



June 2015

TTIA Positions on Open Skies and Passenger Facility Charge A Message from TTIA Board Chair Kim Phillips

Recently, you may have read reports in the news about the topics of Open Skies and the Passenger Facility Charge, both of which impact consumer airline travel to the U.S. and Texas. In fact, you may have been contacted by groups asking you to support their positions on the issues, as was TTIA. As directed by the TTIA Board of Directors in its April 2015 meeting, the TTIA Policy Council and TTIA Executive Committee have completed thorough reviews and deliberations of each of these complex issues. The following summarizes TTIA's formal positions on Open Skies and the Passenger Facility Charge:

Open Skies. Annually, there are approximately 1,616 flights to/from Texas airports via Etihad, Qatar and Emirates Airlines, with an estimated annual economic impact of \$1 billion to the Texas economy. While TTIA supports our airline members and recognizes the significant economic impact they provide our industry and our state, we do not support reopening Open Skies agreements with Qatar or the United Arab Emirates at this time; doing so would be a premature and unprecedented first step that could unnecessarily disrupt the growing and lucrative inbound overseas travel market to the U.S. and Texas. Instead, TTIA urges the domestic carriers to file a formal complaint(s) of unfair subsidies against Qatar and the UAE with the United States Department of Transportation (USDOT) under the International Air Transportation Fair Competitive Practices Act. Once that complaint(s) is filed, TTIA will request the USDOT investigate the complaint(s) pursuant to established administrative procedures. Since 1992, the U.S. has signed more than 100 Open Skies agreements. None has been reopened. To do so, absent a USDOT investigation and finding of fact, would set an undesirable precedent, calling into question all other Open Skies agreements with other countries and weakening the integrity of the entire Open Skies framework. A USDOT investigation will provide an official and less politically charged means of determining whether these Persian Gulf airlines actually received the alleged unfair subsidies. If USDOT finds evidence of unfair subsidies, then USDOT can pursue the most appropriate remedy, which may or may not include reopening the Open Skies agreements with Qatar and UAE. It is also TTIA's position that it would not be appropriate to freeze current flights or to freeze the development of future inbound flights from UAE and Qatar until a USDOT investigation of

the domestic airlines' formal complaint is completed and a determination is made that these countries have indeed violated their Open Skies agreements.

Passenger Facility Charge. TTIA supports allowing a local option to voluntarily increase the Passenger Facility Charge (PFC) from \$4.50 to a maximum of \$8.50 for every boarded passenger at commercial airports controlled by public agencies. This would enable each local airport to make the determination of whether to increase the PFC at that airport and if so, by how much, up to the maximum of \$8.50, and only for FAA pre-approved projects. While concerns about the cumulative effect of increasing air travel related fees and taxes on consumers certainly have merit, aging airport infrastructure and other factors, such as increasing airport congestion, are clearly threatening the growth of the U.S. travel industry. The PFC is an important revenue source for airports to make capital investments that benefit local communities and enable airports to meet demands to accommodate future growth and improve levels of service. It is TTIA's position that decisions regarding the need for these additional revenues and the methods of revenue generation are best left to the decision-making of local authorities.

I would like to commend TTIA's Policy Council and Executive Committee for their serious and thorough discussion and consideration of these complex issues. I would also like to thank TTIA's airline members, airport members, representatives from national associations and other experts who helped us dissect and understand these difficult issues. I'm proud to say that while much of the dialogue and rhetoric you may have seen on Open Skies in the press over the past several weeks has been charged, and at times, even provocative, that mood never permeated our discussions which remained professional and above the fray at all times. As a result, we have reached what I believe are very thoughtful, common sense positions which best serve the overall needs of the TTIA membership and the Texas travel industry.

Best Regards,

A handwritten signature in black ink that reads "Kim Phillips". The signature is fluid and cursive, with the first name "Kim" and last name "Phillips" clearly legible.

Kim Phillips
TTIA Board Chair