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

S10020109-020  
OST-2001-11029  
Correspondence  
Part 300 File

The Honorable Herb Kohl  
Chairman, Subcommittee on Antitrust,  
Business Rights, and Competition  
United States Senate  
Washington, DC 205 10-6275

Dear Chairman Kohl:

OST-2001-11029-130

Thank you for your letter of January 7, 2002, cosigned by Senator Mike DeWine, expressing your concern about the impact on competition of the proposed American Airlines/British Airways alliance and the need for additional access to Heathrow Airport. You also requested that the U.S. Department of Transportation work closely with the involved parties so that appropriate measures may be taken that will permit approval of the alliance and lead to a meaningful open-skies agreement.

The goal of the Department is to increase liberalization of international markets, including establishing open skies with the U.K. We believe that an open-skies agreement with the U.K. 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.

The Department has 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 your sharing your views with me. I look forward to working with you on this and other transportation issues. If I can provide further information or assistance, please feel free to call me.

I am sending an identical letter to Senator DeWine.

Sincerely yours,

Norman Y. Mineta

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THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

January 22, 2002

PERMISSION TO REPRODUCE THIS

02/07/02 10:00 AM

The Honorable Mike DeWine  
United States Senate  
Washington, DC 205 10-6275

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I am sending an identical letter to Senator Kohl.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Norman Y. Mineta". The signature is stylized and cursive.

Norman Y. Mineta

**United States Senate  
Committee on the Judiciary  
Subcommittee on Antitrust, Business Rights & Competition**

**161 Dirksen Senate Office Building  
Washington, D.C. 20510  
Phone (202) 224-9494  
Fax (202) 228-0463**

**To: Secretary Mineta**  
**Organization: Department of Transportation**  
**Fax: 202.366-~~9575~~ 3956**  
**Date: January 7, 2002**

**This cover sheet is Page 1 of 3 pages.**

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**From: Mark Grundvig**  
**RE: Please find the attached letter to Secretary Mineta from Senators Kohl and DeWine regarding the American Airlines/British Airways alliance application.**

PATRICK J. LEAHY, VERMONT, CHAIRMAN

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## United States Senate

COMMITTEE ON THE JUDICIARY

WASHINGTON, DC 20510-6275

January 7, 2001

The Honorable **Norman** Mineta  
 Office of the Secretary  
 US Department of Transportation  
 400 7<sup>th</sup> Street, **SW**  
 Washington, DC **20590**



Dear Secretary **Mineta**:

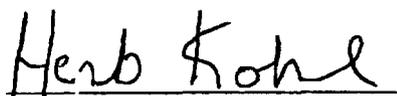
We write to you in regards to the proposed alliance between American Airlines and **British** Airways and **their** accompanying request for antitrust immunity. **Our** subcommittee **examined this** proposed alliance during a hearing in November **2001**. At the hearing, testimony **was** presented by parties on both sides of the issue. **As we** have examined **this** proposed alliance, and the related negotiations between the United States and **the** United Kingdom for an open skies agreement, we are **worried that** there may be serious competition concerns that must be addressed before **an** alliance between American Airlines and British Airways is approved. The Department of **Justice's** filing on December 17, 2001 in this matter demonstrates **that** it has reached the same conclusion.

We believe that **an** open skies agreement between the United States and the United Kingdom is an important objective that should **be** sought. At **the** same time, **unless an** open skies agreement will clearly benefit airline competition in the US-UK markets, it will be a superficial accomplishment. **As** you negotiate such **an** agreement, we encourage you to ensure that all US-UK markets are **truly** open to competition. **This** is particularly important in the key US-London Heathrow market, and we encourage you to carefully evaluate **this** market **as** you negotiate open skies and examine the American Airlines/British Airways alliance proposal.

British Airways and American Airlines are two of only **four** US and British airlines authorized to **serve** the US-Heathrow market under **an** existing aviation agreement. The ability for **other** carriers to **gain** entry into **this** key market is critical. While there **was** certainly disagreement on the question of slot availability at London Heathrow Airport at **our** hearing, we believe the weight of the evidence demonstrates that without slot divestiture it would be difficult **for** additional US carriers to enter the market and provide viable, competitive services. The Department of Justice **shares** these concerns. In its filing last month, the Department stated that "it will be very difficult for other carriers to obtain slots to begin or expand US-[Heathrow] service . . ." We, of course, express no opinion on the proper **number** of slots to be divested which would satisfy competition concerns. But we believe that you must be careful to avoid a transaction that entrenches two airlines, **and** precludes new competition in the US-Heathrow market. You must **guard** against a deal that would cause significant harm to competition and harm consumers in the form of higher **fares** and fewer choices.

Given the possible **benefits** that could flow to US consumers from **an open skies agreement with the United Kingdom, and** because we believe there could **be** competitive benefits from **a** American Airlines/British Airways alliance, we **encourage** you to work closely with the **involved** parties **so that** appropriate measures may be taken **that will permit** approval **of** the alliance **and** lead to a meaningful open skies agreement. However, **should the parties be unwilling to take** the necessary steps to ensure that competition is **served**, we believe you should put American consumers first **and** protect **their** interests **by denying** the alliance request.

Very Respecthly **Yours,**



HERB KOHL

Chairman, Subcommittee on  
Antitrust, Business Rights, and  
Competition



MIKE DeWINE

Ranking Member , Subcommittee on  
Antitrust, Business Rights, and  
Competition