

163051



THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590  
January 22, 2002

810 02 0115 -032  
OST-2001-11029  
Correspondence  
Part 300 File

The Honorable Dick Armey  
U.S. House of Representatives  
Washington, DC 20515

Dear Congressman Armey: OST-2001-11029-127

Thank you for your letter of December 14, 2001, concerning the efforts of the U.S. Department of Transportation to conclude an open-skies aviation agreement between the United States and the United Kingdom (U.K.) and the proposed American Airlines/British Airways and United Airlines/British Midland alliances.

The goal of the Department is to increase liberalization of international markets. Consequently, we are committed to establishing open skies with the U.K.; because we believe that an open-skies agreement would provide substantial benefits to U.S. consumers, communities, and airlines in contrast to the current restrictive agreement. Securing access for additional airlines and cities to Heathrow Airport is a priority of the Department, and we will continue to work closely with all sectors of the U.S. aviation community.

We have consolidated the American/British Airways and the United/British Midland antitrust cases. The requests for immunity will be decided on the record developed in the case, which includes a significant amount of information concerning access to Heathrow Airport. Since the requests are pending before the Department, I am sure that you understand that I cannot comment on the merits of the applications. I assure you, however, that we will consider all relevant factors in making our decision.

As is our normal practice, I am placing a copy of your letter and my response in Docket OST-2001-11029 and in the file for contacts outside the record of the case. I appreciate you sharing your views with me. If I can provide further information or assistance, please feel free to call me.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Norman Y. Mineta', written in a cursive style.

Norman Y. Mineta



**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-6502**

December 14, 2001

The Honorable Norman Y. Mineta  
Secretary  
U.S. Department of Transportation  
400 Seventh Street, S.W., Room 10200  
Washington, DC 20590

The Honorable Colin L. Powell  
Secretary  
U.S. Department of State  
2201 C Street, N.W., Room 7226  
Washington, DC 20520

Dear Secretary Mineta and Secretary Powell:

The United Kingdom, now more than ever, is this country's staunchest ally and closest friend. Consistent with this enduring bond, virtually every aspect of commerce between the two countries is generally open and unrestricted. Every aspect, that is, except commercial air travel.

As you are aware, the United States and United Kingdom have been negotiating to replace the three decades old, highly restrictive bilateral air service accord, known as Bermuda II, with an "open skies" accord. Bermuda II limits direct air service from the United States to the premier overseas airport, London Heathrow, to only two U.S. airlines and twelve U.S. communities. An ~~ha~~ been the track record with open skies accords that our country has signed with many other nations, the removal of such restrictions produces more service, increased competition, and lower airfares. Indeed, in this case, the benefits of an open skies accord will be overwhelming, as four additional U.S. airlines and many U.S. communities will be allowed direct access to Heathrow for the first time. Among other avenues to secure take off and landing slots, U.S. carriers as "new entrants" will receive priority in obtaining new slots at Heathrow thereby bjnging about these benefits. In addition, some U.S. carriers with existing partners are likely to be able to immediately redistribute slots in their European partner's hands, this being clearly advantageous to those partnerships. Accordingly, we respectfully urge you press forward with this effort.

The window of opportunity for securing an open skies accord with the British is clear but narrow. The United Kingdom's largest airline, British Airways, would like to secure U.S. approval for its proposed alliance with American Airlines. Similarly, Britain's second largest carrier, British Midland, would like to start flying to the United States from Heathrow for the first time ever as well as gain U.S. approval of its proposed alliance with United Airlines. Overarching these commercial desires is the fact that the European Union is actively seeking to, and most likely will, wrest the right to negotiate such accords away from the British and other European nations by the end of this year. Once this occurs, the opportunity to open the skies between the United States and the United Kingdom will be gone for many years to come, as the EU will surely develop and pursue its own aviation agenda.

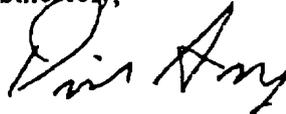
As such, the time is truly ripe for these two great nations to come together to achieve what has been the goal of the previous three U.S. Administrations. Without question, the proposed American Airlines/British Airways alliance is the catalyst that has enabled this historic opportunity to arise. American Airlines and British Airways seek only what their main transatlantic competitors were granted years ago. In conjunction with the signing of open skies accords, the United States in 1993 granted antitrust immunity to the alliance of Northwest Airlines and the Dutch carrier KLM and in 1997 to the alliance of United and the German carrier Lufthansa. Moreover, all indications are that Delta Air Lines and Air France will be granted immunity for their proposed alliance by the end of this year in concert with a U.S.-France open skies agreement.

Indeed, over the past decade, the U.S. government has actively encouraged the formation of such international airline alliances as it has sought to deregulate the international marketplace. The resulting positive benefits for consumers in terms of more service and lower fares have been well documented by the Department of Transportation. Going forward, adding more immunized alliances to the mix will increase alliance-versus-alliance competition and further the success of U.S. policy.

Accordingly, approving the proposed American/British Airways and United/British Midland alliances in conjunction with concluding a U.S.-U.K. open skies accord will be good for air travelers on both sides of the Atlantic and will serve to bring two strong allies even closer together in these most trying times.

Thank you for considering these views.

Sincerely,



DICK ARMEY  
Majority Leader