

**Remarks of  
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U. S. Department of Transportation**

**American Bar Association  
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Thank you for the kind introduction, Charlie. I appreciate the opportunity to be here today to participate in this distinguished gathering of aviation professionals. Over the years, I have had the pleasure to get to know and work with many of you in a variety of roles, including during my last two stints in Washington, both with the federal government, leading the FAA national airport program and at US Airways. Many of us may have touched base during my time with the City of Chicago or working as an investment banker on airport financing issues. I'm genuinely honored and excited to be back in Washington and look forward to renewing these valued friendships and making new ones.

### **What We've Done**

In the short time since the Obama Administration assumed office we have already had some significant accomplishments in continuing the liberalization of international aviation markets. In particular, our recent open-skies agreement with Japan has the potential to be truly transformative for travelers and shippers, not only between the US and Japan, but in markets throughout Asia. It will also offer

both US and Japanese airlines new opportunities to match service with consumer demand and ensure the ability of US carriers to expand their operations at Narita Airport.

The new agreement also ensures fair competition regarding the new opportunities at Tokyo's close-in Haneda Airport. On a related note, earlier this week the Department instituted a proceeding to award to U.S. carriers the new rights that will be available for passenger services at Haneda airport.

We are also engaged in stage 2 negotiations with the European Union to expand upon the significant liberalizations that were accomplished in the first stage. Over the six rounds of talks, progress has been made on a number of important issues, including security, regulatory cooperation and the role of the Joint Committee. Foreign investment remains a central issue for the European side and the U.S. has made it clear that changes in the regime for foreign investment in U.S. airlines, as envisioned by the EU side, would require Congressional action. Finally, the U.S. continues to stress the importance of rigorous implementation of the "balanced approach" to noise-restrictions at European airports.

The issues involved in these discussions are challenging, but the United States continues to engage in a productive dialogue as the second stage negotiations develop further.

I also just want to touch briefly on another important aspect of the international aviation agenda—antitrust immunity. I'm sure that you will appreciate the fact that, because of cases pending before the Department, I am very limited in what I can say on this subject. Although David will go into much greater detail in his presentation shortly, I did want to make a couple of points on this issue generally, because as Secretary LaHood has said, this is an important topic for all stakeholders – consumers, policymakers, airline employees, and of course the airlines themselves.

I believe that any request for immunity from antitrust laws needs to be subject to careful and extensive scrutiny. In the past, the Department has granted antitrust immunity only in cases where it has determined that doing so would enhance competition and provide consumers with a broader choice of options and other benefits not otherwise available. Furthermore, the Department does not grant antitrust immunity where the result would be harm to consumers because of a substantial reduction in competition.

I believe that this remains the appropriate frame of reference for applications for antitrust immunity that are to be reviewed under my stewardship.

One last point on antitrust immunity needs to be made. I know that other countries have a strong interest in the Department's disposition of immunity cases involving their airlines. However, I want to emphasize that the review of each application, and its ultimate disposition, is based on the specific merits of each particular application. We make each decision on a case-by-case basis. We do this in consultation with the Justice Department, and using our experience and understanding of the aviation industry to weigh the competitive effects, transportation needs, and public benefits of each transaction.

## **Moving Forward**

Looking forward, we will continue to pursue market-opening initiatives throughout the world with the objective of enabling our airlines to serve international markets wherever they believe that opportunities exist.

For example, we will continue to seek an Open-Skies agreement with China. The recent capacity reductions taken because of a reduction in traffic should not deter us from aggressively seeking to remove restrictions on operations in this critically

important market. No one can doubt that demand will return and when it does we should be prepared with a fully liberalized regulatory environment that facilitates expanded trade and economic growth.

Toward that same objective, we continue to talk with several countries, including some in Latin America and the Middle East.

We also have a special commitment to expand our aviation relationships on the African continent. The Department estimates that nearly 2.5 million people traveled between the United States and destinations in Africa in 2008.

As part of Secretary LaHood's priority for the Department to continue its leadership role in aviation safety, the Safe Skies for Africa program creates a partnership between the United States and several African countries with the goal of improving aviation safety and security as an essential underpinning to our growing aviation and economic relationships. We are also continuously working to foster more Open-Skies agreements with African countries. We already have 20 open-skies agreements Continent-wide, including agreements with Kenya, Liberia, Uganda, and Ghana, Nigeria, and many more. And we are currently engaged in developing new agreements with Angola and Equatorial Guinea to support the

desires of U.S. carriers to enter into growing markets and strengthen U.S.-Africa ties.

Finally, I want to recognize the fact that these are immensely challenging times for all who are involved with aviation. But with these challenges come opportunities to reassess what we do and how we do it. Secretary LaHood has embraced this challenge, first by calling together leaders from every segment of aviation---airlines, airports, labor and consumers---to a day-long forum in Washington last November to focus on the challenges facing the industry. And second, at that forum the Secretary announced the formation of a federal Advisory Committee to provide the kind of critical and innovative thinking that will be necessary to move this industry forward. I can assure you, on behalf of the Secretary, that we look forward to working with all aviation stakeholders as we evaluate the industry's competitiveness and its ability to respond to evolving transportation needs, challenges, and opportunities.

Again, it is my honor to be back in Washington and I look forward to working with new and old friends on these issues and others in the years to come.