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1999

STATE OF COMPETITION IN THE AIRLINE INDUSTRY

HEARING

BEFORE THE

COMMITTEE ON THE JUDICIARY
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTH CONGRESS

SECOND SESSION

MAY 19, 1998

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C O N T E N T S

HEARING DATE

May 19, 1998

OPENING STATEMENT

Hyde, Hon. Henry J., a Representative in Congress from the State of Illinois, and chairman, Committee on the Judiciary

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WITNESSES

Hudson, Paul, Executive Director, Aviation Consumer Action Project, Washington, DC

Joyner, Henry C., Vice President for Marketing and Planning, American Airlines, Inc., DFW International Airport, Texas

Kahan, Mark S., Vice Chairman and Chief Operating Officer, Spirit Airlines, Inc., Eastpointe, MI

Karaganis, Joe, Partner, Karaganis and White, Chicago, IL

Klein, Joel, Assistant Attorney General, Antitrust Division, U.S. Department of Justice

McFadden, Nancy E., General Counsel, U.S. Department of Transportation

Mitchell, Kevin P., Chairman, Business Travel Coalition, Lafayette Hill, PA

Seiden, Elliott M., Vice President for Law and Government Affairs, Northwest Airlines, Inc., Washington, DC

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Yohe, Scott, Senior Vice President for Government Affairs, Delta Airlines, Inc., Washington, DC

LETTERS, STATEMENTS, ETC., SUBMITTED FOR THE HEARING

Conyers, Hon. John, Jr., a Representative in Congress from the State of Michigan:
Prepared statement

Hyde, Hon. Henry J., a Representative in Congress from the State of Illinois, and chairman, Committee on the Judiciary: Prepared statement

Letter submitted by Hon. Henry J. Hyde and Hon. Jesse Jackson, Jr. to Janet Reno, Rodney Slater, Carol M. Browner, Jane Garvey and Kathleen A. McGinty dated October 1, 1997

Letter submitted by Hon. Henry J. Hyde to Rodney Slater, Janet Reno, Jane Garvey, Carol M. Browner, Kathleen A. McGinty and the Federal Aviation Administration dated July 2, 1998

Joyner, Henry C., Vice President for Marketing and Planning, American Airlines, Inc., DFW International Airport, Texas: Prepared statement

Hudson, Paul, Executive Director, Aviation Consumer Action Project, Washington, DC: Prepared statement

Kahan, Mark S., Vice Chairman and Chief Operating Officer, Spirit Airlines, Inc., Eastpointe, MI: Prepared statement

Karaganis, Joe, Partner, Karaganis and White, Chicago, IL: Prepared statement

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Klein, Joel, Assistant Attorney General, Antitrust Division, U.S. Department of Justice: Prepared statement

McFadden, Nancy E., General Counsel, U.S. Department of Transportation: Prepared statement

Mitchell, Kevin P., Chairman, Business Travel Coalition, Lafayette Hill, PA: Prepared

statement

Nannes, John M., Deputy Assistant Attorney General, Antitrust Division, U.S. Department of Justice: Prepared statement before the Subcommittee on Aviation, Committee on Commerce, Science and Transportation, U.S. Senate dated June 4, 1998

Seiden, Elliott M., Vice President for Law and Government Affairs, Northwest Airlines, Inc., Washington, DC: Prepared statement

Slater, Rodney E., Secretary, Department of Transportation: Letter to Hon. Henry J. Hyde dated August 14, 1998

Sutin, L. Anthony, Acting Assistant Attorney General, U.S. Department of Justice, Office of Legislative Affairs: Letter to Hon. Henry J. Hyde dated August 5, 1998

Yohe, Scott, Senior Vice President for Government Affairs, Delta Airlines, Inc., Washington, DC: Prepared statement

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APPENDIX

Material submitted for the record

STATE OF COMPETITION IN THE AIRLINE INDUSTRY

TUESDAY, MAY 19, 1998

House of Representatives,
Committee on the Judiciary,
Washington, DC.

The committee met, pursuant to notice, at 1 p.m., in Room 2141, Rayburn House Office Building, Hon. Henry Hyde (chairman of the committee) presiding.

Present: Representatives Henry J. Hyde, George W. Gekas, Stephen E. Buyer, Steve Chabot, Bob Barr, William L. Jenkins, Asa Hutchinson, Edward A. Pease, Mary Bono, John Conyers, Jr., Howard L. Berman, and William D. Delahunt.

Staff present: Joseph Gibson, Chief Antitrust Counsel; Patricia Katyoka, Staff Assistant; Julian Epstein, Minority Chief Counsel and Staff Director and Stephanie Goodman, Minority Counsel.

OPENING STATEMENT OF CHAIRMAN HYDE

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DEAR PRESIDENT CLINTON, CONGRESSMAN HYDE, CONGRESSMAN PORTER, CHAIRMAN SHUSTER, CHAIRMAN DUNCAN, GOVERNOR EDGAR, SENATOR FITZGERALD, REPRESENTATIVE BERGMAN,

SECRETARY SLATER, ATTORNEY GENERAL RENO, ADMINISTRATOR BROWNER, ADMINISTRATOR GARVEY AND CHAIRPERSON MCGINTY:

The addition of 53 more daily slot exemptions, approximated 20,000 annual take-offs and landings, recently added to Chicago O'Hare International Airport by the U.S. Department of Transportation is an insult to the millions of citizens in the Chicago Metroplex area whose health, safety and quality of life will be affected. This is over and above the 10 slots, 7,300 landings and take-offs, added within the last few months and given to Reno Air and Trans State Airlines.

These are new slot exemptions, not available as a result of the removal of military operations from O'Hare. It could be argued that the first round of exemptions, the 10, resulted from the military move, but the military never really had any slots, since most military flights were flown during the night, not during slot allotted hours.

Adding extra traffic, even one more flight a day, at historically the world's busiest airport will add more undue life threatening air, water and noise pollution and further endanger up to one-quarter of the state's population. Just a one-percent increase in operations adds upwards of 9,000 flights annually. What this means for the residents living around O'Hare is that they are exposed to at least double the levels of daily criteria and toxic air pollution as other residents of the region located some distance from the airport sources. Area residents already suffer from immense amounts of ground vehicle traffic pollution. O'Hare is one of the busiest ground traffic sites in Illinois, if not the world, with close to 200,000 cars and trucks entering and leaving the airport daily. Clearly airport maintenance, private and commercial vehicles and facilities on and off-site are not incidental to operations. They are part of the process, part of the problem!

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As evidenced elsewhere, O'Hare Airport operations and aircraft pollution pose serious public health risks for possibly millions of citizens living around the airport as pollution does not stop at the end of the airport's boundary, but is also discharged overhead. These added flights and their collateral operations increase the devastating effects of airport and aviation related noise, air, water pollution, property losses to people, their safety and our environment.

Therefore, adding any more aviation related problems which will make matters worse and since decades of industry fixes have not worked, we demand that any and all expansion of the airport and operational increases be immediately curtailed and an environmental assessment completed and controls put into place to provide permanent, meaning relief.

Further, if low carrier access into the Chicago market to add competitiveness to the market was really the purpose for adding more slots, it would be best served by adding another airport, not giving O'Hare's United and American Airlines regional operators the largest share of the new slots. If competition was really the focus, it is completed out of focus. At a recent public meeting, Mr. Bill Hood, American Airlines Vice-president of corporate affairs stated, "We have competition between airports not between airlines." Does he mean that Midway competes with O'Hare but that United and American do not

compete?

Competitiveness is not achieved in the allocation, since most of the carriers are subsidiary to United and American Air Lines thereby further entrenching the dominance of those carriers at O'Hare. None of the exemptions were assigned to communities in the Midwest, Michigan, Indiana, Illinois or Wisconsin. Many of those communities have lost some or all of their O'Hare service due to the conversion of commuter slots by United and American Air Lines to longer haul markets with larger aircraft.

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Additionally, many, including legislators are confused regarding the "slot rule", thinking that it limits the number of take-offs and landings to 155 per hour. It does not, the hourly number is frequently exceeded during high traffic periods. The High Density Rule governing slots was established to address congestion and delays. Further, adding new slots will increase flight delays.

In consideration of public health, we demand these dangerous and even life-threatening environmental impacts be strongly regulated and enforced. To protect the public and our environment, any increase in operations should command an Environmental Impact Statement and enforcement of laws regarding air pollution and antitrust.

Sincerely,

Jack Saporito, *Executive director.*

c: J. Clark

(full testimony:

http://commdocs.house.gov/committees/judiciary/hju57743.000/hju57743_0.HTM)