



April 16, 2019

The Honorable Mike Pompeo
Secretary of State
2201 C Street, NW
Washington, DC 20520

The Honorable Elaine Chao
Secretary of Transportation
1200 New Jersey Avenue, SE
Washington, DC 20590

Dear Secretary Pompeo and Secretary Chao:

The U.S. Open Skies policy is unquestionably one of the most successful economic and diplomatic initiatives in American history. Coupled with domestic airline deregulation, it has greatly expanded air service access at U.S. communities, stimulating extraordinary economic growth in the process; it has produced record profits for our airlines, both passenger and cargo; and it has created jobs for American workers at home and abroad. We thank you for your staunch support for Open Skies and for ensuring that the U.S. remains steadfast in its commitment to open international aviation markets.

We write to you today, against renewed and thinly veiled attacks, to reiterate our support for Open Skies and for the January 30, 2018 Record of Discussion between the U.S. and the State of Qatar, and the May 11, 2018 Record of Discussion between the U.S. and the United Arab Emirates (UAE). The “Understandings,” and the years of careful, diplomatic efforts that preceded them, struck an appropriate balance between two important interests: increasing transparency about government financial support of foreign airlines, leading potentially to market distortions not yet addressed in any aviation model, and the continuing U.S. support for Open Skies.

The 2018 Understandings established certain expectations with respect to financial transparency and state support, while noting that such support is not uncommon in the global aviation sector. We fully support the Understandings and their careful balance of interests.

Respectfully, as both the U.S. Departments of State and Transportation have reiterated numerous times, the Records of Discussion were carefully drafted to avoid addressing the aviation rights and obligations of the parties to the underlying Open Skies agreements. In addition, the side letters from the governments of Qatar and the UAE do not contain any commitments to restrict 5th freedom service expansion by their airlines, just as the U.S. carriers exercise globally. Ongoing contrary statements about the Understandings are plain misrepresentations, which do a disservice to the outstanding work of the U.S. officials who tirelessly sought to craft this carefully balanced outcome on behalf of our nation.

We are especially concerned by the latest efforts to distort the Understandings even further with a wholly unsubstantiated claim that the Understandings control Qatar Airways' minority investment in Air Italy, a legally certified European carrier. This false characterization of Air Italy's flights as "de facto" 7th freedom flights is contrary to established international aviation law. The Air Italy flights in question would be legally permitted 3rd and 4th freedom flights operated by an EU carrier under the U.S.-EU Open Skies agreement. If one were to accept this logic, Delta's 49% investment in Virgin Atlantic would mean that Virgin's flight from London to Dubai is a Delta 7th Freedom flight. Further, American Airlines' investment in state-owned and state-supported China Southern would turn China Southern's flights from Beijing to Guangzhou into cabotage by American. As we have explained, the claims are illogical and would turn aviation law on its head.

With all of these false claims being pushed, we believe the time has come to set the record straight. First, the Italian Civil Aviation Authority reviewed Air Italy's ownership structure and concluded it complies with European aviation law. Subsequently, the European Commission confirmed that decision. If a party has facts supporting a contrary determination, they should request that the European Commission reevaluate its prior decision. Additionally, it is clear that Qatar's investment in Air Italy does not breach the Understandings, nor in any way violate Open Skies agreements between the U.S. and EU, or the U.S. and Qatar.

The all-cargo industry has spent decades working to develop global trade rules that address state-owned enterprises in the delivery sector. During the same time, the U.S. passenger aviation industry could have developed similar policies and rules that would apply to all passenger carriers. The fact is, however, that certain U.S. passenger carriers do not want these rules. By accepting the role of state support in aviation, they have profited generously through their anti-competitive commercial alliances with other state-supported carriers worldwide.

Our interest has always been in maintaining our nation's commitment to the Open Skies model because it is central to ensuring a thriving American aviation sector, including the hundreds of thousands of jobs we support, the benefits we bring to consumers, the incredible innovation it has spurred particularly through global cargo networks, and the freedom to compete that has allowed our cargo and passenger carriers to become the global leaders in commercial aviation. We have

consistently maintained that if any U.S. airlines have concerns with unfair competition they should attempt to negotiate rules that would apply to all airlines or pursue those claims through existing laws, such as the International Air Transportation Fair Competitive Practices Act (IATFPCA).

Should the U.S. breach the U.S.-Qatar agreement by restricting Qatar Airways' rights into the U.S., or the U.S.-EU agreement by restricting Air Italy flights, we can expect to see a rapid unraveling of hard-fought aviation rights around the world when other governments take similar action to shield their state-owned airlines from competition. Undoubtedly, closing access to global markets will be a punishment that brings higher prices and fewer choices for American travelers, consumers, and shippers. It would also invite retaliation against U.S. airlines that have used Open Skies and 5th freedom rights to build their thriving global networks – and upon which hundreds of thousands of American jobs depend. Retaliation would also have a crippling impact on U.S. passenger carriers seeking new service to the EU and halt any ability to bring down ticket prices in the outrageously expensive transatlantic market. For JetBlue, who just announced its intention to begin service to London from New York City and Boston starting in 2021, the possibility of retaliation could have a devastating impact on the ability to obtain authority to operate in the EU under the U.S.-EU Open Skies agreement.

We thank you for your unwavering support for Open Skies policy and all Open Skies rights, including 5th freedom rights, which are of particular importance to U.S. all-cargo carriers. We urge you to stand firmly behind those vital commitments.

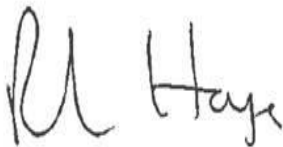
Sincerely,



William J. Flynn
President and CEO
Atlas Air Worldwide



Frederick W. Smith
Chairman and CEO
FedEx Corporation



Robin Hayes
CEO
JetBlue