



Mr. Secretary, It Is Time For Open Skies In The United States

By Edward Faberman

Executive Director, Air Carrier Association of America

Although Secretary Mineta and the Department of Transportation have taken important steps to support enhanced domestic competition particularly by low-fare carriers, we do not have "Open Skies" in this country. Smaller carriers cannot enter or expand at important airports.

At a recent FAA conference, the secretary acknowledged the significant role that low-fare carriers have played in meeting the increasing demand for air travel. The secretary stated that "more Americans...are returning to the skies" and that "...the changes that are under way now are the kind of market-based, cost competition that the architects of deregulation thought would happen 25 years ago...because of the growth of low-fare service, the nation's economy is better off as a result."

On April 1, 2004, several low-fare airlines including AirTran Airways, Frontier Airlines and Spirit Airlines were selected to provide new service at Reagan Washington National Airport. In making the announcement, the secretary noted, "These awards will provide a greater variety of fare and service options for leisure and business travelers across the country who wish to fly to the doorstep of the nation's capital."

The architects of deregulation believed that all markets would be open and that new entrants would be able to expand. Despite the steps taken to allow some entry at National Airport, the low-fare carriers that received new National Airport authority cannot operate more than a few flights per day. Larger carriers at the airport, however, utilize more slots in some single markets than all low-fare carriers' slots combined at National Airport.

While low-fare carriers and their passengers are pleased that Secretary Mineta has recognized the significant impact that the expansion of low-fare service has had on the nation's economy and on communities throughout this country, it is important for the department to continue to take additional steps to expand fare options for leisure and

business travelers wishing to fly to the nation's capital and to all airports.

National is not the only airport in the United States where there are significant limitations on expansion of low-fare service. Similar restrictions exist at LaGuardia Airport and facility limitations exist at other airports. At LaGuardia, new entrants cannot operate more than 10 roundtrips each while six large carriers control 95% of all slots that they were provided by the government approximately twenty years ago.

While significant barriers to entry remain in place at domestic airports, the department is actively pursuing an "Open Skies" policy in Europe and throughout the world. In Brussels on April 6, 2004, Secretary Mineta stated, "Open Skies between Europe and America would create the largest, freest market in air transportation ever. Open Skies would mean cheaper transatlantic fares, more travelers, and healthier competition."

While expanding international travel options may be important, the highest priority should be to implement "Open Skies" in this country. This country created deregulation, and every traveler at every airport should have the low-fare travel options that competition provides. Shouldn't travelers in New York, Washington and all regions of the country have "cheaper" fares and "healthier competition" if that's what the market can provide? If we can demand entry at Heathrow, can't the government adjust its own regulations governing National and LaGuardia airports to obtain the same benefits for U.S. leisure and business travelers? The government needs to ensure that all U.S. airports are open to and can accommodate true competition.

To support travel and tourism, it is time to take immediate steps to achieve true deregulation.

Views expressed are not those of Airports or McGraw-Hill. Bylined submissions and short responses to the above should be sent via email to chris_fotos@aviationnow.com. Airports reserves the right to edit for space.

*Every traveler at every airport
should have the low-fare
travel options
that competition provides.*