate on the issue in this forum. I feel it is important to note that from my perspective, the system that we have works and is safe right now. If there are significant gains to be made by restructuring the ATC system in some fashion, we are all for it. However, in my view, if there are significant changes made to the structure and funding of the ATC, every effort should be made to maintain the current costs for the air cargo carriers. I am not alone when I say that as the head of a publically traded company, I simply cannot tell my shareholders nor my customers that an ATC restructuring effort is a good idea when we do not have cost assurances.

Regarding the Open Skies issue, I share the opinion of the Cargo Airline Association that opposes altering the country's policy of expanding international opportunities through the negotiation of Open Skies Agreements with trading partners. The all-cargo carriers have global networks with destinations all over the world and we rely on the access Open Skies agreements provide to provide time-definite delivery of high value goods. Unlike the passenger carriers, all-cargo carriers do not have code share agreements or worldwide alliances, and depend on the beyond rights inherent in Open Skies agreements to provide global service. Therefore, we oppose any attempt to jeopardize our existing Open Skies agreements.

Finally, one of the biggest impediments to NextGen may not in fact be funding or the transfer of ATO to private entity as many have talked about, but rather aircraft noise. With new, more fuel efficient flight paths for aircraft being implemented as part of the airspace redesign for NextGen, new communities are exposed to noise that previously were not. Further, as a cargo operator we fly a substantial number of nighttime operations and any call to impose nighttime flight restrictions would be problematic. These issues tend to be local-level problems that then get elevated and then in time become Congressional problems. While a lot of advancements have been made in the area of aircraft noise, and a significant decrease in those exposed to noise has been achieved, this issue will continue to prove challenging for both FAA and operators like ABX. In summary, I would oppose any effort to impose new aircraft noise restrictions that may undermine our national aviation and airport system or inhibit the implementation of NextGen modernization projects which are crucial for the efficiencies of future of air transport.

Again, thank you for the opportunity to appear before you today and discuss the issues important to ATSG, its airlines and the future of the air-cargo industry. I look forward to answering any questions you may have.

United States House of Representatives
Transportation and Infrastructure
Hearing of the Subcommittee on Aviation

The Honorable Frank LoBiondo (R-NJ) Chairing

Building a 21st Century Infrastructure for America:
Air Transportation in the United States in the 21st Century

Wednesday, March 8, 2017

Testimony of

Sara Nelson

International President
Association of Flight Attendants-CWA, AFL-CIO

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Chairman LoBiondo, Congressman Larsen, Members of the Committee:

Thank you for the opportunity to testify today about maintaining the safest, globally competitive U.S. aviation system with the necessary resources directed in the next Federal Aviation Administration (FAA) reform and reauthorization bill. My name is Sara Nelson, International President of the Association of Flight Attendants-CWA, AFL-CIO (AFA). AFA represents nearly 50,000 flight attendants at 19 mainline, niche, regional, charter and international airlines. It is fitting that on International Women's Day, the union that was founded by strong women and which remains largely a workforce of women would have a platform to testify in the United States Congress. Thank you again.

AFA's expert voice from the aircraft cabin continues to grow. This past year we welcomed flight attendants from ATI, GoJet and Cathay Pacific U.S.-bases. As a result of the merger with Alaska, AFA will soon be certified as the representative of Virgin America flight attendants. Also, the members of the Norwegian Cabin Crew Association (NCCA), comprised of U.S.-based Norwegian Flight attendants, begin voting this month to form the twentieth airline chapter of AFA. Across the industry flight attendants serve as aviation's first responders and the last line of defense in aviation security. We need proper rest to do our work, an orderly and secure cabin free of voice calls, a reality check on the disparate compensation at regional airlines and global competition on a level playing field that pushes U.S. aviation forward instead of choking out this cornerstone of the U.S. economy.

Aviation, born in the U.S., is perhaps one of the greatest symbols of our freedom. Our members and our passengers fly to every corner of the earth when some can only dream of crossing borders. Aviation is the symbol of American progress, innovation and opportunity. I understand with gut-wrenching, first-hand experience, that safety and security are paramount for an industry that continues to capture the imagination and attention of the world. As a Boston-based Flight attendant on September 11, 2001, I lost my dear friends Amy King, Michael Tarrou, Robert Fangman, Amy Jarett, Kathryn Laborie, Alfred Marchand, Alicia Titus, Jesus Sanchez and Marianne MacFarlane. I know too that, in the midst of our grief and our resolve to keep our airlines flying, we faced the loss of over one hundred thousand aviation jobs, massive cuts to

pay, the destruction of retirement security with loss of pensions, more time away from our families and staffing cut to minimums. There will always be a pre-and-post 9/11 in aviation. September 11th is not the exception to the rule for our charge as stakeholders in aviation together with your careful oversight; it is forever the reality that a breach in aviation security and a wounded U.S. aviation industry is a threat to the very freedom of our nation and the prosperity of every community across the United States.

Consolidation/Mergers

Fifteen years after 9/11, increased productivity, consolidation with capacity cuts, lower oil prices, and other factors have resulted in U.S. airlines' return to profitability.[1] This success should be celebrated. And, just as we all played a role in making that success a reality, we all have a responsibility to ensure it is sustained as we remember and recognize the painful sacrifices by the people of aviation who made it possible. The hundreds of thousands who continue to work in U.S. aviation deserve to share in its success and work without worry.

One thing flight attendants did not have to worry about during the latest round of mergers and consolidation was their seniority. AFA has a long history of promoting seniority integration that maintains credit for the service Flight Attendants bring to any merger. In 2007, Congress took action in response to our union's advocacy and adopted the McCaskill/Bond Amendment, which ensures fair and equitable seniority integration for aviation workers across the industry.[2] Airlines have also benefited from this straight-forward procedure that avoids never-ending litigation that previously tied up operational integrations for years following a merger.

According to a U.S. Department of Transportation and Federal Aviation Administration report from November 2016, the U.S. Aviation industry accounts for 5% of U.S. gross domestic product, contributes $1.6 trillion in total economic activity and supports nearly 11 million jobs.

[1] IATA, "Another Strong Year for Airlines Profits in 2017" http://www.iata.org/pressroom/pr/Pages/2016-12-08-01.aspx
[2] AFA-CWA, "Flight attendant Union Wins Seniority Protections for Flight attendants" http://www.afacwa.org/flight_attendant_union_wins_seniority_protections_for_flight_attendants

The mergers and increasing consumer demand have prompted growth and airlines have been hiring again. The Bureau of Labor Statistics projects growth for the flight attendant profession through 2024.[3] That is a great sign for our airlines and airline workers.

Aviation workers have been able to partially recoup losses in recent years. AFA has negotiated new contracts at Alaska, Spirit, United, and American, as well as mid-term agreements at Endeavor, Envoy and Horizon.

Wages

But the success at many mainline carriers has not been felt by flight attendants who work for our nation's regional carriers. Even as the mainline carriers experience growth following consolidation, the number of regional airlines remains substantial while regional operational growth has slowed. In part, the surplus of regional capacity has provided economic leverage to the mainline carriers. Regional carriers, pressured to underbid competitors, have kept relentless downward pressure on wages for flight attendants and other airline workers.

However, flight attendants at regional airlines do the same work as mainline flight attendants and have the same safety and security responsibilities. The service to the traveling public is branded under the flags of major airlines, seamless in the reservations process, check-in, route options, jet service and interchangeable gate areas. Based upon an AFA comparison of light attendant wages, regional flight attendants make a fraction of what their mainline counterparts earn, up to 42% less. AFA is working to bridge the gap and increase the wages and working conditions for flight attendants serving as aviation's first responders on regional jets integral to the network of mainline airlines.

Earlier this week flight attendants at regional carrier Mesa Airlines began casting ballots for a strike vote after five fruitless years of negotiations and the last two in mediation. Mesa flight

[3] Bureau of Labor Statistics, Occupational Outlook Handbook, 2016-17 Edition, Flight attendants, on the Internet at https://www.bls.gov/ooh/transportation-and-material-moving/flight-attendants.htm#tab-6

attendants are paid an average of 20 percent lower wage scale than their regional counterparts doing flying for American and United. Flight attendants working a full time schedule at Mesa can make as little as the equivalent of a $7.50 an hour minimum wage job. That airline management believes it is acceptable to pay aviation's first responders so little reveals how critical security jobs are still undervalued in an economy that drives toward low wages.

The problem is compounded because flight attendants at Mesa are paid according to their *scheduled* flight time and not their actual time worked. This shifts all of the economic risk to flight attendants for schedule delays that are entirely out of our control. Tarmac delays or unscheduled stops and diversions are frustrating for passengers who are delayed, hungry or anxious to get to responsibilities at work or home. Flight attendants at Mesa are charged with keeping order in the cabin, calming passengers and remaining professional under often stressful circumstances that also increase the likelihood of managing medical issues without being paid for this extra time. Today they are only paid for their originally scheduled flight time. These Mesa flight attendants also shoulder high healthcare costs for minimal coverage. Often they must make choices between paying rent or utility bills and buying food. This is completely unacceptable for any American worker, let alone people performing life-saving work and serving as critical partners in aviation security.

We see this as part of a larger trend that our members are experiencing. Even though many carriers are reporting record profits, conditions in the aircraft cabin changed significantly after 9-11. As airlines cut back on inflight amenities, they also significantly reduced staffing levels. Most carriers are staffing the cabin at FAA minimums, which means fewer Flight Attendants on board even as passenger load factors are at an all time high. Although airlines have been, more recently, increasing inflight services and amenities, staffing has not returned to pre-9/11 levels.

Flight attendants are proud to serve as aviation's first responders and last line of defense in the aircraft cabin. But fewer flight attendants and more passengers diminish our ability to do our jobs. With longer work days and more flights, fewer flight attendants and more passengers it is more important than ever to ensure flight attendants have the tools we need to perform at our

peak.

Rest Requirements

As Members of this Committee know, AFA continues to advocate for a 10-hour minimum rest requirement and the implementation of a Fatigue Risk Management Plan (FRMP) for flight attendants as was included in HR 4441, 114th Congress.

It was not until 1994 that the FAA promulgated the first rule for flight attendant duty period limitations and rest requirements. In adopting that rule, the FAA stated the rule was necessary to ensure flight attendants would be alert and responsive to perform their routine and emergency safety duties.[4] The FAA rest minimum for flight attendants, still in effect today, is 8 hours even after a 14-hour duty day. Chairman Norman Mineta at the time had proposed a 10 hour minimum rest. Even in the best circumstances an 8-hour break provides a rest opportunity of less than 6 hours because deplaning, eating dinner, checking into and out of the hotel, and reporting for duty after transiting security when returning to the airport are all counted within the 8-hour break. The reality is much more like four to five hours opportunity for rest.

Between 2009 and 2012, The FAA Civil Aerospace Medical Institute (CAMI), as directed by Congress, released a series of reports, which concluded that changes to flight attendant work rules are necessary and that reform is needed to combat fatigue. The CAMI reports recognized several contributing factors to flight attendant fatigue, including scheduling and missed meals, but especially insufficient rest.

On the basis of the CAMI recommendations, AFA is calling for a 10-hour rest requirement from the time a Flight attendant is released from duty until they are scheduled to report for their next duty period.

A 10-hour minimum rest period for flight attendants creates a harmonized approach with 14 CFR Part 117, *Flightcrew Member Duty and Rest Requirements,* which requires that pilots be

[4] Office of the Federal Register, National Archives and Records Administration, *Federal Register Volume 59, Issue 201, "59 FR - FLIGHT ATTENDANT DUTY PERIOD LIMITATIONS AND REST REQUIREMENTS" (October 19, 1994)*

given a rest period of at least 10 consecutive hours preceding a flight duty period or reserve assignment.

The United States lags behind other countries in equalizing rest regulations for both pilots and flight attendants. In 2009, the International Civil Aviation Organization (ICAO) made recommendations introducing new definitions and amendments with respect to the limits for flight time, flight duty periods and rest periods for fatigue management.[5] The ICAO recommendations would help ensure an equal rest and safety from nose to tail.

AFA is also calling for the implementation of a fatigue risk management plan (FRMP) for flight attendants. Pilots already take part in an FRMP, therefore airlines are familiar with the process and plan requirements. We believe it is imperative that regulators and air carriers develop and implement an FRMP specific to flight attendant operations under Part 121 that follow the structure of the flight crew FRMP. Plans may vary by airline, but it's crucial that flight attendants learn to recognize when they're tired, how to stay rested longer, and what to do when they feel fatigued.

I would like to thank Chairman LoBiondo, Congressman Capuano, Ranking Members DeFazio and Larsen, and the members of this Committee for working with us to include 10 hours of rest and the fatigue risk management plan in last year's FAA Reauthorization bill. We strongly encourage the Committee to include that language again in the 115th Congress and we look forward to working with you to enact this important safety provision.

Safety in the Cabin

I would be remiss if I didn't mention other provisions that were included in last year's bill that would improve safety for all passengers and crew: revisiting evacuation standards, notification for insecticide application, the ban on e-cigarettes, flight deck secondary barriers, a permanent ban on knives, cyber-security provisions, penalties for assault on customer service agents consistent with that of crewmembers, and a ban on voice communications in the aircraft cabin.

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[5] International Civil Aviation Organization (ICAO), *Annex 6, Operation of Aircraft, Part I: International Commercial Air Transport - Aeroplanes Ch. 9.6, Attachment A,* Ninth Edition (July 2010)

One issue clearly needs attention by this committee to ensure that the near-unanimous will of the traveling public and those of us on the frontline of aviation is carried out in law and policy. That issue, of course, is the recent foray by the FCC and DOT into the use of cellular telephone, or other emerging technologies, for voice communications on aircraft. In comments submitted to the DOT Advance Notice of Proposed Rulemaking (ANPRM), AFA recommended banning voice calls in the cabin of commercial flights due to potential inflight disruptions, crew and passenger discomfort, and unacceptable risks to aviation security[6]. In the nearly three years since submitting the ANPRM comments, airplane and electronics manufacturers have improved the technical capabilities of inflight communications equipment. Despite these improvements, we see no evidence of any resolution to the adverse impact on passenger comfort or aviation safety and security that we and other commenters foresee if in-flight voice calls are permitted. Nevertheless, DOT issued the NPRM which furthers our concern that flight attendants would be charged with enforcing inconsistent policies across the industry, increasing the opportunity for conflict within the aircraft cabin.

One of our gravest concerns is the potential increased risks to safety and security due to voice call-related operational vulnerabilities. In flight voice calling will allow unauthorized persons to communicate by voice off the airplane or within the airplane. This creates an environment where terrorists will be able to blend in with ordinary passengers; just one of many plausible scenarios that will inevitably increase safety and security risks. Safety and security must be considered and addressed comprehensively *before* consideration is given to permitting the use of voice call services by passengers on commercial transport airplanes.

In addition to AFA's comments, there has been overwhelming opposition from the traveling public to permitting voice calls on planes. Several foreign carriers, including the ME3 (Emirates, Etihad & Qatar) have begun to permit voice calls on planes, even touting this in their advertisements and on their websites.[7] This is another example of foreign regulations that are incompatible with norms, practices and regulations in the United States. U.S. regulators must

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[6] AFA; *Re: Use of Mobile Wireless Devices for Voice Calls on Aircraft*; DOT–OST–2014–0002; March 26, 2014.
[7] The Telegraph, "Which Airlines Allow In-Flight Mobile Use?" February 11, 2014

hold the line against in flight voice calls, even as this international competition creates pressure to put economics before safety and security.

Unlevel Playing Field/Foreign Competition

Over the past few years there has been increasing pressure from foreign carriers and governments to gain additional access to the lucrative U.S. market place.

Since 2004, international markets have been leading market growth for U.S. carriers when compared to the crowded and established domestic markets. However a recent report from the FAA states that in 2015 U.S. carrier international growth was flat and that the U.S. market share of international passengers, with the exception of the Caribbean, Oceania and Central America, has decreased. That trend is expected to continue.[8]

The U.S. has negotiated 120 Open Skies agreements with the intention of providing "increased travel and trade, enhancing productivity, and spurring high-quality job opportunities and economic growth." The majority of these Air Transport Agreements have provided growth opportunities for U.S. airlines and economic benefit to the U.S. economy. However, to ensure this remains true, our government must see to it that these agreements are enforced and that we continue to promote high-quality job opportunities and economic growth.

The Obama Administration's decision to grant the Norwegian Air International (NAI) a foreign air carrier permit is one example of a current Open Skies violation that threatens both jobs and economic growth. NAI violated article 17 *bis* of the EU/US Opens Skies Agreement by setting up an Irish subsidiary to capitalize on Ireland's less restrictive labor laws. Article 17 *bis* states, "[t]he opportunities created by the Agreement are not intended to undermine labour standards or the labour-related rights and principles contained in the Parties' respective laws."[9] NAI's deliberate effort to undermine Norway's strong labor protections not only violates the agreement, it sets in motion a downward spiral for U.S. Aviation and 300,000 U.S. jobs.

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[8] FAA, *FAA Aerospace Forecast, Fiscal Years 2016-2036*

[9] "Protocol to Amend the Air Transport Agreement Between the United States of America and the European Community and its Member States" https://www.state.gov/documents/organization/143930.pdf, (April 30, 2007)

Norwegian has, for the time being, successfully introduced a "flag of convenience" business model into the aviation sector. It permits airlines to establish operations in countries with the lowest labor standards, the direct opposite of the stated purpose of these trade agreements. Other European airlines, including SAS and Air France are already changing their business plans to duplicate NAI.

While we have been vocal in our opposition to the NAI foreign air carrier permit, we want to be clear: our fight against the flags of convenience business model is also a fight to preserve good jobs.

Contrary to Norwegian's public assertions about NAI, Norwegian executives have refused to confirm that NAI will hire flight attendants and pilots in the U.S. or under European contracts. They won't even admit to being the employer.[10] Instead, they assert that, as the hiring company, OSM is the employer and, therefore, NAI does not have an employment relationship with the flight attendants and pilots. Cutting through their PR, *that* is the airline's position. We disagree in the strongest possible terms. Their position means the jobs of NCCA members – who will soon be part of our union – are at risk because nothing would stop NAI from ending individual contracts with the U.S.-based Norwegian flight attendants and instead hiring from wherever they can find the lowest labor standards. That's what Irish law permits.

I know this Subcommittee is well aware that this flag of convenience business model was responsible for the destruction of the U.S. flagged commercial shipping industry. The pace of airline competition forecasts a much faster destruction of U.S. aviation. All of our jobs are at risk, today. If NAI's scheme is not stopped, U.S. commercial aviation will go the way of the shipping industry.

The failed enforcement of these Open Skies Agreements has put 300,000 U.S. aviation jobs at risk. And make no mistake – this is just the first wave of foreign-owned corporations entering the U.S. aviation sector in an effort to undermine U.S. wages and job protections. If we do not act swiftly we will witness a radical shift in the aviation industry, where foreign corporations will dominate the U.S. market but keep their money overseas and out of the hands of American

[10] *43 NMB No. 21 pg. 98,* April 19, 2016

workers. Our aircraft will be staffed with workers from the countries with the lowest labor standards, lowest wages, and lowest safety standards. Norwegian's executives hoped to use the upstanding reputation of Ireland and Norway to hoodwink the public as they create a whole new set of rules for aviation without any future oversight by the United States, Norway or Ireland.

The Norwegian Air violation is not only a threat to U.S. jobs and aviation, but also to safety and security. The European Transport Workers' Federation (ETF) and the Transportation Trades Department, AFL-CIO,[11] submitted joint testimony in the NAI foreign air carrier application docket. The testimony raised questions on whether European civil aviation legislation provided sufficient safety guarantees for aircrews based outside the EU or U.S. and if the hiring agency "Adecco," as utilized by the Irish subsidiary NAI, could guarantee the same level of background checks that exist for European and U.S.-based aircrews. Those questions remain unanswered. This Committee is uniquely positioned to take up this issue and stop the expansion of approval of foreign air carrier permits for airlines operating according to this flag of convenience model.

The threat to U.S. workers is not *just* from the flag of convenience business model. Our jobs are also being threatened by massive, anti-competitive government subsidies to the Middle East Carriers Emirates, Etihad and Qatar, in violation of the Open Skies Agreements with the Gulf States.

The governments of the United Arab Emirates (UAE) and Qatar have provided enormous subsidies to their state-owned carriers, Emirates, Etihad and Qatar Airways, inundating the Middle East market and undermining fair competition.

These Gulf carriers have received over $50 billion in government subsidies. The subsidies have been received in a variety of forms, including interest-free "loans" with no repayment obligations, capital infusions, government loan guarantees, cash grants, and free land and subsidized airport facilities. The Gulf carriers would not be commercially viable without these subsidies, creating an uneven global playing field.

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[11] EFT and TTD, *Joint submission to the DOT's August 4 Notice,* DOT-OST-2013-0204-0145, August 19, 2014

Middle East carriers are looking at the lucrative U.S. market to help build their airlines. Their collective goal is to dominate international aviation and they are well on their way. New flights do not represent increased passenger growth. They siphon flyers from U.S. carriers, from the U.S. to India and Asia. Billions in subsidies are what makes that possible; without it they could not compete with U.S. carriers.

For every international long-haul flight lost to the Gulf carriers, economists now estimate over 1,500 American jobs are lost.[12] We have seen this happen at United Airlines, where flight attendants already have lost flights to the Gulf carriers due to these enormous subsidies. United successfully operated the Dulles-Dubai flight for seven years. But on January 25, 2016, the flight ceased to operate, nearly 200 flight attendant bid positions gone with it

It is not just the direct competition in the Middle East markets. Gulf Carriers are intent on subsidized growth by expanding 5th Freedom Air Rights which is the right or privilege of a country's airline to carry passengers or cargo between two other countries[13]. Emirates currently operates a 5th freedom flight from New York to Milan - a market served by all three major U.S. carriers. On March 12 Emirates launches its newest 5th freedom route from Athens to Newark, which due to market demand, is flown seasonally today.[14] However, due to its subsidies Emirates can operate the flight year-round regardless of the route's financial performance. Once again, flight attendants at U.S. carriers are at risk for losing premium long haul flying routes to these subsidized carriers.

To level the playing field, we urge the United States government to convene formal in-depth consultations with the governments of the UAE and Qatar to ensure the parameters of our Open Skies agreements are enforced. We call on the Administration to support U.S. aviation jobs and

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[12] Partnership for Open & Fair Skies, *"Statement from the Partnership for Open & Fair Skies on Emirates' Route to Newark"* January 23, 2017

[13] Freedoms of the Air, ICAO, http://www.icao.int/Pages/freedomsAir.aspx. March 6, 2017

[14] Travel Weekly, *"Emirates to Launch Daily Newark-Athens Service"* http://www.travelweekly.com/Travel-News/Airline-News/Emirates-launch-daily-Newark-Athens-service

suspend these route authorities which promote illegal and unfair competition until our governments reach a solution to end the massive subsidies provided to Emirates, Etihad and Qatar Airways.

Conclusion

In closing, I would like to again thank the Chairman, the Ranking Member and the Members of this Subcommittee for this opportunity to provide a flight attendant perspective on the state of the airline industry. We are proud of our work as aviation's first responders and the last line of defense in aviation security. Proper rest, a secure cabin free of voice calls, fair compensation at regional airlines, and a level playing field for U.S. cabin crews in the face of global threats to our job security – those are the key issues facing flight attendants in 2017. Flight attendants appreciate your continued support and efforts to maintain a strong, safe aviation industry that expands economic opportunity and good American jobs.

Testimony of Charles Leocha, President, Travelers United, Inc.

Before the U.S. House of Representatives
Committee on Transportation and Infrastructure,
Subcommittee on Aviation

Washington, DC, March 8, 2017

BUILDING A 21ST CENTURY INFRASTRUCTURE FOR AMERICA: AIR TRANSPORTATION IN THE UNITED STATES IN THE 21ST CENTURY.

Thank you, Chairman LoBiando, for giving passengers a seat at this hearing and an opportunity to testify about air transportation in the United States in the 21st Century.

My testimony today will focus on the changes that have developed over the past decade that have changed the aviation marketplace for consumers and for the airlines that serve us. From the increases in information technology outages to changes in international economies; from the unbundling of airfares to an ever-growing collection of fees to the strengthening of international airline alliances; and from the paucity of hard-to-find consumer protections to heavy-handed mergers-in-kind that are stifling competition, airline passengers are facing a far different flying landscape to that they faced only 10 years ago.

What follows is an outline of major consumer issues that have developed over the past decade and some suggestions about possible solutions.

My name is Charles Leocha. I am the president of Travelers United, a non-profit 501C3 group created to educate legislators, regulators and their staff about the needs of travel consumers. Travelers United is the main consumer advocate in Washington, DC, for all travelers. I sit on the DOT Advisory Committee on Aviation Consumer Protections and have served on the Consumer Advocacy Subcommittee of the Transportation Security Advisory Board.

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Common Carriers and the Full-Fare Advertising Rule

Airlines are common carriers. As such they must follow rules that have been established over centuries. Recently, airlines have been parsing the common carrier rules in terms of public pricing of travel costs. This refusal to release full airfares and all ancillary fees together with exceptions make it impossible for consumers to effectively comparison shop for airfares.

And, when airlines, cruise lines, buses, and trains compete, all should follow the same full-fare advertising rules that should require each mode of travel to advertise the full fare, including all mandatory taxes and fees.

Any consumer who has spent time on a bus, taxicab, commercial airplane, passenger train, or cruise ship, has been on a common carrier. In the United States, a common carrier (or simply "carrier") is an entity whose business transports people or goods from one place to another for a fee and that must comply with governmental requirements. Here are the basic three requirements for common carriers:

1. Public pricing: When it comes to prices charged by common carriers, those tariffs must be public.
2. Duty of Care: Carriers may be held liable for the injuries of passengers, but only if the plaintiff can prove negligence.
3. No discrimination: Common carriers must serve the general public without discrimination.

Airlines, as common carriers, should not be permitted to restrict distribution of public airfares and ancillary fees. This practice makes it difficult to comparison shop for airfares.

Delta Air Lines is alone in this practice. They are forbidding some websites from publishing public airfares, even when they are legally obtained. This means that websites like Hipmunk, TripAdvisor, SkyScanner, Travelzoo, Cheapair and others cannot display Delta airfares.?

At Hipmunk.com, Delta flights can be seen, but the prices are not revealed. This makes comparison shopping impossible for consumers. Delta's decisions about which websites it will allow to display airfares is seemingly random. However, any restriction of airfares makes comparison shopping very difficult, limits competition, and is not transparent for its customers.

No airline should be allowed to restrict the distribution of its airfares or its ancillary fees. These should be public information.

While common carrier pricing of airfares and ancillary fees is public, airlines can pick and choose about which businesses they want to sell their tickets. Travelers United accepts that Delta can do business with whatever agent they choose, but they cannot restrict the publication of their public common-carrier airfares and fees.

Even Southwest Airlines, that famously advertises all tickets must be purchased from southwest.com, advertises on many online travel agency websites with ads that direct consumers to their website and airfares.

Information Technology outages are the fault of the airlines, not "Acts of God" — airlines should make travelers whole.

Virtually every major airline has had an IT meltdown over the past year. Once upon a time, these IT issues were relatively rare. However, with the dramatic consolidation in the industry that has required airlines to combine different Internet systems, these problems are accelerating. When problems arise, every airline (except Southwest) punishes their passengers for the airlines' own incompetence.

Little coverage has been focused on consumer issues related to these IT outages. Delta Air Lines, American Airlines, and United Airlines have all had problems. Their remedies have been woefully inadequate and have actually punished its passengers for the airline's own failures.

Passengers have been inconvenienced by cancellations and delays. They may have missed organized tours and cruises. Other passengers, especially families, may have missed irreplaceable vacation time and events such as weddings and funerals that cannot be rescheduled. And, we all know that vacations planned in the far future cannot be changed without additional expenses and often cannot be rescheduled at all.

Many airlines expect their affected passengers to pay *additional* airfares and fees in order to use airline tickets that they purchased and were not able to use because of the airline's failures to provide service. Plus, where these IT failures result in delay for international passengers, the airlines simply did not inform many passengers properly.

Airlines need to provide protections for their passengers and to explore how airlines can assist their passengers in such system-wide shutdowns.

Travelers United has suggested, at the very least, to make airline tickets and airfares paid and affected by IT failures usable for a year from the dates of the cancellation and delays. There should be no change in airfares if itineraries are unchanged and the full value of the ticket should be usable if passengers request changes and refundable to the passenger if they do not choose to use the tickets..

TSA Security Fees

Necessary increases on security fees are OK If the money goes to TSA and security. During past 9/11 Security Fee increases a portion of the increases was paid to the General Fund. This money is collected from passengers for security and should be spent on security. Last summer, passengers faced hours-long waits at TSA checkpoints even after paying an almost-50-percent increase in fees because the government did not spend the funds on improving the security system.

Antitrust Immunity/Airline Alliances/Codesharing/Open Skies/ Slot Controls and airline hypocrisy

Consumers believe that the most important actions in terms of antitrust protection come from the Department of Justice (DOJ) when it reviews major mergers such as the United/Continental merger or the corporate marriage of American Airlines and US Airways. However, with the airline world, DOJ isn't the only player in antitrust.

The Department of Transportation (DOT) and the Federal Aviation Administration (FAA) both have responsibilities. DOT is responsible for granting antitrust immunity to airline partners. This

is like a merger, but without any exchange of stock or hassles with international law. The FAA is focused on maintaining slot control at some US airports. These controls are extremely important for our system.

For example, in the New York City area, more than 75 percent of all take-off and landing slots at LaGuardia and JFK are controlled by three airlines — Delta, American and JetBlue. This is not a good situation for consumers when competition is stifled and controlled by three airlines. The two major network carriers serving 77 percent of the traffic in and out of LaGuardia use that control to keep out competitors and to divide the market.

DOT gets around other antitrust rules by granting immunity for collusive practices. While it would appear that a dozen airlines are flying across the Atlantic on a daily basis, the truth is that these airlines are part of three "alliances" that are allowed to coordinate their flights, schedules, and airfares. These airline alliances also split their profits. Many of the airlines within these alliances operate as though they are fully merged. They have their own profit sheets, their own boards of directors, and coordinate everything from schedules, fuel purchases, cargo rates, and airfares.

In other words, what appears to be a competitive market of many airlines is a tightly controlled group of three airline alliances that fly about 80 percent of transatlantic traffic. This legal cabal kept international airfares high because of the lack of competition, even with plunging jet fuel prices.

Travelers United urges Congress to re-examine current ATI grants and airline alliances based on the most recent actions by airline alliance members that are erasing many of the stated reasons for airline alliances and ATI. Chief among those kinds of benefits that are now threatened is the ability to Interline -- check in on several airlines at once and have baggage transferred between airlines in different alliances. Today, airline alliances are taking on the practices of monopolies by restricting both through check-in as well as transfers of baggage outside of alliances.

DOT should re-examine any claims of "public benefit" developed by ATI grants. The Department should clearly delineate the consumer benefits that were described in the original ATI applications.

Not a single carrier in an immunized joint venture, or DOT itself, has ever published data showing that the US consumer is better off because of any ATI grants. Carriers that apply for ATI protection for their joint ventures make many promises. However, DOT has never demonstrated that these promises are actually delivered to consumers.

No more ATI grants should be allowed until the Department conducts a complete review of the current ATI grants. These "periodic reviews" were included in the original ATI grants. Travelers United respectfully requests that these promised periodic reviews be completed and the continuing "public interest" be confirmed prior to any new ATI actions by DOT.

Open Skies Treaties
These treaties have long worked in favor of US airlines. The airlines enthusiastically embraced Open Skies and put together their airline alliance cabals.

Today, the major international carriers — American, Delta and United Airlines (Big3) — are fighting the very open skies system that they used so well to lock up the transatlantic market.

Two developments are raining on the Big3 airline alliance parade — the rise of long-haul low cost carriers like Wow and Norwegian Air international, which are flying modern low-fuel aircraft, and the development of a major African/South Asia hub in Dubai, Qatar and Abu Dhabi.

Another development has been the growth of international air freight that has mushroomed in the Middle East. FedEx, UPS and other major freight carriers now have massive hubs serving the fast-growing economies of the Middle East, Southern Asia, and Africa. The giant freight operations dwarf virtually every US passenger carrier.

Lower fuel costs and low-cost carriers
As oil prices and jet fuel costs dropped by almost 50 percent over the past half-decade, the US carriers and their alliance partners did not lower their transatlantic airfares. They made record profits and their passengers did not see the benefits of the lower fuel costs.

A new economic world and Middle Eastern carriers
While the US airlines were worried about consolidation and building fortress hubs in London, Paris, Madrid, Frankfurt, Munich, and Amsterdam on transatlantic routes, the economies of South Asia and Africa exploded with the world's largest and fastest-growing middle class. The rules of the game changed as the Middle Eastern Airlines — Emirates Airline, Etihad Airways and Qatar Airways — began to serve this area with large aircraft, good service, and convenient connections.

PFCs (expand the pool of those who pay — include not only passengers, but communities)

Every director of every airport across the country will proclaim that their airport is the economic engine of their region. However, the regions' businesses are not paying their fair share for airport construction and operations. Passengers are being stuck with the bill.

The current passenger facility charges (PFCs) are being used to guarantee financing of municipal bonds and have already been committed far into the future. The benefits to passengers today are almost non-existent.

Passengers are also the ones to pay parking fees, food court fees, retail fees, taxi fees, rental car fees, and more, to keep the airports running to serve their regions. It is time that the nearby industrial property owners and businesses pay for the airports that make their property worth more than random pasture lands.

Owners of massive parking lots that serve airports and car rental companies need to pay their share. Landlords of the office parks that have mushroomed around airports should be paying their fair share. Hotel owners should be shouldering their share of airport costs and improvements. Without an airport, all these businesses would go bust.

PFC user fees are already exorbitant and aviation consumers are paying enough. The metropolitan areas that are benefiting from the massive economic impact that airports deliver should pay their fair share. Congress should not give airports a blank check to tax passengers.

According to Airlines for America figures:

- Over $100 billion of capital projects have been completed, are underway or approved at the nation's 30 largest airports alone since 2008. These include, for example, new runways at Fort Lauderdale, Washington (Dulles), Seattle, and Charlotte; multiple new runways at Chicago (ORD); new international facilities at Atlanta and Los Angeles; and new, expanded or modernized terminals at Miami, Las Vegas, Orlando, Hawaii, Houston, Denver, Seattle, Salt Lake City and San Francisco.

- Development is also robust at smaller airports, including, for example, runway projects at Erie, Columbus, Dayton, Des Moines, Nashville and Sioux Falls and terminal projects at New Orleans, Eugene, Grand Rapids, Greenville-Spartanburg, Norfolk, Portland (Maine), Reno-Tahoe and Wichita.

- In addition, U.S. airlines are investing in the overall customer experience — at the airport, in the cabin and in mobile technology — at the current rate of more than $1.4 billion per month.

- Airport revenues are at record levels — U.S. airports collected nearly $27 billion in 2015.

The bottom line is that airports may want more funding for infrastructure projects, but they certainly do not need it delivered with this FAA bill. Other systems should be developed to more fairly spread the costs of airports across passengers who use the facilities and the localities, with their office parks, hotels, and other support buildings that take advantage of the giant economic effects of the airport on the local economies.

Travelers United, in surveys across the US, has never met a passenger who asked us to help raise their airport taxes. Once we inform passengers that current taxation rates mean round-trip connecting-flight airline tickets cost more than $50 in taxes before passengers even pay for airfare (which is then taxed another 7.5 percent), they all agree, "Enough is enough."

Educating consumers. (Let's get basic passenger rights up on posters at airports, on boarding passes and ticket itineraries.)

DOT rules and regulations are relatively simple, but often hard to find. Plus, airlines thrive on uninformed passengers when it comes to compensation for lost, damaged and delayed checked baggage, as well as overbooking. Plus, the rules for compensation when delayed on international travel are shrouded in mystery.

Airline consumers are asking for information about our rights as travelers to be posted at airports and on our computer-generated boarding passes and itineraries.

This action requires no new legislation — the requirements for airports to display public service announcements at the request of the Secretary of Transportation is part of current appropriations legislation. Plus, current regulations regarding denied boarding procedures require that passengers being bumped be given the rules in writing. Unfortunately, this doesn't always happen. Posters at airports and a short statement of passenger rights would allow travelers a level playing field when faced with customer service breakdowns during airline travel.

There are only two sets of domestic aviation rules that provide compensation for domestic consumers — one European Union rule and the Montreal Convention — that provide compensation for aviation consumers.

Notice of these compensation rules should be part of every computer-generated boarding pass, every ticket itinerary, and posted at jetways and baggage carousels so that consumers know these limited rules of aviation travel.

- compensation for lost/damaged/delayed baggage (domestic and international rules).
- denied boarding compensation (Airlines are permitted to overbook flights — sell more seats than they have available. When that occurs, consumers are due specific compensation.)
- honesty about delay compensation. (Delay compensation is available for international flights. Montreal Convention rules apply to all flights and EU rules apply to all flights from Europe to the US and for European-carrier flights from the US to Europe.)

Are there consumer protection regulations that need elimination?

When it comes to consumer protection regulations, there are none that can be eliminated. The current federal regulations only provide compensation for passengers for lost/damaged/delayed baggage and involuntary denied boarding. Consumer protection regulations in the CFR in the aviation industry may be the shortest chapter in that tome.

Air traffic system as infrastructure

Our air traffic control system operates on technology from the 1960s. Passengers in cars with GPS have more awareness than pilots flying cross-country. This outdated system has not suffered because of a lack of appropriations, but because of a lack of leadership coupled with a financing structure tied to the vagaries of the budget process. That financial uncertainty has delayed implementation of new NextGen technology for almost a decade.

The delays have cost the American public billions of dollars in lost time, fuel, environmental damage, and airport improvements that can be eliminated through better technology.

Consumers ask that the government complete the modernization of our air traffic system and develop a funding system that will allow for continued improvements.

Why buying an airline ticket is different than buying a sofa?

1. When a consumer has a problem with an automobile dealership, a furniture store, or almost every consumer good or service, they have a series of adjudication systems. They can speak with the local BBB and with trade associations. They can take the

business to small claims court, and then on through the local state and local courts, and finally to the Supreme Court.

When consumers work with airlines, they have one option — DOT becomes the chief judge and jury with decisions based on federal rules. At that time, the only other option is to take grievances to the Federal Court System. This is expensive and virtually impossible for normal individual consumers.

2. When it comes to taxation, airlines are treated in an extraordinary manner. They do not have to pay state and local taxes, they only pay airport fees, federal fees and a federal excise tax.

The airline argument that they should be treated like furniture stores or car dealerships is wrong. They are not subjected to the checks and balances that local businesses face in the local judicial systems and their excise tax is treated just as every other excise tax is in the US.

3. If airlines want to be treated like automobile dealerships or furniture stores, they can give up federal preemption, fold their legal protections into the normal consumer protection legal systems, and deal with the 50 states and districts that impose taxes, as well as thousands of municipalities and localities. We know from the airlines that this simply will not happen.

Statement of
Captain Timothy Canoll, President
Air Line Pilots Association, International
Submitted to the
Subcommittee on Aviation
Transportation and Infrastructure Committee
U.S. House of Representatives
on
"Building a 21st Century Infrastructure for America: Air Transportation in the United States in the 21st Century"
March 8, 2017

Mr. Chairman and Ranking Member and Members of the Aviation Subcommittee, the following testimony is respectfully submitted by the Air Line Pilots Association, International (ALPA) for the hearing, "Building a 21st Century Infrastructure for America: Air Transportation in the United States in the 21st Century". ALPA represents 55,000 professional airline pilots at 33 airlines in the U.S. and Canada who safely conduct millions of flights for mainline, regional and all-cargo airlines each year. As the largest pilots' union and the largest non-governmental aviation safety organization in the world, we are pleased to provide a resource for you and the Committee as you continue your critical role in protecting and promoting aviation safety and building a world-class aviation infrastructure for the 21st Century and beyond.

As you undertake the important task of reauthorizing the Federal Aviation Administration, we offer for your consideration our aviation policy blueprint which is designed to ensure that We Keep America Flying. We urge you to refer to the entirety of this policy proposal but in the spirit of today's hearing, we would like to draw your attention to two areas that are critical to the future of U.S. aviation: retaining U.S. competitiveness in the global aviation marketplace and ensuring aviation safety.

OPEN SKIES: ENFORCING OUR TRADE AGREEMENTS

The largest threat to U.S. aviation in the 21st century is the uncompetitive practices of international airlines seeking to steal market share and jobs from American carriers. The U.S. remains the world's largest airline market, generating $1.5 trillion in economic activity each year. As a result, many countries and airlines are seeking to break into our markets at any cost.

In partnership with the industry, the U.S. government has anticipated many of these threats and written preventative measures in our Air Transport Agreements (better known as Open Skies). These measures are only good, however, if the U.S. government is willing and able to enforce them. Today, we are facing two major breaches of our Open Skies agreements that require immediate enforcement action.

Qatar and the United Arab Emirates have each channeled billions of dollars since 2004 to their state-owned carriers. Collectively, Emirates Airline, Etihad Airways, and Qatar Airways (the ME3) have received $50 billion from their governments in subsidies over that time. These subsidies have fueled these carriers' unprecedented growth, allowing them to siphon passengers away from U.S. carriers and steal market share. Every widebody frequency that U.S. carriers lose to the ME3 costs the U.S. economy more than 800 jobs.

Subsidies of this size (a magnitude that has never been seen before in any industry) clearly violate the Open Skies agreements we have with Qatar and the UAE. Our agreements require that all carriers have "a fair and equal opportunity to compete" – something that is not possible to achieve against $50 billion in subsidies.

We are calling on the U.S. government to uphold the integrity of our Open Skies policy and immediately terminate our agreements with Qatar and the UAE if they continue subsidizing their international carriers.

FLAGS-OF-CONVENIENCE: WORKING FOR THE PUBLIC INTEREST

In early December, the lame-duck Obama Administration issued a foreign air carrier permit to Norwegian Air International (NAI) without making a comparative public interest finding. Congress has directed the Department of Transportation to measure these permit applications against a well-established public interest test to ensure that new entrants are actually benefitting U.S. consumers, workers, and the economy.

In NAI's case, it would be impossible to find this carrier is serving the public's interest. The airline flagged its planes in Ireland in order to hire workers under contracts governed by Thai and Singaporean labor law. This form of global "regulatory shopping" is inconsistent with the terms of our Open Skies agreement with the European Union. NAI's permit application should have been denied.

Our agreement with the EU was crafted against the backdrop of the tragic dismantling of the U.S. maritime shipping industry. The flag-of-convenience business model employed by NAI is the global standard in the maritime industry. This business model systematically undermines U.S. workers, pulling jobs out of our economy. In 1955, before flagging for convenience proliferated, U.S.-flagged vessels carried 25 percent of the world's maritime tonnage with 1,072 ships. Today, U.S. carriers account for just 2 percent of the world tonnage with just 167 ships. The U.S. airline industry employs more than 150,000 workers who support international operations that contribute about $95 billion per year to the U.S. economy. Flags-of-convenience put those jobs and their economic benefit at risk.

We are calling on Congress to clarify the existing public interest statute to make it clear that DOT *must* adhere to this test when approving foreign air carrier permits.

HISTORIC LEVELS OF SAFETY SHOULD BE PRESERVED AND CONTINUOUSLY IMPROVED

Since its founding in 1931, "Schedule with Safety" has been the mission of the Air Line Pilots Association, and our legacy of championing air safety carries on. Our safety work on behalf of the more than 55,000 members of ALPA spans the United States and Canada. Through the International Federation of Air Line Pilots Associations (IFALPA) at the International Civil Aviation Organization (ICAO), we also promote safety on a global level.

Nearly all of today's safety regulations and much of the safety legislation that has become law is based on aircraft accident history. Accidents resulting in injury or death, or accidents severely damaging an aircraft are scrutinized by accident investigation agencies. In the United States, the National Transportation Safety Board (NTSB) seeks to understand the key factors that contribute to the accident using teams of experts. Those key factors in turn are used as the basis to modify or create regulations by other agencies that help to ensure that an accident with the same causal factors will not happen again. ALPA representatives are often invited to participate in accident investigations to contribute our knowledge, skills and understanding of the profession to assist in preventing accidents in the future.

Some would say that our Nation's safety regulations are *written in blood.* Based on our experience in the accident investigation field, we completely agree. Our regulatory framework for aviation safety is based on the lessons learned from the

tragedies that make up our aviation history. And America's lessons learned are also used worldwide by other aviation safety regulators.

With this history in mind, the community cannot afford to relax our focus on improving safety through laws, regulations, and policies. If we take our eyes off our safety focus at any level of governance, the industry risks a setback we cannot afford. When it comes to safety, we should never give up.

PROTECT THE MINIMUM FIRST OFFICER QUALIFICATIONS RULE

In recent years, some have called into question the aviation safety law in P.L. 111-216 that addresses the first officer training and qualifications for airline pilots. The public law led to the requirement that all pilots possess an Airline Transport Pilot certificate or Restricted Airline Transport Pilot certificate when flying in the Part 121 airline service.

When publishing the Notice of Proposed Rulemaking (NPRM) for the First Officer Qualifications rule, the FAA stated:

> "The FAA identified 31 accidents in part 121 air carrier operations and 30 accidents in part 135 air carrier operations from fiscal year 2001 through fiscal year 2010 that could have been mitigated if the proposed enhanced ATP qualification standards and part 121 requirements had been in effect at the time of those accidents. The analysis indicated the accidents were a result of various issues, including improper aircraft handling, poor [crew resource management], poor situational awareness, and inadequate training."

Research and analysis found that changes to the minimum requirements for first officer qualifications included in P.L. 111-216 would address deficiencies that were identified during the aircraft accident investigations. In our view, Congress got it right. And safety has improved.

We identified a subset of four accidents that occurred in the six years leading up to P.L. 111-116.

1. Pinnacle Flight 3701, October 14, 2004, CRJ200, near Jefferson City, Mo. Repositioning (FAR Part 91) flight crashed following high-altitude stall, dual-engine flameout, and no relight. Fatalities: 2.
2. Corporate Airlines (dba American Connection) Flight 5966, October 19, 2004, BAe-J3201. Aircraft struck trees on final approach and crashed short

of Runway 36 at the Kirksville Regional Airport (IRK), Kirksville, Mo. Fatalities: 13. Serious Injury: 2.

3. Comair Flight 5191, August 27, 2006, CRJ100, Lexington, Ky. Aircraft crashed on takeoff from the wrong runway. Fatalities: 49. Serious Injury: 1.
4. Colgan Air (Continental Connection) Flight 3407, February 12, 2009, Bombardier Dash 8-Q400, near Buffalo, N.Y. Aircraft crashed on approach following loss of control in icing conditions. Fatalities: 49 on aircraft and 1 on the ground.

In the carnage and aftermath of these four tragic accidents, four airliners were destroyed and 114 lives were lost. But just as we have done on many occasions, the airline industry pulled together and developed consensus recommendations on changes needed to avoid a repeat accident. The industry recommendations served as a source from which the FAA changed the rules pertaining to first officer qualifications. Out of the ashes of these four accidents, the aviation industry has achieved very high levels of safety.

In the six years after P.L. 111-216 was signed into law – July 2010 – July, 2016, there were no fatal passenger airline accidents by airlines regulated by the FAA. Suffice to say, the changes Congress made in P.L. 111-216 and the associated FAA rulemaking, have directly improved aviation safety. Our support for this law, and the associated regulatory changes implemented by the FAA, has been unwavering.

Somewhat surprisingly, there are some critics of this safety-based law change. They would like to alter the laws and rollback experience requirements documented in the rules. They argue there are studies proving initial pilot training records can serve as a singular data point, contending FOQ rules need to change. They erroneously argue that FOQ rule-compliant pilots are less safe than pilots hired by airlines before the FOQ rules became effective. These studies were commissioned by, and received data on which to base the study, from the same special interest groups that use the results to argue for lowering the safety standard by rolling back the FOQ law.

Proponents of weakening the FOQ rules also say Congress should direct the FAA to allow more options for pilots to receive credit for undefined levels of additional training.

We take exception to these perspectives. A pilot's challenges or success in training for an airline job is not by itself a measurement of whether changes to the FOQ rules are needed. We believe, quite simply, that experience matters. Pilots with higher amounts of flight experience, years of flying, collegiate levels of education and other factors all contribute to a highly trained and fully qualified pilot. This is a fact. We need look no further than the unprecedented record of fatality-free air travel by Part 121 airliners we currently enjoy since the FOQ regulations went into effect.

Secondly the credit schemes and theories proposed by some weaken the FOQ rule by proposing reductions in levels of flight experience. Reducing any of the levels of experience required as a minimum before airlines hire and train the pilots, counters the vision for the levels of safety Congress intended with P.L. 111-216.

We call on the Administration, Congress, and transportation leaders to resist all temptations to weaken or alter this rule. Rolling back the safety provisions of P.L. 111-216, unanimously passed by Congress in July 2010 and the resulting regulations reduces safety, exposes our passengers to risk, and additional aircraft accidents will occur.

AIR TRAFFIC CONTROL REFORM: CHARACTERISTICS OF THE ATC SYSTEM

Anticipating one or more proposals for ATC reform will emerge for public discussion and debate, we will evaluate each of them carefully and on their merits to meet the needs of America's air transportation system. A safe, efficient, effective ATC system must have certain characteristics in order to function in a dynamic ATC environment. These characteristics should include as a minimum the following:

a) The ATC system economic model should be a not-for-profit entity. Funding of this entity should be (i) fair and equitable based on use of the system, and (ii) take into account commercial aviation's benefit to the nation's economy.
b) Funding for the ATC system must ensure that reliable, predictable and sufficient long-term funding is available for the sustained development and continuous modernization of an extremely complex system.
c) The ATC system governance should be structured in a way that ensures involvement in decision making by ALPA (representing commercial

airline pilots), NATCA (representing air traffic controllers), and all other stakeholders.

d) The ATC system must be agile enough to adapt to technological advancement in a timely manner and robust enough to ensure that thorough, timely safety analyses of key programs and procedures are completed.
e) The ATC system must ensure staffing is sufficient to maintain safe operations in any airspace or airport used by air carriers and other aviation system users.
f) Any shift in responsibilities for providing ATC services from a government agency to another not-for-profit model (e.g. "private", "corporate", or "federal corporation") must not disrupt or disturb the employer – employee relationship in an adverse way. Any shift must continue to provide a stable and secure working environment for all employees of the agency including the continuity of the collective bargaining relationships and processes for the employees represented.

We look forward to continued engagement with policy makers, the FAA and our industry colleagues to collaborate on the best path forward for air traffic control in the United States of America. It is an important issue of not only efficiency and sustainability, but also safety, and if changes are made, we need to do it right the first time.

In closing, we fully support the Committee's intent to utilize the FAA reauthorization as an opportunity to improve the United States of America's air transportation system. We stand ready to collaborate on these and other issues of very high importance to the pilots who are safely transporting passengers and cargo each and every day, to ensure that air transportation remains strong.

AIR LINE PILOTS ASSOCIATION INTERNATIONAL

THE WORLD'S LARGEST PILOTS UNION • WWW.ALPA.ORG

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March 7, 2017

Dear Representative,

On behalf of the 55,000 members of the Air Line Pilots Association, Int'l (ALPA), I am writing to reiterate our commitment to and appreciation for the enactment of landmark aviation safety legislation: the Airline Safety and FAA Extension Act of 2010. When Congress passed this law seven years ago, America took a significant step in advancing aviation safety. Since its passage, our country has not had a single passenger fatality due to an accident on a scheduled U.S. passenger airliner (Part 121).

Prior to this bill's passage, the United States experienced four high profile fatal airline accidents over a six-year period, including the Colgan Air Flight 3407 accident on February 12, 2009 just outside of Buffalo, New York. These airline accidents, which killed scores of passengers, focused the nation's attention on how to increase aviation safety. And professionals at the Federal Aviation Administration, the National Transportation Safety Board and the U.S. Congress all responded.

Working with industry, labor, and government, all aviation stakeholders agreed to improve airline pilot training, qualification, and flight experience requirements for new-hire first officers entering our cockpits. Testimony from airline pilots, along with family members who lost loved ones in these fatal accidents, clearly made the case for safer skies. With the unanimous support of Congress, we addressed these issues with the passage of Airline Safety and FAA Extension Act of 2010, which also led to a number of significant aviation safety improvements such as science based flight, duty, and rest rules (Federal Aviation Regulation Part 117) as well as requiring specific training for stall recognition and recovery and flight in adverse weather conditions.

This law significantly improved training and qualification requirements for first officers – and improved the safety of our skies. It is a measure that was written in blood, and should not be weakened in any way, shape or form.

There are special interests in Washington, DC who, for reasons of profit, seek to weaken our air safety regulations. Our 55,000 pilots know they can count on you to stand with them to block any efforts to roll back these critical safety regulations.

As you begin the FAA reauthorization process in the 115th Congress, it is important to remember the extraordinary safety record we achieved because of the unwavering commitment of the Transportation and Infrastructure Committee to support aviation safety. The strengthened pilot certification requirements have made our skies safer and helped keep America flying.

We reaffirm our commitment to getting you and each and every traveler safely to your destination every time we step into our cockpits. In fact, our motto is "Schedule with Safety" and we live and breathe that mantra every day when we are flying the line. We'll accept no less and look forward to working with you to extend and improve our unprecedented record of aviation safety and to advance critical, lifesaving measures to build an even safer and more efficient 21st Century aviation network.

Sincerely,

Capt. Tim Canoll
President, Air Line Pilots Association, Int'l

Association of Professional Flight Attendants

Office of the National President

Remarks of APFA National President Bob Ross
Association of Professional Flight Attendants

Building a 21st Century Infrastructure for America:
Air Transportation in the United States in the 21st Century

Submitted for the Record March 8th, 2017

The Association of Professional Flight Attendants represents over 25,000 American workers and their families, making us the world's largest independent flight attendant union. While many opinions will be expressed during this hearing, it is important that you hear the voice of the 25,000 mainline flight attendants we represent who keep air travel safe every day. We are your first responders and your last line of defense.

Voice Calls

Our carrier, American Airlines, is the largest in the world, flying many long haul flights each day and night through one of the most extensive overseas route structures in the industry. As safety professionals who spend countless hours traveling with our passengers and keeping them safe, we see firsthand the dangers of permitting cell phone use for voice calls on our planes. APFA continues to oppose voice calls on planes for several reasons including inflight customer experience, passenger comfort, and most importantly, concerns for safety and security. With air rage already a problem, voice calls will likely contribute to increased irritation among passengers who are looking for privacy and rest. In a worst case scenario, inflight calls could be used by terrorists to coordinate an attack.

Fortunately, we believe we have the support of the flying public who agree that cell phone calls have no place on airplanes and simply wish to travel in peace. To quote House Transportation and Infrastructure Committee Chairman Bill Shuster himself, "Let's face it, airplane cabins are by nature noisy, crowded, and confined. ....For the most part, passengers are looking for ways to make their flights go by as quickly and quietly as possible. Pilots and flight attendants are focused on ensuring a safe and comfortable flight for everyone onboard." Chairman Shuster and ranking member DeFazio have both spoken out against this bad idea and we urge the Committee to act in a bipartisan manner and reject this concept. While we understand that technology now supports voice calls during flight, that alone does not make it a sound or safe policy. We urge you, in the strongest possible terms, to oppose voice calls in flight. Your safety may one day depend on it.

Norwegian Air International

One issue that we believe deserves your immediate attention is the status of Norwegian Air International's (NAI) foreign air carrier permit. In the final days of the Obama administration, the USDOT effectively signed off on a new paradigm for transatlantic commercial aviation. I do not need to tell you how damaging NAI's planned "flag of convenience" scheme will be to the American aviation industry. The NAI model is tantamount to the outsourcing of good American jobs, the likes of which irreparably undermined America's maritime industry a generation ago. Skirting long-established labor and safety rules also harms American workers and the aviation industry as a whole. The new paradigm is a threat to not just flight crews but the hundreds of thousands of American airline employees as it flies in the face of US-European Open Skies Agreement which expressly forbids such a practice.

I have written to the Department of Transportation Secretary Elaine Chao urging her to overturn the recent decision to allow NAI to operate in the United States. I have also enlisted the help of our 25,000 members to demand that the Department of Transportation overturn this eleventh hour ruling. While NAI on its own represents a threat to our business and livelihoods, the approval also opens the door for more foreign air carriers to do the same. This must be stopped. American jobs are at stake. If we are to avoid a similar fate as the merchant marine, Congress will need to act swiftly.

I urge you in the strongest possible terms to immediately review the arguments that APFA and others have made and reverse this eleventh-hour decision. President Trump rightly called on federal agencies to halt non-essential rulemaking until his administration was firmly in place. This decision on the part of the outgoing Transportation Secretary was an outright rejection of that request and slap in the face of the hard working men and women who have built the finest commercial aviation system in the world. Hundreds of thousands of American workers are counting on you to stand up for American workers to keep the playing fields level. As we have proven time and again, when the competition is fair, American workers win!

President Trump campaigned on putting American workers and American trade deals first. This is the perfect time for the President to start standing up for US workers. NAI cannot be allowed to increase profit by skirting the rules and we urge the Committee to join in the fight for fairness. APFA will continue to speak out against NAI until their permit is revoked and the labor and safety rules ensure a level playing field.

Open Skies

The Open and Fair Skies Agreement must be enforced. At issue are the $50 billion in subsidies that three Gulf carriers, Emirates, Etihad and Qatar, have received from their governments since 2004. Most recently, Emirates announced they will fly the EWR – ATH—DBX (Newark-Athens-Dubai) route. If history is any guide, we can expect this route to be marketed as a non-stop flight and for the carrier to offer deeply discounted fares, subsidized by the treasury of Dubai. The same thing happened when Emirates started the JFK – MXP flight, flooding the route with capacity and undercutting American, Delta, and United fares by 50% (they offered two tickets for the price of one on the US carriers). While consumers may appear to initially benefit the long term damage to the health of industry is significant.

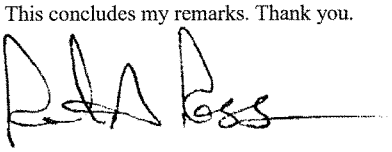
It is clear that Emirates intends to continue to leverage fifth freedom flights. Article 17 bis of US-European Agreement recognizes the "benefits that arise when open markets are accompanied by high labour standards" and that the Agreement is not intended to undermine them. US-based airlines and workers stand united on this and deserve an equal opportunity to compete in the international market. In fact, President Trump has said that he will enforce our international agreements and we hope and expect that he will stand up to the Gulf carriers and defend the rights of the hard-working Americans he represents. We must enforce this Agreement and require the Gulf coast carriers to play by the same rules, or else the American aviation industry and its workers will suffer.

Aviation Regulations

One issue that we consider to be of the utmost importance for this committee's attention is the so called "one in, two out" Executive Order on regulations signed by President Trump. The United States leads the world in aviation safety and it has done so since the earliest days of flight. One of the reasons we are the safest in the world is because the safety agencies, the regulators, the air carriers, and the labor unions have worked together in a data-driven effort to eliminate aviation accidents. The US can tout the safest aviation system in the world precisely because of the regulators who understand the safety concerns and the operators who take them seriously. The regulation of flight has not been onerous; rather it has saved lives and kept our industry as the world leader.

Over the years this committee has played a pivotal, non-partisan role in keeping our skies safe. Whether it has been a Democrat or Republican leading this committee, the bottom line has always been safety. My hope is that this committee will provide aggressive oversight to this Executive Order's implementation and will not allow the safety and health standards that we all have fought for to be undercut. This type of knee-jerk pandering should not apply to aviation safety regulations and the safety of our system should not be weighed for political benefits. The flying public has a right to know that safety always comes before politics. APFA hopes this committee will consider holding oversight hearings on this topic as it is implemented to ensure our system is not compromised.

This concludes my remarks. Thank you.



Robert A. Ross
APFA National President

ARSA
Aeronautical Repair Station Association

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March 8, 2017

The Honorable Frank LoBiondo
Chairman
Aviation Subcommittee
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Rick Larsen
Ranking Member
Aviation Subcommittee
U.S. House of Representatives
Washington, D.C. 20515

ARSA Statement on the Aviation Maintenance Industry's Role Supporting Air Transportation in the United States in the 21st Century

Dear Chairman LoBiondo and Ranking Member Larsen:

This statement is submitted by the Aeronautical Repair Station Association (ARSA) in conjunction with today's subcommittee hearing on air transportation in the United States in the 21st Century. ARSA is the trade association representing the global aviation maintenance industry. Our primary members are companies certificated by the Federal Aviation Administration (FAA) and other civil aviation authorities (CAA) to perform maintenance, preventive maintenance and alterations on civil aviation aircraft, airframes, aircraft engines, propellers, appliances and components.

To learn more about the aviation maintenance industry, go to http://avmro.arsa.org/about/ and watch our seven-minute public television documentary.

We are pleased to report that the health of the aviation maintenance industry is good and the sector is growing. However, our members are concerned that certain risks – political and economic – could undermine future growth.

Aviation Maintenance Industry Economic Profile

The aviation maintenance industry has a massive economic footprint in the United States. According to a report prepared by Oliver Wyman for ARSA, the sector employs more than 277,000 people and generates $44 billion in annual economic activity.

Maintenance, repair, and overhaul (MRO) activity accounts for 75 percent of all employment (more than 210,000 workers) and generates $21 billion in annual economic activity. Repair stations are the largest employers with more than 186,000 workers. The remaining 23,000 workers are employed by air carriers and other firms. The fact that there are eight times more people working for FAA-certificated repair stations in the United States than there are mechanics working for airlines underscores the dominant and critical role that contract maintenance plays in the aviation industry.

Aviation Maintenance Industry Employment			
Maintenance, Repair & Overhaul			
Repair Stations	Air Carriers	Parts Manufacturing and Distribution	Total Employment
186,410	23,783	67,199	277,392

Aviation Maintenance Industry Economic Impact		
Maintenance, Repair & Overhaul	Parts Manufacturing and Distribution	Total Economic Impact
$21.290 Billion	$22.852 billion	$44.142 billion

Source: CAVOK, a division of Oliver Wyman, 2017 industry economic analysis. More information is at http://arsa.org/news-media/economic-data/

Aircraft parts manufacturing and distribution is also an important part of the maintenance sector, employing more than 67,000 and accounting for $23 billion in annual economic activity.

Additionally, because aviation maintenance work is so highly specialized and so much of it is done off the aircraft, the industry is dominated by small companies. According to Oliver Wyman's industry analysis, 85 percent of US. repair stations are small and medium-size businesses.

A Positive Outlook for the Industry

ARSA members are generally optimistic about the health of their industry and prospects for 2017. Fifty-eight percent of the respondents to ARSA's 2017 member survey said they expect their revenues and markets to grow in the coming year; fewer than seven percent expected contraction. Fifty percent said their margins and/or profits had increased in the past two years; fewer than 20 percent said profitability had decreased. That strong economic performance is translating into new jobs: 56 percent of the respondents said they plan to add to their workforces in the coming year; no survey respondent planned to lay off workers. However, as discussed elsewhere in this statement, expanding the maintenance industry workforce will be contingent on finding scarce technical talent to fill the new positions.

Regulatory Burden Risks Undermining Industry Growth

A major threat to the aviation maintenance sector is government intrusion through overregulation. The aviation industry is among the most – if not *the* most – regulated in the entire global economy. To obtain a certificate from any CAA, maintenance providers must meet strict requirements defined in national aviation regulations. In order to keep that certificate, they are subject to periodic inspections and audits by regulators, customers and external quality organizations not to mention their own quality assurance departments.

For a company to be successful in the aviation industry, safety and security must be paramount concerns. Operators and airlines will not do business with companies that put passengers and valuable business assets (i.e., aircraft) at risk. Put simply: good safety is good business. Congress and the FAA must understand that government and the industry share the same safety goals and should refrain from micromanaging through unnecessary agency action. When considering imposing new mandates on repair stations and requiring new regulations, lawmakers should consider whether the

proposal truly improves safety and the additional regulatory burden it creates considering the totality of existing regulatory requirements. ARSA stands ready to work with the committee to assess proposals and help improve understanding about the impact of new potential requirements in light of current regulatory requirements and business realities.

U.S. Repair Stations, Economy Benefiting from International Aviation Maintenance Trade

The positive impact of international trade on U.S. companies in the aviation maintenance industry cannot be overstated. The average ARSA member responding to the 2017 member survey indicated that a quarter of their company revenues are derived from work done under a bilateral aviation safety agreement (BASA) (i.e., for customers outside the United States).

EASA-Approved Repair Stations – By State (Top 25)			
Rank	***State***	***EASA-Approved Repair Stations (#)***	***Total Repair Station Employment in State (2016)***
1	Florida	291	15,671
2	California	202	26,659
3	Texas	141	16,404
4	Arizona	68	6,270
5 (tie)	Connecticut	53	4,522
5 (tie)	Kansas	53	5,382
7	New York	50	5,121
8	Washington	48	9,055
9	Georgia	46	16,083
10	Oklahoma	41	11,469
11	Ohio	39	6,174
12	Illinois	38	3,935
13	Michigan	32	4,653
14	North Carolina	26	3,711
15	Alabama	24	5,314
16	New Jersey	22	3,948
17	Colorado	21	1,308
18 (tie)	Massachusetts	20	2,160
18 (tie)	Tennessee	20	2,165
18 (tie)	Missouri	19	1,531
18 (tie)	Pennsylvania	19	3,341
18 (tie)	Wisconsin	19	2,188
18 (tie)	Indiana	16	2,650
18 (tie)	Kentucky	16	608
25	Nevada	12	1,546

Workers and companies in almost every state benefit from international trade in aviation maintenance services, according to a recently-released ARSA analysis. The findings underscore the broad economic impact of the aviation maintenance industry in communities throughout the United States, as well as the benefits of BASAs, which make government oversight more efficient.

A long-standing BASA between the United States and European Union (EU), allows U.S. repair stations certificated by the FAA to more easily receive and maintain approval to work on European-registered aircraft and related components. The BASA also makes oversight more efficient for government and industry by allowing the FAA and European regulators to share responsibilities. In addition to the EU, the United States has BASAs with several other countries (including Canada) covering maintenance, flight operations and aircraft and environmental certification.

The ARSA analysis of the European Aviation Safety Agency's (EASA) list of U.S. EASA approval holders found there are 1,460 repair stations spread across 47 of the 50 states authorized to work on European aircraft and components. ARSA correlated the EASA data with industry employment figures and found that, collectively, there are more than 161,000 Americans employed by repair stations in the 25 states with the most EASA approvals.

BASA's do not just make it easier for U.S. companies to serve international customers, they also minimize cross-border compliance costs. A 2011 ARSA study found U.S. repair stations pay a 300 percent mark-up when applying for certification by a foreign CAA when the country does not have a BASA with the United States. That study also found that BASA's disproportionately benefit small companies, which have less economic activity over which to amortize the costs of regulatory compliance.

ARSA believes the positive impact of international trade on small businesses and workers in the aviation maintenance sector is one of the U.S. economy's best kept secrets. As Congress begins considering FAA reauthorization legislation, ARSA urges that lawmakers keep the benefits of BASAs and international trade in this area in mind. Anything that undermines our current bilateral relationships or that limits the ability to conclude new agreements, will have negative repercussions for repair stations operating in communities throughout the economy.

Similarly, Congress should reject proposals to impose new mandates or restrictions on foreign FAA-certificated repair stations, many of which are owned by U.S. companies and are essential to American air carriers operating internationally. By taking action against repair stations outside the United States, Congress would make it harder for U.S. companies to expand overseas and potentially subject U.S. repair stations to retaliatory action that could limit their ability to serve foreign customers.

Skilled Technical Worker Shortage is Major Strategic Risk to U.S. Aviation Maintenance Industry

ARSA members consider the technical talent shortage to be the biggest challenge confronting the industry. Asked to identify the most pressing risks to company profitability, revenue or workforce forecast over the next five years, 56 percent of respondents to ARSA's 2017 member survey selected "difficulty finding/retaining technical talent", more than any other strategic challenge to the industry (including, "regulatory costs and burdens," which was selected by 50 percent of respondents).

Despite the fact that jobs in aviation maintenance are well-paying – according to the Bureau of Labor Statistics, aircraft and avionics equipment mechanics and technicians earned average annual salaries of more than $58,000 in 2015 – repair stations are having trouble filing open positions. Thirty-one percent of survey respondents reported having "a lot of difficultly" finding qualified workers to fill technical positions over the past

two years; half of respondents reported having some difficulty. Fewer than one-fifth of respondents said they had no difficulty. Half of ARSA survey respondents reported having open, unfilled technical positions. The number of vacancies at responding companies ranged from one to 190 with an average of 19.

As the FAA reauthorization process proceeds, we urge the committee to draw attention to the aviation industry worker shortage and to look for opportunities to improve career technical education (CTE) in our sector. We also urge the committee and its members to support efforts to reauthorize the Perkins Act, which provides a framework for federal investment and involvement in CTE.

Expanding Airport Infrastructure
The American Society of Civil Engineers has given the nation's airport infrastructure a grade of "D." The Airports Council International has estimated that airports will require almost $100 billion in capital improvements over the next half decade. ARSA believes Congress must look for fiscally-responsible ways to expand America's airport capacity to improve passenger mobility, enhance system efficiency and ensure the continued growth and health of the aviation industry.

Thank you for your consideration of our comments. We look forward to working with you and your colleagues on both sides of the aisle and in both chambers of Congress to enact and FAA bill that improves regulatory oversight, enhances safety, expands our industry workforce, and improves our airport infrastructure.

Sincerely,

Christian A. Klein
Executive Vice President

c.c. All members of the House Transportation & Infrastructure Committee

Statement for the Record
Submitted by Atlas Air Worldwide

House Transportation and Infrastructure Committee
Aviation Subcommittee

Hearing titled, "Building a 21st Century Infrastructure for America: Air Transportation in the United States in the 21st Century"

Wednesday, March 8, 2017

Atlas Air Worldwide appreciates the opportunity to submit this Statement for the Record for the hearing titled "Building a 21st Century Infrastructure for America: Air Transportation in the United States in the 21st Century." Atlas Air is a leader in global airfreight, serving the airline and freight industries, as well as commercial and military customers. In 2016, our all-Boeing fleet of nearly 100 aircraft operated in over 120 countries.

As the Subcommittee explores the development of aviation infrastructure, we respectfully request that it consider the following issues for the upcoming Federal Aviation Administration (FAA) Reauthorization:

- Overhaul of the air traffic control (ATC) system in the United States; and the
- Maintenance of the United States' Open Skies agreements

Meaningful reform to our nation's ATC system will have significant and lasting benefits to the air cargo industry, our customers and the environment. The aviation industry is a major component of our nation's economy as it creates millions of jobs. The efficiency of our ATC system is crucial to enhancing safety as well as its continued expansion.

The United States' Open Skies agreements are critical to the air cargo industry. The agreements have improved trade, increased employment opportunities and enhanced economic growth. Changes to current policy would have adverse impacts on competition, choice, costs, and delivery of supplies to our troops deployed abroad.

I. Overhaul of the Nation's Air Traffic Control System

The aviation system in the United States is the busiest and most complex in the world. On average, over 27,000 flights each day operate in our nation's airspace, carrying more than 2 million passengers and over 50,000 tons of cargo. In just over a decade, it is estimated that our system will be responsible for transporting 1 billion passengers annually. Aviation in the United States is a vital sector of our nation's economy. It contributes over 5% of our GDP and supports millions of jobs.

Yet despite its economic significance, our nation's aviation system has not kept pace with advancements in technology or the increase in demand for both passenger and cargo airlift. Billions of dollars are lost annually as a result of delays and cancellations. In the air cargo business, our

customers demand on-time delivery, which can be difficult given the current constraints to the system. Modernization would create more efficiencies, and allow for significant growth in capacity while enhancing overall safety. This is why Atlas Air is supportive of the efforts undertaken by the Committee for ATC Reform proposed in the Aviation, Innovation, Reform and Reauthorization (AIRR) Act.

Over the past decade, the FAA has spent billions on its NextGen program which was designed to modernize our ATC operations from a World War II era radar-based system to one based on satellite navigation. Unfortunately, the results of NextGen have been limited, and the program has been plagued by delay and cost overruns.

NextGen technology could be more effectively deployed if Congress advances ATC Reform legislation that transfers FAA's operational responsibilities to a government chartered corporation, while maintaining the agency's important role of safety oversight. This new entity would be financed by users of the system and not subject to the fits and starts of the annual appropriations process. Uncertainty over the timing and levels of funding has hampered the ability of the FAA to make decisions on long-term planning and capital improvements projects.

II. Maintenance of the United States Open Skies Agreements

Atlas Air is supportive of the United States' Open Skies agreements. These agreements and the policy of Open Skies generally, have been embraced by both Democratic and Republican administrations since 1992. Over the past few years, there have been concerns expressed by some in the aviation industry who argue that Open Skies should be limited. In the specific case of the Gulf States, calls to open consultations and even freeze routes have been suggested. We are opposed to such actions.

Open Skies agreements create competition by allowing carriers to decide routes, capacity, frequency and pricing of their services based on market demand. This benefits all sectors of the economy, and is an integral part of a rules-based, global economy. The agreements allow United States' companies, both large and small, to reach markets and maintain supply chains established by the nation's air cargo carriers. Open Skies provides benefits to the nation's travelers by increasing access to international air travel, enabling demand to have a positive impact on job promotion and economic growth. Finally, Open Skies agreements support our nation's interests by maintaining the global delivery networks which transport vital supplies to our troops around the world.

III. Conclusion

As a global leader in airfreight, Atlas Air urges the Subcommittee to continue to promote efficiency in our aviation system by supporting the modernization of our nation's air traffic control system and preserving Open Skies agreements.

Testimony for the Record

House Transportation and Infrastructure Committee
Subcommittee on Aviation
Hearing: Building a 21st Century Infrastructure for America: Air Transportation in the United States in the 21st Century
March 8, 2017

Submitted by: The Cargo Airline Association

Thank you for the opportunity to submit a statement for the record regarding the Cargo Airline Association views related to the hearing, "Building a 21st Century Infrastructure for America: Air Transportation in the United States in the 21st Century". Our comments for the record will focus on the issue of Open Skies. The Association is the nationwide organization representing the interests of the U.S. all-cargo air carrier industry. Direct air carrier members of the Association are ABX Air, Inc., Atlas Air, Inc., FedEx Express, Kalitta Air, Inc. and United Parcel Service Co. Each of these carriers operate international networks designed to meet the needs of a worldwide customer base and are unwavering supporters of United States Open Skies policies. The industry is composed of vast networks designed to provide time-definite delivery of high value goods such as medical devices, pharmaceuticals, computers and computer parts, and health care products to customers around the globe.

These agreements, and the policy of Open Skies generally, have been embraced by both Democratic and Republican administrations since 1992. Over the past few years, there have been concerns expressed by the U.S. legacy carriers causing some to argue Open Skies should be limited. In the specific case of the Gulf States, calls to open consultations or even more dramatic, freeze routes have been suggested. We are opposed to such actions and believe the U.S. should determine whether any foreign government assistance has damaged U.S. interests. Absent any such findings, the terms of the Open Skies agreement at hand should remain intact.

The way Open Skies impacts the all-cargo industry is unique. Unlike passenger carriers, members of the all-cargo industry do not have code share agreements or worldwide alliances; we depend on the beyond rights inherent in Open Skies agreements to provide worldwide service. Indeed, it is not an overstatement that, absent Open Skies agreements, existing worldwide air cargo networks could not exist as we know them today and the ability to provide efficient, time-definite, transportation of high-value goods.

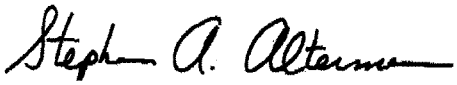
Our member carriers employ over **1 million** individuals, more than twice the employees of the major legacy U.S. passenger carriers combined. These jobs will be in jeopardy if any action is taken to limit competitive opportunities by restricting the ability of carriers to operate, not only between countries that are parties to Open Skies agreements, but also beyond those countries to other areas of the globe.

The United States must **not** take any unilateral action (such as an immediate freeze of competitive opportunities or any limitation of Fifth Freedom rights) that is not within the scope

of these agreements. Any such action could lead to retaliation by foreign governments, retaliation that will adversely impact all-cargo carriers. With respect, specifically to the Gulf Region at issue herein, beyond rights are crucial to efficient air cargo service to Africa, the Indian Subcontinent and points in Asia.

In view of the facts described above, the Association urges the United States Government to carefully consider the allegations made against the Gulf States region and to utilize existing mechanisms within the Open Skies agreements to address the concerns levied by the legacy U.S. carriers.

Respectfully Submitted,



Stephen A. Alterman,
President
Cargo Airline Association

March 20, 2017

March 23, 2017

The Honorable Frank LoBiondo, Chairman
Committee on Transportation and Infrastructure
Aviation Subcommittee
U.S. House of Representatives
2251 Rayburn House Office Building
Washington, DC 20515

Dear Chairman LoBiondo,

Thank you for inviting us to submit testimony regarding the Open Skies issue currently being debated before your committee. This is a critical issue for airports across the country.

We are writing to express our full support for international Open Skies agreements already in place that enable non-hub markets to compete for passenger and cargo air access. While many of our nation's air carriers are focused on their successful business model of connecting passengers through major connecting hubs and channeling international passengers through a small number of gateway airports, non-hub airports rely on international competition that is critical to our collective economies. As many of us have experienced when nonstop service goes away, so too do economic opportunities. Therefore Open Skies agreements are critical for international competition that fuel jobs in the aviation industry and beyond, which has a huge impact on economic development and the well-being of our regions.

New entrants into American aviation markets increase international travel to the United States, and directly support the communities they serve while simultaneously strengthening the national economy. The United States cannot retain nor grow its strong international travel market share without the presence of international air carriers operating under Open Skies agreements.

Competition provides opportunity for essential point-to-point access upon which business and leisure passengers as well as cargo depend. Direct cargo routes save our businesses millions of dollars annually, support thousands of direct and indirect jobs, and enable us to effectively compete with larger metro areas.

Communities across the heart of the United States would certainly bear the brunt of any policy change away from the existing Open Skies policy. We are confident that this Congress is focused on expanding business opportunities throughout the entire country. We appreciate your attention to this issue.

Sincerely,

Candace McGraw, CEO
Cincinnati/Northern Kentucky International Airport

Mark Gale, CEO
Fort Lauderdale–Hollywood International Airport

Ismael Bonilla, Director
General Mitchell International Airport

Elaine Roberts, CEO
John Glenn Columbus International Airport

Skip Miller, Executive Director
Louisville International Airport

Rosemary A. Vassiliadis, Director of Aviation
McCarran International Airport

Scott Brockman, CEO
Memphis International Airport

Phil Brown, Executive Director
Orlando International Airport

Christina Cassotis, CEO
Pittsburgh International Airport

Joseph Lopano, CEO
Tampa International Airport

Editor's note: This letter was also sent to Hon. Bill Shuster, Chairman, Committee on Transportation and Infrastructure.

Statement of Will Löfberg
Vice President, International, Government and Environment Affairs
Emirates Airline

Submitted to the
Subcommittee on Aviation
Transportation and Infrastructure Committee
U.S. House of Representatives
in Connection with the Hearing on March 8, 2017
"Building a 21st Century Infrastructure for America: Air Transportation in the United States in the 21st Century"

Emirates Airline welcomes the opportunity to submit this statement for the record in connection with the Subcommittee's hearing on March 8, 2017. This statement presents Emirates' views on important issues raised at the hearing and corrects a number of false allegations in written testimony and statements submitted to the Subcommittee as well as in statements and answers to questions during the hearing itself.

Emirates began service to the United States in 2004, exercising the rights contained in the 1999 U.S.-UAE Open Skies Agreement. That agreement was drafted by the United States and presented to the UAE in furtherance of longstanding U.S. international aviation policy. The Agreement conforms in every detail to the model U.S. Open Skies text.

Since 1999, airlines of both the United States and the UAE have exercised the rights in the Open Skies agreement. For its part, the UAE has never imposed any restrictions on U.S. carriers seeking to utilize those rights. To unilaterally do so would breach the agreement. Among U.S. airlines, FedEx has established an important hub in Dubai, and both United Airlines and Delta Air Lines have operated air services to Dubai—in United's case, including the exercise of fifth-freedom "beyond" rights between Dubai and Doha, Qatar.

It is now over two years since the three largest U.S. network airlines—United, Delta, and American Airlines ("the Big 3")—commenced a massive, multi-million-dollar political campaign to limit the exercise of Open Skies rights by Emirates and the two other Gulf airlines. The Big 3 began their campaign with secret, closed-door meetings with senior officials of the Executive Branch, demanding the invocation of formal consultations under Article 13 of the Open Skies Agreement as well as an immediate freeze on the Gulf airlines' exercise of Open Skies traffic

rights. Only after many weeks did they release their so-called "white paper" containing their allegations, and it was many more weeks before they made public the "supporting" documentation provided months before to the U.S. Government.

While spending massive sums on lobbying and anti-Gulf airline publicity, the Big 3 have ignored the statutory avenue for addressing their allegations established by the U.S. Congress in the International Air Transportation Fair Competitive Practices Act (IATFCPA). If, as the Big 3 assert, their allegations of subsidy and commercial harm are so compelling as to be irrefutable, then they should have the confidence to present them to the Department of Transportation in a formal, fact-based IATFCPA complaint. Tellingly, they have failed to do so for over two years.

Likewise, they have failed to ask the U.S. Government to address their allegations about unfair price competition by invoking the procedures set out in Article 12 (Pricing) of the Open Skies Agreement—the only article in which the term "subsidy" is used. Instead, the Big 3 have promulgated and repeated false allegations in a blatantly political attempt to steamroll action against the UAE, Qatar, and the three Gulf airlines rather than pursue well-established legal procedures. Indeed, when the U.S. Government asked the Big 3 in 2015 to identify the articles of the Open Skies Agreement that, in their view, were being violated, they failed to do so.

Each and every allegation of distortive government subsidy lodged against Emirates Airline has been rebutted in detail in Emirates' 345-page formal submission of June 29, 2015, to the Departments of State, Transportation, and Commerce.[1] Emirates has never received subsidies and operates on a purely commercial basis. Emirates has grown by consistently offering passengers a world-leading level of service and value proposition that has created tremendous brand loyalty, by leveraging the advantages of the UAE's geography to offer convenient non-stop and one-stop service to cities on six continents, and by utilizing self-generated profits and commercial aircraft financing to expand and modernize its fleet. Emirates' financial performance and exclusively

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[1] At http://content.emirates.com/downloads/ek/pdfs/open_skies/Emirates_US_Subsidy_Rebuttal_document.pdf. See also Emirates' rebuttal to subsequent allegations at: http://content.emirates.com/downloads/ek/pdfs/open_skies/Emirates_Rebuttal_to_Compass_Lexecon_Reports.pdf.

commercial orientation are amply documented in the independently audited financial statements prepared by PricewaterhouseCoopers in accordance with international accounting standards. These audited financials, going back to the early 1990's, are publicly available on Emirates' website[2] and eviscerate the sweeping polemics of the Big 3.

Representatives of the Big 3 and their union supporters would have the Subcommittee believe that Emirates is harming the U.S. economy and taking away U.S. jobs. In reality, the reverse is true. Emirates has long contributed to U.S. global connectivity, U.S. consumer choice, and U.S. wealth creation. As an independent carrier not aligned with the three massive, antitrust-immunized airlines alliances led by the Big 3, Emirates offers consumers an essential competitive alternative for their global travel needs. Emirates fills a huge gap in the market by taking American travelers to and from destinations not served—or served only poorly—by the Big 3 and their European alliance partners. In addition, Emirates offers efficient one-stop access via Dubai to passengers from other countries who might not otherwise visit the United States and benefit the vitally important American trade and tourism sector. With world-leading service, a modern aircraft fleet, significantly better connections, and competitive fares, Emirates gives consumers a choice that the Big 3 seek to erase—and so protect their ability through antitrust-immunized joint ventures to limit capacity and raise fares. Moreover, Emirates feeds passengers onto the networks of its U.S. partner airlines, JetBlue and Alaska, that, as Alaska CEO Brad Tilden testified at the March 8 hearing, are critical to smaller U.S. carriers seeking to compete with the "one-stop shops" at the Big 3 and their alliances. In fact, in the twelve months ending November 2016, over 370,000 Emirates passengers connected onto U.S. partner airlines.

In addition, Emirates' U.S. service significantly benefits the communities it serves. According to the U.S. airports and surrounding regions to which Emirates operates, the annual economic impact of its flights exceeds $3 billion.

Emirates offers over 100,000 tonnes of cargo capacity from the United States annually. This facilitates U.S. foreign trade and opens up new markets for U.S. exporters in the Middle East, Africa, and Asia, particularly in the trade of high-value and time-sensitive goods such as automobile parts, equipment, medical supplies, and fresh produce. Since 2004, Emirates has transported 766,000 tonnes of cargo on its flights

[2] At https://www.emirates.com/us/english/about/annual-reports.aspx.

between the U.S. and Dubai. U.S. exports to the UAE alone accounted for $22.4 billion in 2016, making the UAE the top U.S. export destination in the entire Middle East and North Africa for the eighth consecutive year. According to the U.S. Department of Commerce, the United States enjoys a very large balance of trade surplus with the UAE. In 2016, U.S. exports to the UAE totaled $22.4 billion, imports from the UAE totaled $3.4 billion, and the U.S. surplus was $19.0 billion.[3]

Emirates has contributed massively to American job creation through its unrivaled support for the U.S. aerospace industry and U.S. aerospace manufacturing. Emirates is the largest operator of Boeing 777 aircraft in the world—aircraft powered by GE engines. When Boeing sought a loyal and reliable customer to place a major launch order for its new-generation 777X aircraft, it turned to Emirates. In the largest commercial aviation transaction in U.S. history, Emirates committed to the purchase of 150 777X aircraft (plus 50 options), ensuring this new aircraft program would take off, succeed, and showcase Boeing's global aerospace leadership. Based on U.S. Department of Commerce multipliers for exports of products and services, Emirates has supported almost a million American jobs over the past three decades through purchases of U.S.-built aircraft, engines, and services. Taken together, the three Gulf airlines (Emirates, Etihad, and Qatar) account for 235 of the 306 total Boeing 777X orders. Significantly, the Big 3 have ordered none.

The Big 3's allegations of job losses are also at odds with the, for them, unfortunate truth that U.S. airline employment has grown significantly during the years in which Emirates has expanded service to the United States. Furthermore, the earnings of U.S. airline employees have significantly outpaced the earnings growth of employees in the U.S. private sector. As summarized in a recent public study by Airlines for America (to which both American and United belong):

> *Combined, U.S. passenger and cargo airlines ended 2016 with nearly 700,000 workers on their payrolls – the highest level in 16 years. With seven consecutive years of profitability, these airlines added 33,000 full-time equivalent (FTE) workers from 2010 to 2016, with expenditures on wages and benefits rising 44 percent over that same timeframe to $44 billion. And, further evidence that the airline industry is truly powering our economy, the Bureau of Transportation Statistics recently reported that employment among*

[3] Department of Commerce, U.S. Census Bureau, "Trade in Goods with United Arab Emirates".

> *U.S. passenger airlines has grown year-over-year for 38 consecutive months, with the rate of growth hovering at 4 percent – twice the rate of job growth for the overall economy.*
>
> *Meanwhile, with many stories being written about wage stagnation across the U.S. economy, the average wage at U.S. passenger airlines in 2016 rose 35 percent from 2010 and remained well above the U.S. private-sector average. In fact, the most recent available data show that U.S. passenger airline employees enjoy wages 38 percent higher than the U.S. private sector average.*[4]

In conclusion, I wish to address three further false allegations made in conjunction with the March 8 hearing:

First, Emirates was accused of "flying empty planes" between New York and Milan. This is utterly false. Profitable for 28 straight years, Emirates assures the Subcommittee that it has not achieved this success by operating empty aircraft. In 2016, the average seat factor on the Dubai-Milan-New York (JFK) route was 74%. On the Milan-New York and New York-Milan sectors, the average seat factors were 81% and 77%, respectively. Emirates commenced the Milan-New York service in 2013 after the Italian Government requested it do so in order to address inadequate, often less-than-daily service offered by Alitalia and the Big 3. Within twelve months from the commencement of Emirates' service, the total size of the Milan-New York market increased by 79%, greatly benefitting the airports, surrounding regions, tourism and trade and, not least, U.S. and Italian consumers, who now enjoy better connectivity and more choice. Significantly, the total number of frequencies operated by the Big 3 and Alitalia before Emirates entered the Milan-New York market remains unchanged today—an uncomfortable fact for the Big 3 and their tired assertions that Emirates is running them out of markets.

Second, the Air Line Pilots Association asserted in a statement that "every widebody frequency that U.S. carriers lose to the ME3 [the Gulf carriers] costs the U.S. economy more than 800 jobs." This allegation is, in fact, a hypothetical conjecture contrary to reality. As noted above, notwithstanding substantial growth by the Gulf airlines, U.S. carriers—including the Big 3—have added employees and are paying them higher salaries that, over the past five years, have significantly outstripped wage growth in the overall U.S. private sector. Specifically, the Big 3 have not

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[4] Airlines for America, "The Aviation Industry Empowers America" (Mar. 10, 2017) at: http://airlines.org/blog/the-aviation-industry-empowers-america/.

documented a single instance in which they have laid off employees or reduced their fleets due to Gulf carrier competition. That United and Delta discontinued flights to Dubai proves only that they decided to allocate their aircraft and employees to other, for them, more lucrative flying opportunities. Indeed, the suggestion by the Big 3 that job losses can be attributed to their redeployment of aircraft from markets in which they competed head-to-head with Emirates to markets they dominate with their alliance partners fails the common sense test.

Third, the statement was made that "new flights [by Gulf carriers] do not represent increased passenger growth. They siphon flyers from U.S. carriers, from the U.S. to India and Asia." This false statement is premised on a fundamental distortion of the air services provided by U.S. airlines. For reasons that only the Big 3 can explain, they failed over the past two decades to identify and take advantage of the extraordinary air service opportunities presented by emerging markets such as India. Assertions that they were "forced" or "chased" out of the U.S.-India market are bizarre: entering a market is a prerequisite to leaving. American stuck its toe in the market with Chicago-Delhi service but withdrew in 2012 shortly after it took advantage of Chapter 11 restructuring and well before Emirates commenced Dubai-Chicago service in 2014. Delta stood down its India service from New York—blaming ExIm support to Air India as the reason. Today, only United of the Big 3 offers non-stop service to India, with flights from Newark to Delhi and Mumbai. Otherwise, the Big 3 offer their customers what is very often an inferior, multi-stop connecting service over the hubs of their European alliance partners. As commercial enterprises, that is their choice, but they cannot blame Emirates for "chasing" them out of markets they have never seriously served.

More broadly, the underlying premise of the Big 3's "siphon off" or diversion argument is false. Statements by the Big 3 suggest that they view international passengers as "their" passengers and that they are entitled to their historic market share of them. When passengers choose to fly with a new entrant like Emirates, the proprietary prism of the Big 3 deems the passengers "siphoned off," "diverted," or "stolen." Emirates has a diametrically opposite view: every airline, incumbent or new entrant, must win the loyalty of customers in a competitive marketplace by offering excellent service and the best value. As demonstrated on the Milan-New York route, empirical evidence shows that entry by Emirates stimulates demand and creates a larger pie for all competitors. The Big 3, however, claim "harm" when their historical market share decreases and some of "their" passengers choose to fly with someone else. It is

Emirates' view that no airline owns passengers. There is no "their" or "mine" in a competitive market – every airline, Emirates included, must earn the business of passengers every day. This is at the heart of the United States' pro-competition, pro-consumer, and pro-growth Open Skies policy—a policy to which the Big 3 pledge fealty but which they seek, in reality, to undermine.

Testimony for the Record

Submitted by FedEx Corporation

Before the
Committee on Transportation and Infrastructure
Subcommittee on Aviation
U.S. House of Representatives

March 8, 2017

On behalf of its more than 400,000 team members located around the world and in every U.S. state and territory, FedEx Corporation (FedEx) appreciates the opportunity to submit this statement for the record in connection with the Subcommittee's hearing on March 8, 2017. This statement presents FedEx's views on the very important issues relating to international air transportation raised at the hearing and in written testimony and statements submitted to the Subcommittee. Our chairman, chief executive officer and founder Frederick W. Smith also addressed these issues before the Committee on February 1, 2017, and we ask that the Subcommittee take note of his written and oral testimony from that proceeding.

FedEx has been one of the most vocal and consistent advocates of the U.S. international air services policies embodied in the "Open Skies agreements." These agreements revolutionized the commercial air transportation industry and established the U.S. as the leader of global aviation policy. Under the terms of the 120 Open Skies agreements negotiated by the State Department and the Department of Transportation (DOT) since 1992, FedEx has built a global air cargo transportation network, operated by U.S. pilots flying U.S-flagged aircraft – including those manufactured by Boeing – connecting U.S. shippers to more than 220 countries and territories. These agreements have created exciting opportunities for U.S. carriers that want

to innovate and compete in international aviation markets and have provided access to points around the globe for U.S. travelers and shippers. They have stimulated traffic on the routes between the U.S. and other countries and provided jobs for thousands of Americans both directly – at airlines, airports and aerospace manufacturers – and indirectly – by bringing international travelers and tourists to U.S. destinations and taking the products of large and small U.S. manufacturers to foreign markets.

Because of this clear economic benefit, FedEx has been dismayed at the attacks by three of the legacy airlines (i.e., Delta, United, and American) and their coalition which have placed these agreements at risk in two situations.

There is no question that these three legacy carriers benefit from Open Skies. Because of their liberalized terms, those carriers have been granted broad exemptions from U.S. antitrust laws. They have been permitted to control and divvy up 80% of the transatlantic passenger market among themselves, relying on alliances with foreign carriers. Through these alliances, these U.S. operators funnel American travelers onto foreign airlines, including some state-owned operators operating under many of the same rules that they so strongly criticize.

The legacy carriers have asserted that their U.S. jobs are at risk because of unfair competition from carriers in the Middle East and in Europe. Because of the legacy carriers' suggestions that the U.S. should act unilaterally and breach the Open Skies agreements, we, too, worry about the risk to U.S. jobs. We proudly point out that U.S. carriers other than the legacy carriers employ more than 942,000 U.S. workers (more than three times their total), including many pilots, mechanics and flight crews in addition to package handlers, baggage handlers and others with good aviation-related jobs located in every U.S. state. It is these jobs that would be at

risk if actions proposed by the legacy carriers and their supporters were to result in retaliation against the U.S. by Open Skies partners in the Middle East and Europe.

The first situation at issue involves three Gulf carriers: Emirates Airlines, Etihad Airways, and Qatar Airways. At the present time, FedEx's workforce benefits greatly from the Open Skies agreements with the United Arab Emirates (UAE) and Qatar, and those benefits also flow to our customers, vendors and the communities in which they are located. FedEx's ALPA-represented pilots fly U.S.-manufactured aircraft – including those manufactured by Boeing – throughout the world, to and from five major U.S. hubs in Memphis, Indianapolis, Miami, Anchorage, and Oakland. Included in that global network are 44 flights transiting Dubai each week, the largest U.S. flag presence there. (No U.S. passenger carrier directly serves Dubai or any other Gulf airport.) Curtailment or cessation of these FedEx flights would send ripple effects throughout our U.S. network and would harm American producers seeking to exploit the fast-growing markets of South Asia, Africa, and the Middle East using air cargo services. U.S. exports resulting from the U.S.-UAE Open Skies agreement supported 124,000 U.S. jobs in 2012 and will contribute 347,000 jobs over the next ten years.[1] While FedEx does face significant competition with these carriers in global air cargo services including on U.S. international lanes,[2] we work to meet (and exceed) that challenge in the marketplace rather than seek protection from our government.

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[1] See Federal Express Corporation, "Supplement to Comment of Federal Express Corporation," DOT-OST-2015-0082-1681 (August 12, 2015).

[2] Combined, the three carriers operate Fifth and Sixth Freedom all-cargo routes into at least 15 U.S. cities. They operate a total of 46 wide-body modern freighters as well as offering substantial belly freight services in their combination aircraft for all their U.S. passenger destinations. Two of these carriers are among the top ten air cargo operators in the world.

The legacy carriers are claiming that the three Gulf carriers are violating those agreements through subsidization by their governments and thus have harmed U.S. carriers. This does not really make sense. Other commentators have noted the lack of harm.[3] The legacy carriers are proud of their record profits, expanding workforce and investments in premium services. Additionally, the legacy carriers have not asked for the only remedy specified for subsidies – price adjustments – in the Open Skies agreements. Instead, they have advocated for unilaterally limiting new flights, which would place the U.S. in clear breach of its market access commitments. It would appear that without reference to alleged harm or in compliance with agreed commitments, the legacy carriers just want flat-out protectionism, regardless of the impact on other American companies' jobs and opportunities.

Interestingly, the U.S. carriers have not pursued their complaint through the one U.S. legal channel established by Congress[4] where their grievances could be publicly examined and weighed against the formidable economic evidence put forward by the other side. If the legacy carriers are as confident in the merits of their case as they claim, they should immediately follow this well-established pathway. There is no reason for Open Skies policy and U.S. global air service leadership to be put at risk when there is a well-established DOT process available to them to attempt to make their case with facts and to seek proper and lawful relief.

Suggestions that new U.S. flights by the Gulf carriers should be unilaterally limited – with one witness at the hearing even calling for outright cancellation of these valuable

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[3] Kevin Mitchell, "Unhappy Birthday: The Anti-Open Skies Campaign Against Competitive Choice Turns 2, Meetings and Conventions, March 9, 2017 at http://www.meetings-conventions.com/Blogs/Guest-Stars/post/2017/03/09/Anti-Open-Skies-Campaign-Against-Competitive-Choice.

[4] E.g., the International Air Transportation Fair Competitive Practices Act, 49 U.S.C. §41310.

agreements[5] – do not account for the overall positive impact that the agreements have on the U.S. economy and U.S. jobs. Instead the legacy carriers are seeking to buttress their already-strong competitive posture while intentionally ignoring the needs of the rest of U.S. employees and consumers, as well as aviation, aerospace, travel, and manufacturing participants. This vastly distorts the needs of the larger stakeholder interests and could lead to an overall collapse of the Open Skies policy.

The legacy carriers also seem to oppose the use of Fifth Freedoms by the Gulf carriers, even though these are fundamental rights granted to both sides in every one of the 120 Open Skies agreements. Without inclusion of reciprocal Fifth Freedom rights in the agreement, market entry would not be liberalized enough to allow the immunized alliance structure which is the bedrock of the legacy carrier's international offerings. While they complain loudly about the two Fifth Freedom passenger routes now conducted by Gulf carriers, they ignore the fact that all of their own alliance routes – where they have ceded much of the international flying to non-U.S. pilots – would be illegal absent Open Skies. Furthermore, these rights are central to the international air freight networks operated by FedEx and other U.S. cargo carriers. To single those rights out for limitation – as appears to be the suggestion in many of the legacy carriers' presentations – is to essentially put cargo in the cross-hairs for retaliation.

The second situation at issue is the DOT's permission for the Irish-licensed Norwegian Air International (NAI) to operate as a foreign air carrier to the U.S. In that case, one of our most trusted aviation partners, the European Union (EU), was forced to bring the U.S. to task under the Open Skies agreement for failure to respect its clearly stated terms. When the DOT finally

[5] Air Transportation in the United States in the 21st Century: Hearing Before the Committee on Transportation and Infrastructure, Subcommittee on Aviation, U.S. House of Representatives, March 8, 2017, 115th Cong. (Testimony of Sara Nelson, International President, Association of Flight Attendants-CWA). Retrieved from https://transportation.house.gov/calendar/eventsingle.aspx?EventID=401180 [42:03].

did grant the NAI foreign carrier application, it did so with the full-throated support of all the relevant U.S. government lawyers, who wrote extensive and detailed legal opinions supporting that conclusion. In addition, the negotiators on both sides filed affidavits stating their intent relating to the relevant provisions. Nonetheless, U.S. unions have taken the position that all of those participants must be wrong. Otherwise, the result is that granting access to an EU airline (Irish-licensed NAI) operating under EU standards (the same ones that all European-based carriers comply with) with EU-licensed crew somehow endangers U.S. standards. The "flag of convenience" attack falsely implies lower standards, both safety and economic, and intentionally raises ugly images of a regulatory system gone bad. International aviation is the safest way to travel, and the U.S. and Europe are committed to keeping it that way. This attack defames the European aviation safety and licensing agencies, the decision of which the U.S. committed to respect in the Open Skies agreement. The U.S. must continue to honor its commitments and not pick the answer based on the airline involved.

Because Open Skies agreements are so important, it is critical that the U.S. maintain a good record of honoring them. This is where the two foreign competition issues raised before the Subcommittee – the Gulf carriers and Norwegian Air International (NAI) – intersect. The problem here is not in these agreements – or in the U.S. application thereof – but in the presumption that only a few major U.S. airlines should be the beneficiaries of U.S. international air services agreements. The legacy carriers and their supporters would have the U.S. abandon its leadership in their arena. They are advocating honoring an agreement until it becomes inconvenient, and then picking out some new rules – such as those used in trade in goods – to manipulate the result to help certain American actors. This overlooks all of those other carriers that operate to international markets, the airports that want to provide their communities with

critical international services, and the travelers and the shippers looking for competitive and varied options for their travel and shipping services. Open Skies is a two-way street, intended to create a market of competitors who create excellent and competitive services for a demanding and diverse market. It is not intended to create advantages for only one country's carriers. The U.S. should respect our treaty commitments and move forward under the clear terms of each agreement.

Statement of Phillip N. Brown
Executive Director
Greater Orlando Aviation Authority

Submitted to the
House Aviation Subcommittee
in Connection with the Hearing on March 8, 2017
"Building a 21st Century Infrastructure for America: Air Transportation in the United States in the 21st Century"

The Greater Orlando Aviation Authority (the "Aviation Authority") welcomes the opportunity to submit this statement for the record in connection with the Subcommittee's hearing on March 8, 2017. It presents the Aviation Authority's views on important international aviation-related issues raised at the hearing. Orlando International Airport is not a hub for any of the three global airline alliances which presents unique challenges as we seek to expand competitive choice in international air service for our customers while serving the best economic interest of Central Florida. In 2015 Orlando welcomed 66.5 million visitors to Central Florida, one of the world's most recognized leisure destinations. International visitors are a growing component of our tourism-focused economy and are vital to tourism-related jobs in the Orlando area. We hope our perspectives will be helpful to the Subcommittee.

At the outset let me emphasize the Aviation Authority wants all US airlines and their employees to be successful. However, we disagree strongly with testimony and statements made to the Subcommittee suggesting US international aviation policy should be guided solely by the perceived best interest of the largest US carriers and their employees. The United States must have an international aviation policy that considers and values the interests of all stakeholders including consumers, communities and airports. Thankfully, we have had such a policy for 25 years – Open Skies.

It is easy to take the unquestioned success of our bipartisan Open Skies policy for granted. But, as a non-global alliance hub airport, Orlando International Airport never has and never will. We are justifiably proud that Orlando International Airport is a world-class facility that serves the world's premier leisure destination. But, we are ever mindful that most of the non-stop international air service our customers and community rely on today would not be possible without Open Skies. The business model of Delta Air Lines, United Airlines and American

Airlines, in coordination with their foreign alliance partners, connects their passengers through US alliance hub airports. For them, Orlando is simply a spoke from their domestic fortress hubs. To provide our passengers with non-stop options as well – and allow Orlando and Central Florida to compete effectively with other destinations – Open Skies agreements are imperative because they give foreign carriers the commercial flexibility to choose to fly non-stop to Orlando from abroad.

Prior to Open Skies, the Unites States had an international airline, not aviation, policy. By this I mean the policy was guided almost exclusively by the parochial interest of the two principal US international carriers at the time, TWA and Pan Am. Consumers' interest in the greatest possible competitive choice – including both non-stop and connecting flights – was virtually ignored. The interest of communities like Orlando in obtaining greater international air service access and securing the tremendous local economic benefits it provides was hardly given a thought. Fortunately, Open Skies turned that narrow and short-sighted policy on its head. For the first time, a holistic national policy considered the interests of all aviation stakeholders to be the guiding light for international aviation policy. As a result of Open Skies, Orlando was given an opportunity, on which we have since capitalized, to build an impressive selection of non-stop international destinations on three continents and one-stop service virtually worldwide. Turning back the clock on Open Skies, as at least one witness and one written submission suggest, would be a huge mistake.

A case in point is our non-stop Orlando-Dubai service that Emirates Airline launched in September 2015. Opponents of the Gulf carriers demanded the Obama Administration block this important new flight. They disparaged it as a "Mickey Mouse flight" and predicted its imminent failure. They further claimed only a subsidized carrier that operated without regard for profitability would offer such a flight, which they pronounced to be commercially foolish. To its credit, the Obama Administration rejected their request that the US breach the US-UAE and US-Qatar Open Skies agreements by freezing rights to start new flights such as ours. Because of their hub and spoke business model, it is highly unlikely that Delta, United, American or the alliances they lead would ever launch non-stop Orlando-Dubai service. It is equally unlikely they and their alliance partners would offer efficient one-stop service to ten or more cities in India, serving our growing population of Indian-American residents that travel regularly to the Indian subcontinent to visit relatives and friends. Instead, the three large US network airlines sought to deny Central Florida passengers a new international air service option that they, focused solely on their fortress hubs, will never provide.

What has 18 months of operational experience shown? All the doubters and naysayers about Emirates' Orlando-Dubai daily non-stop flight were 100 percent wrong! It has been a great success for Orlando International Airport and Central Florida. To date the flight has carried more than 245,000 passengers and 8,000 tons of cargo. We forecasted the new flight would bring more than $100 million in annual economic benefits to Central Florida and support and sustain several thousand jobs. It has surpassed these expectations. In fact, the flight has been so successful after just one year in operation Emirates upgauged from a Boeing 777-200LR to a -300ER. The Central Florida community and the Aviation Authority greatly value our partnership with Emirates and, working together, we believe this flight will stimulate more international service and provide more jobs for Central Florida residents.

The statement was made to the Subcommittee that Gulf Carrier service does not stimulate new traffic but merely diverts passengers from US airlines. Based on our experience in Orlando, that is grossly inaccurate. Emirates' Orlando-Dubai flight has stimulated significant new traffic, and done so for good and very understandable reasons. Via Emirates' hub in Dubai, Orlando now has, for the first time, one-stop access to dozens of beyond destinations including cities throughout the Middle East, Africa, India and Southeast Asia. For the first time travelers who in the past could reach Orlando only through arduous, inconvenient, multi-stop and multi-carrier journeys are seizing on the opportunity for one-stop, on-line access via Dubai. These are new passengers, and the Aviation Authority and the Central Florida economy, are benefiting from Emirates' decision to fly to Orlando. This is but one example of how the Gulf Carriers are stimulating, not diverting, significant new passenger traffic.

We also take issue with the statement by the Air Line Pilots Association that every flight launched by a Gulf Carrier costs the US economy 800 jobs. As stated above, Central Florida's experience has been the exact opposite. Emirates' flight is delivering more than $100 million in annual economic benefits to our community and supporting and sustaining several thousand American jobs. Moreover, the assertion that our new Emirates flight somehow costs hundreds of US airline jobs does not square with reality. No US airline has even considered launching a non-stop Orlando-Dubai flight. Nor have US airlines parked aircraft or laid off employees—indeed, the largest US carriers have increased employment and their wages have outstripped those of other US private sector workers. It defies logic and common sense that US airlines jobs could be lost due to a flight opportunity US airlines have never shown an interest in offering.

Consistent with GOAA's support for Open Skies and the greatest possible competitive choice for our customers, we have been a longstanding supporter of Norwegian Air International ("NAI") and Norwegian Air UK's applications to the Department of Transportation ("DOT") for foreign air carrier permits. As the historic US-EU Open Skies agreement nears its 10th anniversary we continue to believe strongly that Norwegian is precisely the type of innovative, consumer-friendly new service envisioned by that agreement. The Aviation Authority was pleased that, after a disappointingly long delay, DOT finally granted NAI's foreign air carrier permit late last year. The continuing delay doing the same for Norwegian Air UK is perplexing. Opponents lodged the same objections DOT carefully considered and rejected in the NAI matter. We hope DOT will apply the same sound legal analysis it did in the NAI matter to expeditiously reach the same pro-consumer result.

Discussion of Norwegian at the hearing ignored the interest of consumers, communities and airports. Today, more than 80 percent of transatlantic capacity is controlled by Delta, United, American and their alliance and joint venture partners. Due to grants of antitrust immunity, prices, capacity and schedules are coordinated for the benefits of the carriers, not consumers. Simply put, more than at any other time, the Aviation Authority believes our customers need and deserve greater competitive choice. That is why we have so staunchly supported NAI and Norwegian Air UK.

We are mindful that challenging the norm and attempting to shatter conventional wisdom regarding long-haul, low-cost service can be difficult for some to embrace. But, it is our view NAI and Norwegian Air UK deserve a chance to succeed or fail in the transatlantic marketplace as guaranteed to both by the US-EU Open Skies agreement. A political campaign orchestrated by US competitors and their unions should not have the last word: rather, the market and consumers should. The Aviation Authority is very pleased to currently have weekly flights offered by Norwegian to London Gatwick and Oslo, and we look forward to welcoming additional flights this summer to Paris and Copenhagen. Our customers are grateful for the additional competitive choice Norwegian brings to Orlando International Airport. Central Florida appreciates the substantial economic benefits and jobs Norwegian's flights deliver to our community.

Thank you for the opportunity to provide our views on these important issues.

Jonathan Ornstein, Chairman & CEO
Mesa Air Group, Inc.
410 North 44th Street, Suite 700
Phoenix, AZ 85008

Statement For The Record

"Building a 21st Century Infrastructure for America:

Air Transportation in the United States in the 21st Century"

Jonathan Ornstein, Chairman and CEO, Mesa Air Group, Inc.

March 8, 2017

Chairman LoBiondo, Ranking Member Larsen, members of the Aviation Subcommittee, thank you for the opportunity to submit comments for the record on the Subcommittee's review of the "1,500 Hour Rule." My name is Jonathan Ornstein and I am Chairman of the Board and Chief Executive Officer of Mesa Air Group (Mesa) with over 30 years of aviation experience.

Mesa is the third largest independent regional air carrier in the country. Currently, Mesa has over 3,500 employees and operates over 140 aircraft for American and United Airlines. Headquartered in Phoenix, AZ, Mesa also has base operations in Phoenix, Dallas, Houston, and Washington D.C. Mesa's business model is based on connecting small communities to large hubs through code share agreements with American and United Airlines.

We understand the sensitivity surrounding the Colgan incident and the importance of preventing future tragedies. However, we do not agree with the 1,500 hour rule that emerged out of the Airline Safety and Federal Aviation Administration (FAA) Extension Act of 2010. Regulation 14 CFR 121.436, also known as the 1,500 hour rule, initiated August 1, 2013, with the goal of improving the skills of first officers by increasing their flight experience requirement from 250 hours to 1,500 hours. However, studies and industry experts agree new pilots' skills and experience are correlated to the training program and not the total amount of hours. In addition, industry experts are suggesting this regulation creates a hazardous flying environment.

In fact, the overwhelming consensus among industry experts is the rule provides no added safety. The FAA and National Transportation Safety Board (NTSB) state, "Hours alone are a poor metric for safety, advocating for a reliance on the quality of pilot training programs as a more appropriate metric."[1] A recent independent study stated, " . . . the training records of 7,073 pilots at 22 regional airlines showed no positive correlation between higher hours in flight and a pilot's proficiency. In fact the inverse was true."[2] Since the rule was enacted, studies show: (a) Lower quality of eligible pilot applicant pool; (b) New hire pilots perform worse in airline training; (c) Pilots experienced more training non-completions and require more extra training; (d) Pilots with highest hours fared worst in training; (e) Pilots with structured training backgrounds and fewer hours in flight had the best training outcomes.[2]

Quite simply, the enviable and "world's safest" U.S. air transportation system was built by pilots under a rule requiring only 250 hours of training. Pilots were then required to enter the rigorous programs of the U.S. Part 121 Carriers under the guidance of the FAA. Since the new regulation, airlines are spending more time correcting a pilot's bad habits while flying unproductive hours to meet their 1,500 hour goal. Pilots are flying single engine non-pressurized

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[1] Creedy, K. (2016, February 4). Pilot Training Requires Regulatory Overhaul To Improve Safety. Forbes, 1-5.
[2] Pilotsourcestudy.org

aircraft in circular patterns and are then expected to somehow be more equipped and better skilled to handle a multiengine pressurized jet. Unfortunately, airlines are forced to hire less qualified pilots due to the regulation's reduction in the number of qualified pilot applicants.

Additionally, small communities are losing service at an alarming rate due to the shortage of pilots created by this regulation. Pilot salary is not the cause of the shortage. The regional industry has increased pilot pay to historical highs since introduction of the regulation in 2013. Yet, there is still a significant lack of pilots coming into the pipeline to support growth and the massive waives of retirement. Moreover, the regional industry had no problem hiring pilots prior to the rule when wages were significantly lower. Since the rule was enacted, over 300 airports have lost 10% or more service, over 200 airports have lost 20% or more service and 52 airports have lost complete service.[3] Most of the airports impacted are regional airports. Regional airports are the only local source of air service to 65% of U.S. airprots.[3] Regional airports also account for 44% of all U.S. schedule departures.[3] Clearly, service to these airports was lost due to regulation and not pilot pay. We need to acknowledge this before repeating past mistakes.

In 1997, the FAA introduced the "One Level of Safety" Act which eliminated the vast majority of the part 135 operations. At that time, Mesa opposed this regulation, because we believed it would destroy part 135 operations. I was so adamantly against the regulation that I withdrew Mesa from the Regional Aviation Association (RAA) for refusing to publicly oppose the regulation. More than half of RAA's members went out of business. Cities like Farmington, New Mexico, lost over 50% of its service in a five year span. Farmington had 70,087 enplanements (192 passengers a day) in 1997 and dropped to 32,151 enplanements (99 passengers a day) in 2002. Farmington continued to decline, due to high regulatory cost, and had 13,389 enplanements (37 passengers a day) by 2010. This regulation resulted in thousands of aircraft being parked and hundreds of communities like Farmington losing service.

The 1,500 hour rule is further destroying the regional industry. The regulation has already devastated what little service Farmington had, reducing its 14,263 enplanements (39 passengers a day) in 2013 to 1,437 enplanements (4 passengers a day) by 2016. These high regulatory costs require regionals to fly larger aircraft and charge higher fares, which are absorbed by the customers. Unfortunately, cities such as Farmington cannot justify maintaining the same level of service before the regulation. Customers are forced to drive to other airports on highways, which have much higher fatality rate compared to flying. This regulation essentially puts people at a higher risk by eliminating service and forcing them to travel via the highway.

I am afraid the regional airlines will be eliminated just like the Part 135 carriers if we do nothing about the 1,500 hour rule. We understand and agree with the Committee's judgment to always put safety first in every decision. To be clear, continued support of this rule does not put safety first. We ask the Committee to recognize the 1,500 hour rule as over regulation, providing no additional safety, causing severe economic impact and job loss across America. We also ask the Committee to repeal the regulation or adopt the International Civil Aviation Organization (ICAO) standard.

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[3] RAA. (2016, October). Pilot Workforce and Training Update Issue Briefing [PPT Briefing].

Statement of Frode Berg
Chief Legal Officer
Norwegian Air Shuttle

Submitted to the
Subcommittee on Aviation
Transportation and Infrastructure Committee
U.S. House of Representatives
in connection with the March 8, 2017, hearing on
"Building a 21st Century Infrastructure for America:
Air Transportation in the United States in the 21st Century"

The Norwegian Group and its affiliated carriers—including Norwegian Air Shuttle, Norwegian Air International, and Norwegian Air UK—welcome this opportunity to submit its views to the Subcommittee on Aviation on the important contributions that Norwegian has made and will continue to make in creating jobs for Americans, expanding tourism and travel to the United States, supporting American leadership in aerospace manufacturing, and offering consumers in the United States and abroad new routes, better service, and lower fares. Norwegian also wishes to correct the record on misinformation that surfaced during the Subcommittee's hearing with respect to Norwegian's business model.

Norwegian is the third-largest low-cost carrier in Europe and the world's leading low-cost, long-haul airline. Since commencing U.S. service in 2013, Norwegian has transported over four million passengers across the Atlantic on Boeing 787 aircraft. Norwegian has opened new, previously unserved non-stop routes between Europe and U.S. cities as diverse as Oakland, Ft. Lauderdale, and Las Vegas. Following DOT approval in December 2016 of a permit for Norwegian's Irish affiliate, Norwegian Air International, Norwegian will deploy Boeing 737 Max aircraft to pioneer unprecedented transatlantic routes linking Stewart International Airport in New York, Bradley International Airport in Connecticut, and T.F. Green/Providence airport in Rhode Island with Belfast, Cork, Dublin, Edinburgh, Oslo, and Shannon.

Norwegian's success is built on low fares, superb service, and a modern fleet of fuel-efficient Boeing aircraft. Norwegian has made it possible for American and European consumers who could not afford flights offered by large network carriers to travel across the Atlantic, contributing enormously to international tourism and the millions of jobs that the travel and tourism sector supports.

The entry of a new operator on a route, offering significantly lower fares coupled with multiple award-winning service can be expected to stimulate the overall market. For example, based on airport data compiled by our Network department, average fares between London and Los Angeles dropped by 12% year on year from the date of Norwegian's entry onto the route in July 2014. Overall passenger numbers on the route grew by 9%, with no reduction in the carryings of

other carriers – a clear win for consumers, who have responded to greater choice and more affordable air travel by travelling in greater numbers.

Now completing only its fourth year of U.S. air service, Norwegian has nearly 600 U.S. cabin crew and staff at bases in New York and Ft. Lauderdale and will soon add hundreds of more U.S. jobs, including more than 100 U.S. based pilots, at its new bases at Stewart and Providence. Norwegian's time-tested policy of "hiring locally" means that it is by far the largest foreign airline employer of crew in the United States. No other foreign airline comes close to Norwegian's "Hire American" performance.

Norwegian is also a "Buy American" airline. Its massive financial commitment to the Boeing Company, to the U.S. industrial base, and to tens of thousands of high-paying U.S. manufacturing jobs at Boeing and its U.S. suppliers is extraordinary. With orders worth $18.5 billion in Boeing aircraft, Norwegian is, to borrow from the title of Subcommittee's hearing, contributing mightily to "Building a 21st Century Infrastructure for America."

Unfortunately, some of the testimony and statements submitted to the Subcommittee and various remarks made during the March 8 hearing repeat fundamental misunderstandings of Norwegian's business model and employment practices. Norwegian wishes to set the record straight.

The Norwegian Business Model

Norwegian operates a low-cost, point-to-point business model. In addition to serving the short-haul internal European market, Norwegian offers long-haul service between numerous European countries and destinations in the United States and elsewhere outside Europe, and have imminent plans to expand by including services from additional European countries to new destinations in the U.S. and rest of the world. The key element that separates Norwegian's business model fundamentally from the traditional European legacy carriers is that Norwegian operates from *several countries* across Europe. This is different from the large European legacy carriers that operate long-haul service almost exclusively from one centralized hub in their home country: for example, Lufthansa from Frankfurt and Munich, Air France from Paris, and British Airways from London.

The significance of Norwegian's plans to operate long haul service from *several European countries* is often ignored, yet when you look at the implications of doing this it perfectly explains why the Norwegian Group needs to structure its operations the way it does. As trivial as it may sound, the only truly *novel* element in Norwegian's business model rests in the fact that it plans to operate long haul services from *several European countries*, not only from its home country. No major European airline has ever tried to do what Norwegian is trying before.

In order to operate from several European countries, Norwegian must secure the traffic rights needed under air services agreements negotiated not by just one country but instead by the European Union and by individual European countries, such as the United Kingdom, Spain,

France etc., in bilateral air services agreements with third countries such as India, China and Brazil. The rights granted under all these agreements are limited to airlines licensed by EU Member States (which Norway is not) and, in many cases under the bilateral agreements, to airlines licensed by the relevant European country.

To take a few practical examples, to operate flights between London and Toronto, an airline would need to be licensed by an EU Member State in order to be qualified to exercise the rights under the EU-Canada air services agreement. To operate flights between London and Buenos Aires an airline would need to be licensed by the United Kingdom to be eligible to exercise the rights under the UK – Argentina bilateral air services agreement. If Norwegian had remained a group with one airline licensed only by Norway (which is outside the EU), none of these opportunities would have been available to it. It could never have explored opportunities such as the recently announced London to Buenos Aires service, which was made possible as operated by a UK licensed airline within the Norwegian group, Norwegian Air UK Ltd.

Two important consequences follow from this business model. First, Norwegian cannot operate on the basis of an operator's license granted by a single European state. Rather, the Norwegian Group is required to establish a family of airlines[1]—in Norway, Ireland, the UK, and potentially elsewhere—to secure the traffic rights it needs. We recognize that this may seem strange to some U.S. observers, whose airlines can fly from anywhere in the United States to anywhere in the world under Open Skies agreements. United Airlines, for example, does not need separate airlines incorporated in and approved by California, Illinois, New Jersey, Texas, and Virginia to fly to London or Tokyo from its hubs in San Francisco, Chicago, Newark, Houston, and Washington-Dulles.

The second consequence of Norwegian's direct, point-to-point model, operating from several European countries, is that it needs to base crew at several places in the network. Norwegian establishes crew bases and uses local crew where it operates the largest number of flights—for example, in London, Barcelona, Ft. Lauderdale, and New York. This ensures efficient utilization of both crew and aircraft and reduces the ancillary costs of paying for extensive hotel lay overs, per diem, and crew-ferrying associated with European legacy carriers' practice of staffing flights from bases only in the home country and facilitates scheduling better suited to local demand. In order to successfully recruit, Norwegian offers competitive pay and benefits packages to pilots and cabin crew at all its bases.

Those who opposed Norwegian Air International's application for a DOT permit repeatedly asserted that Norwegian does not "need" Norwegian Air International or, for that matter, Norwegian Air UK, to operate to the United States. While it is true that, under the liberal terms

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[1] Having a family of airlines within one group is common in the European aviation industry. Lufthansa Group, IAG and Air France-KLM controls "families" of airlines in different European countries and SAS recently announced its intention to create separate airlines in Ireland and/or the UK. This effectively gives them access to traffic rights under bilateral agreements of several European countries as they control airlines licensed by different European countries. E.g., Lufthansa Group includes airlines licensed by Germany, Belgium, Austria and Switzerland, IAG includes airlines licensed by United Kingdom, Ireland and Spain.

of the U.S.-EU/Iceland/Norway Open Skies Agreement, the Norwegian-licensed Norwegian Air Shuttle is authorized to fly between all points in the European Common Aviation Area and the United States, to secure optimal utilization of its fleet and crew and so maintain low costs and low fares, Norwegian must be able to deploy its aircraft and crew in a manner that allows a single Group carrier—such as Norwegian Air International or Norwegian Air UK—to fly not just to the United States but also to other destinations outside Europe where, for example, only an EU airline or only a UK-licensed airline may apply for authorization to operate.

For those who continue to suggest that Norwegian could nevertheless still use its Norway-licensed carrier to operate between Europe and the United States and use its EU licensed airline to operate services to the rest of the world, here is the reality: While Norwegian Air International as an EU carrier could operate for example, Paris-Toronto, London-Toronto, it would be operationally prohibitive if the same aircraft could not be used to operate Paris to New York or London to New York when returning from Toronto, which would in fact be the result if only the Norway carrier could operate to the U.S. Each individual aircraft is assigned to one specific airline and cannot be swapped from one airline to the other overnight. The same applies to the crew. They are trained specifically under one airline's requirement and approved by the Civil Aviation Authority responsible for oversight of that particular airline and have to complete conversion training before they could move from one airline to another.

In short, to be able to operate efficiently, each airline in the group needs to be able to operate as many routes as possible in the network separately. A split operation causes huge inefficiencies. However, due to the traffic rights situation involved when operating from across Europe, this cannot be avoided completely, as some routes can only be operated by one specific carrier in the group. In an ideal world, Norwegian would have had only one operator's license, one airline that was entitled to operate from all of Europe to the rest of the world, in a similar manner that U.S. carriers can fly from all U.S. States irrespective of their place of incorporation. The reality facing a European carrier is considerably more complex and Norwegian must adapt to that reality.

Norwegian's Pilots and Cabin Crew: Correcting the Record

Reflected in statements at the March 8 hearing is a fundamental misunderstanding of European employment and labor law. Among the myths is the assertion that Norwegian established Norwegian Air International in Ireland "in order to avoid" the employment laws of Norway. The legal premise underlying this assertion is fundamentally incorrect. As already explained in detail, Norwegian established Norwegian Air International to secure the traffic rights available to airlines of the European Union that are not available to airlines of Norway, which is not an EU Member State. A core principle of employment law in Europe is that the employment law that applies to an airline crew member is <u>not</u> that of the country that issued the airline's air operator certificate (AOC) but rather the law of the country in which the individual crew member is based. Thus, a Norwegian group crew member based in Paris is subject to French employment law, irrespective of whether he or she flies on Norwegian Air Shuttle (AOC from Norway), Norwegian Air International (AOC from Ireland), or Norwegian Air UK (AOC from the UK).

Indeed, U.S. law applies where foreign airline crew are based in the United States. Thus, the Norwegian cabin crew based in New York and Ft. Lauderdale are subject to the employment laws of those states and of the U.S., including the Railway Labor Act (RLA). Pursuant to the RLA and under the supervision of the National Mediation Board, the cabin crew voted to form a union, and collective bargaining is now underway. This would not have been the case if the cabin crew members were instead governed by Norwegian employment law.

Norwegian recruits and bases its crewmembers where it operates the largest number of flights and thus closest to the market they serve. For this reason, Norwegian has crew bases for its transatlantic operations in Miami/Ft. Lauderdale, New York (JFK) and London, and plans this year to open up new crew bases for transatlantic services in Barcelona, Paris, Edinburgh, Providence and New York (SWF). Its Bangkok-based crewmembers are there to serve Asia-Europe flights, which Norwegian expects to increase rapidly in the coming years. Likewise, its Europe- and U.S.-based crewmembers are there to perform transatlantic flights. In fact, Bjorn Kjos, CEO of the Norwegian Group, committed in writing to the Secretary of Transportation that Norwegian Air International will use only European and U.S. crews for transatlantic service, except if compelled by extraordinary and unforeseen operational reasons. With flights by Norwegian Air International set to commence soon, Mr. Kjos and Norwegian reaffirm that they stand fully behind this commitment.

Many other assertions have been made about the status, recruitment, and employment contracts of Norwegian's pilots, including ones about Asian pilots, Singapore contracts, and a "scouring" of the four corners of the earth for cheap labor. Here are the facts:

- First, every single pilot operating a Norwegian aircraft must have and does have a European pilot's license and are trained and qualified as per EASA rules and standards.
- Second, pilots recruited for Norwegian's transatlantic services have been and will continue to be offered employment contracts governed by the laws of the jurisdiction in which they are based, i.e. United Kingdom, U.S., the Netherlands, Spain and France.
- Third, Norwegian established a pilot base in Bangkok in 2013 to maximize the efficiency of its planned air services between Europe and Thailand and other future Asian destinations. Due to delay in the expansion plan for Norwegian Air Shuttle's Asian destinations a majority of pilots have now relocated from Bangkok to European bases in London, Paris, Amsterdam or Barcelona. Today only around 20 pilots have their base in Bangkok.
- Finally, all of the pilots to be operating on the newly announced Norwegian Air International 737 (including 737 Max) service between Ireland, Northern Ireland and Scotland and the U.S. have European or U.S. bases and contracts and employment conditions governed European or U.S. law respectively.

In closing, the Norwegian Group expresses again its appreciation for this opportunity to set the record straight and to describe Norwegian's contributions to American job-creation, American consumers, American manufacturing, and the American travel and tourism industry. Norwegian

strongly supports U.S. leadership in advancing the Open Skies vision for pro-consumer, pro-competition, and pro-growth international aviation.

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Chartered by the Congress of the United States

March 23, 2017

The Honorable Frank LoBiondo
Chairman
House Transportation and Infrastructure Committee
Subcommittee on Aviation
Washington, DC 20515

The Honorable Rick Larsen
Ranking Member
House Transportation and Infrastructure Committee
Subcommittee on Aviation
Washington, DC 20515

Dear Chairman LoBiondo and Ranking Member Larsen:

Paralyzed Veterans of America and the undersigned allied organizations respectfully request to submit this letter for the record of the March 8, 2017, House Transportation and Infrastructure Committee, Subcommittee on Aviation hearing, "Building a 21st Century Infrastructure for America: Air Transportation in the United States in the 21st Century." As organizations focused on promoting the rights of people living with disabilities, we are very concerned about the problems routinely encountered by passengers with disabilities in air travel.

Protections in air travel for people with disabilities began in earnest with the passage of the Air Carrier Access Act (ACAA). The ACAA, which prohibits disability-based discrimination in air travel, was the result of a U.S. Supreme Court decision in *Department of Transportation vs. Paralyzed Veterans of America*, 477 U.S. 597 (1986). In this case, the Court held that air carriers were not subject to section 504 of the Rehabilitation Act of 1973, as amended, unless they received direct federal financial assistance. As a result of this decision, Paralyzed Veterans and the disability community advocated for the passage of a statute that would end discrimination against people with disabilities in air travel.

The ACAA is a civil rights law that protects not only the rights of veterans with catastrophic disabilities, but also the rights of all individuals who are living with disabilities to access air travel. The rights granted through the ACAA include the opportunity to preboard, if additional time or assistance is required in boarding the aircraft; timely assistance in boarding and deplaning from trained air carrier and contract personnel; accessible in-flight communications; stowage of assistive devices; and seating accommodations. These protections have provided passengers with disabilities more consistency in air travel and increased access.

Despite progress in improving access for passengers with disabilities, however, disability-related problems in air travel persist. Passengers with mobility impairments routinely incur bodily harm in boarding and deplaning aircraft and damage to their assistive devices. Many of these individuals, along with passengers with other types of disabilities, find it difficult to receive appropriate seating accommodations and encounter air carrier personnel and contractors who

are not appropriately trained in assisting passengers with disabilities. Ineffective communications and assistance to passengers with disabilities lead to still more problems. As a result of these difficulties, many members of Paralyzed Veterans and other individuals with catastrophic disabilities choose to drive long distances over attempting to navigate the air travel process.

The problems that passengers with disabilities encounter in air travel have profound consequences. For example, in the March 2016 issue of Paralyzed Veterans' PN Magazine, Paralyzed Veterans of America Gateway Chapter President Stan Brown recounted a 2009 air travel incident that resulted in a visit to the emergency room. The incident reflects the problems that occur when air carriers and their contractors do not listen to passengers with disabilities:

> "They started to unstrap my top from the aisle chair. I've got no control, and they don't understand that . . . . I kept saying, 'Don't do that. I'll fall out.' They did it anyway, and I tumbled out of the chair right in the front of the plane."—Stan Brown[1]

Fortunately, Mr. Brown did not sustain major injuries from the fall.

The consequences of air travel problems are of course not unique to people who use wheelchairs. People who are deaf, blind, autistic, and those with other disabilities also have trouble accessing needed accommodations. Not receiving proper guide assistance or announcements can mean missed flights and opportunities.

Passengers with disabilities who have disability-related problems may file complaints directly with air carriers. In 2015, passengers filed 30,830 such complaints as reported by 176 domestic and foreign air carriers.[2] This represents a nearly twelve percent increase over 2014 despite a 4.75 percent increase in enplanements.[3] U.S. air carriers account for the vast majority of disability-related complaints filed (26,401).[4] Top complaints received by U.S. air carriers include failure to provide assistance, seating accommodations, and service animals.[5]

In addition, passengers with disabilities may file disability-related complaints with the Department of Transportation (DOT). In 2016, DOT reported receiving 862 complaints related to disability.[6] The number of complaints filed with DOT represents a decrease of nearly 80 complaints from the previous year.[7]

Passengers filing complaints with DOT may use either a formal or informal complaint process. Under the ACAA, DOT must investigate all complaints received. The remedies available from DOT do not allow for passengers to receive monetary damages or other relief. DOT can issue cease and desist orders and civil fines. However, civil fines are rarely invoked and typically only

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[1] Jennifer Best, *Security Rules*, PN, March 2016, at 26, 29.
[2] Department of Transportation, Annual Report on Disability-Related Air Travel Complaints Received During Calendar Year 2015, https://www.transportation.gov/sites/dot.gov/files/docs/2015%20Summary%20Report.pdf.
[3] *Id.*
[4] *Id.*
[5] Department of Transportation, 2015 Summary Totals for US Carriers (Appendix B), https://www.transportation.gov/sites/dot.gov/files/docs/2015%20Summary%20Totals%20for%20US%20Carriers.pdf.
[6] Department of Transportation, Air Travel Consumer Report (Feb. 2017), https://www.transportation.gov/sites/dot.gov/files/docs/2017FebruaryATCR.pdf.
[7] *Id.*

in cases involving a pattern or practice of discrimination. Unlike most civil rights laws, the ACAA lacks a guaranteed private right of action. Consequently, people with disabilities typically receive little, if any, redress to their grievances.

Access for people with disabilities in air travel must move into the 21st century. Without safe and effective access to air travel, people with disabilities will be left behind unable to compete in today's job market or enjoy the opportunities available to other Americans. They will also be unable to receive needed health care, travel for recreation, and visit family members in the same manner as other Americans.

Since the passage of the ACAA, Paralyzed Veterans and the allied organizations have worked diligently to improve access for passengers with disabilities. In 2016, we focused specifically on educating members of Congress about the ACAA and the need for reform. Thus, we were pleased that disability-related provisions were included in both the House and Senate versions of the FAA Reauthorization in the 114th Congress.

The House version of the reauthorization, the Aviation Innovation, Reform, and Reauthorization Act of 2016 (H.R. 4441), included a requirement for DOT to move ahead with issuing pending regulations, including those governing access to lavatories on single-aisle aircraft, the definition of a service animal, and seating accommodations. The Senate version of the reauthorization, the Federal Aviation Administration Reauthorization Act of 2016 (S. 2658), included four provisions directly aimed at the concerns of passengers with disabilities. The first provision involved a requirement for the Government Accountability Office (GAO) to review ACAA training policies. The second provision involved dissemination of best practices to improve airport accessibility. The third provision addressed the feasibility of in cabin wheelchair restraint systems. The last provision concerned the establishment of a DOT advisory committee on the air travel needs of passengers with disabilities.

Although attempts to pass a long-term FAA reauthorization stalled, we were pleased that the FAA Extension, Safety, and Security Act of 2016 (Public Law 114-190) included two disability-related provisions. Specifically, Section 2107 required GAO to submit a report to Congress about air carrier personnel and contractor training programs, including variations among policies between air carriers, how frequently since 2005 DOT has requested corrective action following reviewing a training policy, and the actions taken in response. After the report is issued, DOT must develop and disseminate best practices that will improve training. We are pleased that GAO is currently engaged in completing this requirement and has consulted with disability stakeholders regarding its efforts.

Section 2108 of the FAA Extension requires DOT to issue a Supplemental Notice of Proposed Rulemaking for certain pending ACAA regulations by July 2017. These regulations include whether accessible lavatories should be required on single-aisle aircraft of a certain size, seating accommodations, and service animals. This requirement is quite important in light of the results of a negotiated rulemaking conducted by DOT in 2016.

In May 2016, DOT convened the Advisory Committee on Accessible Air Transportation (ACCESS Advisory Committee) to conduct a negotiated rulemaking.[8] The disability community was represented by a diverse group of organizations including Paralyzed Veterans, American Council of the Blind, National Association of the Deaf, National Council on Independent Living, National Disability Rights Network, and National Federation of the Blind. The issues included in

[8] ACCESS Advisory Committee, https://www.transportation.gov/access-advisory-committee.

the negotiation involved in-flight entertainment and communications, accessible lavatories on single-aisle aircraft, and the definition of a service animal.

After seven months of negotiations between air carriers, original equipment manufacturers, the disability community, researchers, and other allied groups, a consensus was reached on access to lavatories on single-aisle aircraft and in-flight entertainment. We expect DOT will move forward in issuing regulations in line with these agreements, later this year. We also expect DOT will issue proposed rules governing the remaining issues covered by Section 2108 of Public Law 114-190.

These regulations, along with other current and pending ACAA regulations, are vital to the health and safety of veterans and other passengers with disabilities. We were dismayed by DOT's recent decision to allow a one-year delay in the requirement for domestic air carriers to report the number of wheelchairs and scooters enplaned and deplaned on their aircraft.[9] Under the rule, air carriers will also be required to report the number of assistive devices that were "mishandled." This decision was made without a formal request for stakeholder comment on the delay.

As noted by Mr. Charles Brown, Paralyzed Veterans National Vice President, in the October 2016 edition of PN magazine, an airline's "mishandling" of a wheelchair is a very serious incident that may lead to missed opportunities and potentially bodily harm.[10] People with catastrophic disabilities like Mr. Brown use customized wheelchairs that account for their specific needs. The loss of use of these devices leaves their users vulnerable and limits their independence.

In addition to moving forward with and protecting vital ACAA regulations, passengers with disabilities need Congress to act to improve the ACAA and the air travel process. The need to reauthorize the FAA this year provides Congress with this critical opportunity. As a starting point, we believe that the remaining provisions included in S. 2658 should be part of the House's 2017 FAA Reauthorization. These provisions which address airport accessibility, the feasibility of in-cabin wheelchair restraints, and the creation of an advisory committee addressing the experience of passengers with disabilities are common-sense measures to improve air travel for people with disabilities.

We further believe that additional provisions should be included in the House's FAA Reauthorization that would advance access for passengers with disabilities. Specifically, we propose harmonizing aspects of the ACAA statute with definitions and protections included in the Americans with Disabilities Act (ADA), as amended. This includes the definition of disability and prohibited discriminatory actions.

One of the most important changes needed to the ACAA statute concerns enforcement of its civil rights protections. The statute must be amended to require DOT to refer alleged violations that are matters of general importance to the Department of Justice. Furthermore, the statute must be amended to include a private right of action.

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[9] Reporting of Data for Mishandled Baggage and Wheelchairs and Scooters Transported in Aircraft Cargo Compartments; Extension of Compliance Date, 82 Fed. Reg. 14,437 (Mar. 21, 2017).

[10] Charles Brown, *Missing a Golden Opportunity*, PN, October 2016, at 28, 29.

Unlike other civil rights laws, including section 504 of the Rehabilitation Act of 1973, as amended, and the ADA, the ACAA does not explicitly allow people with disabilities to enforce their civil rights via the court system, if needed. Prior to 2001, some courts had held that the ACAA allowed for a private right of action. Following the U.S. Supreme Court's decision in *Alexander v. Sandoval,* 532 U.S. 275 (2001),[11] however, the Second,[12] Tenth,[13] and Eleventh[14] Circuits have ruled that there is no private right of action under the ACAA. Passengers with disabilities must seek remedies, if any, that may be available under state law.

In addition, we support improving accessibility within aircraft for people with disabilities. Unlike other forms of transportation, aircraft have few accessibility features for people with disabilities, including those who are deaf, blind, or have cognitive or mobility impairments. Even if a person with a disability is able to choose a seat that best meets his or needs, neither the seat nor the path to reach the seat meet any accessibility standards, other than a requirement for lowering of armrests on some seats.

In order for a person with a permanent disability such as a spinal cord injury to board or deplane an aircraft, he or she has to be transferred from his or her customized wheelchair to an aisle chair prior to entering the aircraft. The passenger is then maneuvered backwards onto the aircraft and pulled down the aisle to his or her seat. Within the confines of the cabin, the individual is then transferred to an aircraft passenger seat, where he or she will most likely remain until the process is repeated when the individual departs the aircraft.

Until such time as aircraft are fully accessible and passengers with disabilities are able to travel by air without any more difficulty than any other passenger, we must improve the assistance and service they receive. Thus, we propose a requirement for hands on training for personnel who provide physical assistance in moving passengers with disabilities. This specifically includes personnel who are assisting in transfers to aisle chairs and aircraft passenger seats. We also support increased civil fines for damage to wheelchairs or other mobility aids or injury to passengers.

We believe that all passengers with disabilities have the right to a dignified air travel experience. Thus, we propose that the Secretary of Transportation establish an Airline Passengers with Disabilities Bill of Rights using plain language to describe the basic rights and responsibilities of air carriers, their contractors, and people with disabilities under the ACAA. These rights should be transmitted to passengers who self-identify as a person with a disability and should be widely available from air carriers. Their personnel and contractors must also be trained on these rights, which are unique to the experience of passengers with disabilities.

While individuals who travel by air may be concerned about flight delays, lost luggage, or cramped seats, people with disabilities likely have all of these concerns plus many more. Will my wheelchair be broken when I arrive? Will I be injured trying to get off of the aircraft? Will I be informed of gate changes? Will I be left alone without needed assistance? As a nation, we have made a lot of progress in improving the air travel experience for passengers with disabilities, but these real questions are important reminders that more remains to be done.

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[11] In *Sandoval*, the Court held that a private right of action should not be implied absent obvious congressional intent.
[12] *Lopez v. Jet Blue Airways,* 662 F.3d 593 (2d Cir. 2011).
[13] *Boswell v. Skywest Airlines, Inc.,* 361 F.3d 1263 (10th Cir. 2004).
[14] *Love v. Delta Airlines,* 310 F.3d 1347 (11th Cir. 2002).

We appreciate the opportunity to submit these comments for the record. We stand ready to work with the committee to improve air travel for people with disabilities. If you have any questions, please contact Heather Ansley, Associate General Counsel for Corporate and Government Relations, at 202-416-7794 or by email at heathera@pva.org.

Respectfully,

Paralyzed Veterans of America

Allied Organizations:

American Council of the Blind
Bazelon Center for Mental Health Law
Disability Rights Education & Defense Fund
Easterseals
National Council on Independent Living
National Disability Rights Network
National Multiple Sclerosis Society
United Spinal Association

March 14, 2017

The Honorable Frank Lobiondo, Chairman
The Honorable Rick Larsen, Ranking Member
Subcommittee on Aviation
Committee on Transportation and Infrastructure
U.S. House of Representatives
2251 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Lobiondo and Ranking Member Larsen,

As CEOs of the members of U.S. Airlines for Open Skies (USAOS), we respectfully submit the following comments for the record in connection with the March 8 hearing of the Aviation Subcommittee, entitled "Building a 21st Century Infrastructure for America: Air Transportation in the United States in the 21st Century." We believe it is critical to move forward with ATC system modernization and operational reform. We also believe it is important not to turn back the clock on the aviation accomplishments our nation has achieved.

In our view, aviation infrastructure includes not only physical infrastructure, such as airports, runways, and air traffic control facilities, but also legal and regulatory infrastructure that allows cargo and passenger airlines to operate with maximum efficiency. One essential element of that legal infrastructure is the network of Open Skies agreements that the United States has negotiated with 120 countries around the world. These agreements create open markets for airline service, allowing passenger and cargo carriers to determine the routes, frequency, and price of their service, based on customer demand.

Open Skies delivers substantial benefits for the U.S. economy. It not only opens markets for U.S. airlines, but also reduces fares for passengers, facilitates U.S. exports, and connects U.S. communities with foreign tourists and businesses. For U.S. cargo airlines, Open Skies allows the combination of traffic flows in different markets to create global route networks. For U.S. passenger airlines, Open Skies expands opportunities to provide international service directly and in partnership with foreign carriers.

Unfortunately, the three U.S. legacy carriers (United, Delta, and American) are asking the U.S. government to take action that would breach specific Open Skies agreements and endanger the vital Open Skies network. Specifically, they are demanding that the United States unilaterally restrict access to the U.S. market for three Gulf carriers (Emirates, Etihad, and Qatar) based on allegations of unfair subsidies. The legacy carriers, however, have not identified any violation of the Open Skies agreements with the UAE and Qatar, nor have they pursued their claims through the independent, fact-based procedures established by Congress under the International Air

Transportation Fair Competitive Practices Act, 49 U.S.C. 41310. Rather, they are seeking a political fix to shield themselves from the competition that Open Skies affords.

The companies we represent – Atlas Air Worldwide, FedEx, Hawaiian Airlines, and JetBlue Airways – formed USAOS to educate policymakers and the public about the benefits of Open Skies agreements and to oppose the demands of the legacy carriers. Our companies, as well as other U.S. airlines not aligned with the legacy carriers, collectively employ more than 942,000 workers, almost three-and-a-half times the number of workers employed by the legacy carriers (275,000). We support Open Skies because we support competitive airline markets at home and abroad.

We appreciate this opportunity to share our views. The attached annex includes additional information about the benefits of Open Skies. We would welcome the opportunity to discuss this issue with you and would be pleased to respond to any questions.

Sincerely,

William J. Flynn
President and CEO
Atlas Air Worldwide

David Bronczek
President and Chief Operating Officer
FedEx Corporation

Robin Hayes
President and CEO
JetBlue Airways

Mark B. Dunkerley
President and CEO
Hawaiian Airlines Inc.

USAOS Supports Open Skies and Opposes Demands of Legacy Carriers

1) Open Skies promotes U.S. jobs, competition, made-in-America exports, growth, and national security

- Open Skies agreements create competition by allowing air carriers, not governments, to decide the routes, capacity, frequency, and pricing of their services, based on market demand. This competition benefits all sectors of the U.S. economy, facilitating the movement of people and goods around the world, fueling growth and creating jobs. As with many other American businesses, the airlines in our coalition depend on Open Skies every day to compete successfully and grow in domestic and global marketplaces.

- Open Skies agreements are an essential part of a rules-based economy. Without these agreements, market access for our airlines and our customers would depend entirely on the discretion of foreign governments, and the shifting political winds that can influence their decisions.

- Open Skies enables U.S. companies large and small to reach export markets and maintain global supply chains through worldwide delivery networks established by U.S. air cargo carriers. Over 300,000 U.S. businesses, 98 percent of which are small and medium-sized businesses, depend on these supply chains to sell and compete in the global market place.

- Open Skies benefits U.S. consumers by reducing the cost of and increasing access to international air travel. According to a study by the Brookings Institution, existing Open Skies agreements generate approximately $4 billion in annual savings for passengers on U.S.-international routes.

- Open Skies expands international air service to more U.S. cities, making them more attractive locations for businesses to establish and expand. Before Open Skies, cities such as Detroit, Las Vegas, Memphis, Minneapolis, Portland and Salt Lake had limited or no direct access to international destinations. After the United States built its robust network of Open Skies agreements, service expanded dramatically.

- Open Skies increases demand for international air travel, which in turn promotes jobs and economic growth. A study by InterVISTAS concludes that air service liberalization leads to a 16 percent increase in air traffic, which in turn supports approximately 9 million additional jobs in aviation and aviation-related industries.

- Open Skies increases the number of foreign tourists who visit the United States. In 2014, the Gulf carriers alone brought 140,000 international visitors to the United States, who spent nearly $1 billion and generated over $2 billion in economic output. This spending benefits a wide array of travel-related businesses such as hotels, rental car companies, restaurants and retailers. In fact, because tourism spending has such far-reaching effects, adding a single daily wide-body flight carrying predominantly foreign-originating tourists can result in $65 million in direct spending, $117 million in U.S. GDP growth, and more than 1,150 U.S. jobs.

- Open Skies benefits U.S. consumers by increasing competition on domestic routes. Gulf carriers and other foreign airlines not aligned with the legacy carriers bring thousands of passengers to the United States, creating demand for connecting flights for smaller U.S. airlines, such as JetBlue Airways and Hawaiian Airlines. These additional passengers allow smaller passenger airlines to expand their domestic services, creating more competition, which promotes innovation in the aviation sector and more choices and lower prices for consumers.

- Open Skies allows U.S. airlines to maintain global delivery networks through which they transport troops and vital supplies for the U.S. military. U.S. carriers rely on Open Skies to overfly partner countries; stop for refueling and repair in partner countries; and transport supplies and troops between the United States and partner countries, and between those countries and destinations beyond. Since 1991, commercial carriers operating under the Civil Reserve Air Fleet (CRAF) have transported almost 40 percent of the equipment, supplies, and food to support operations in Iraq, Afghanistan, and the Persian Gulf, and more than 90 percent of U.S. forces to and from Iraq.

2) The legacy carriers' subsidy allegations, even if assumed to be true, do not establish a breach of Open Skies

- The legacy carriers have effectively acknowledged there is no breach of Open Skies. As part of its investigation of these claims, the U.S. government asked the legacy carriers to identify the specific provisions of the UAE and Qatar agreements that these parties have breached. The legacy carriers dodged the question and failed to identify a single operative provision of either agreement.

- The legacy carriers completely ignore the one specific provision of these agreements that relates to subsidies. This provision allows a party to request consultations if the prices charged by an airline of the other party are "artificially low due to direct or indirect governmental subsidy or support." The legacy carriers do not claim that Gulf carrier fares are below their own, much less that they are "artificially low."

- Instead, the legacy carriers rely on the general obligation to accord airlines of the other party a "fair and equal opportunity … to compete." This obligation requires each party to refrain from imposing any of a series of restrictions (e.g., on volume, frequency, and aircraft type) on the *airlines of the other party*. The legacy carriers offer no support for their argument that the obligation applies to subsidies or other government measures that a party takes in respect of *its own airlines*.

- The legacy carriers attempt to support their claims by selectively invoking inapplicable WTO rules. They incorporate rules and definitions from the WTO agreement on subsidies, which applies only to goods, not services. They ignore the WTO agreement on services, which does not discipline subsidies and specifically carves out airline services from the scope of the agreement. The trade rules are inapplicable because the United States – with the support of

the legacy carriers – and many other governments decided that Open Skies, not trade agreements, should regulate international airlines services.

- If the legacy carriers were more confident about their claims, they would have utilized the complaint procedure established by the International Air Transportation Fair Competitive Practices Act (IATFCPA). This procedure allows U.S. airlines to file complaints regarding unfair practices by foreign governments and airlines, which the Department of Transportation then investigates. The legacy carriers likely were hoping that their demands would be decided in a political context rather than a thorough, evidence-based proceeding.

3) The demands of the legacy carriers, if pursued, would endanger Open Skies

- Open Skies works because countries abide by their commitments and refrain from restricting airline traffic. The legacy carriers are asking the United States to renege on this commitment and take unilateral actions that would breach Open Skies.

- The legacy carriers are asking the United States to violate its commitments by freezing the Gulf carriers' access to the U.S. market. Open Skies agreements explicitly prohibit either party from acting unilaterally to limit access by airlines of the other party. While the legacy carriers occasionally disavow this demand, it appears repeatedly in their public statements and written submissions. Such a freeze not only invites retaliation from the UAE and Qatar but also raises questions in the minds of all U.S. partners about its overall commitment to Open Skies.

- The legacy carriers' demands would invite other countries to make similar claims against the United States. Many governments support their domestic airlines, including the United States, whose airlines have received tens of billions of dollars through programs such as the Fly America Act, the Air Transportation Safety and Stabilization Act, federal and state tax credits, and debtor-friendly bankruptcy laws. If the U.S. government were to pursue the claims of the legacy carriers, foreign governments seeking to protect their airlines from U.S. competition could target these programs.

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