



EUROPEAN UNION
DELEGATION OF THE EUROPEAN COMMISSION

Head of Delegation

Washington, 18 March 2009
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The Honourable
Ray LaHood
Secretary of Transportation
U.S. Department of Transportation
1200 New Jersey Ave., SE
Washington, DC 20590

Dear Mr. LaHood,

In light of the upcoming deliberation by the House of Representatives on the Federal Aviation Administration Reauthorisation (FAA) Act of 2009, I am writing to express the European Union's concern with restrictive measures in the draft legislation that risk jeopardising our bilateral cooperation on aviation and respectfully request your careful consideration when formulating the Administration's view on the bill.

In June 2008 the European Community and the United States signed a bilateral Aviation Safety Agreement, which, building on the mutual trust in each others safety systems, allows for reciprocal treatment of aeronautical repair stations. The agreement would in the future also involve mutual recognition of certification of aircraft operations and training organisations, as well as licensing of instructors and pilots.

The FAA Reauthorisation bill in its current version requires that maintenance organisations outside the US should be inspected by the FAA twice a year. This provision contradicts the EU-US Aviation Safety Agreement and would impede its implementation.

The non-entry into force of the bilateral agreement would result in higher costs for the 1,237 facilities in the US that would be required to be inspected by the European Aviation Safety Agency (EASA) in order to maintain European aircraft; it would penalise the US industry that would not be able to benefit from the fees rebate for the certification of products, which EASA will grant to third country beneficiaries of bilateral safety agreements; and it would oblige EASA to conduct the certification and apply the fees for the certification of aircraft operations and training organisations, as well as licensing of instructors and pilots.

The requirement would result in extra costs for the European and US industry overall and would jeopardise jobs. The negative effects are nonetheless likely to be greater for the US, which hosts more than three times as many repair stations as Europe and currently trains, according to a conservative estimate, 12,000 European pilots. Having to inspect US repair station facilities just once a year would cost US industry \$35 mil per year, compared to \$1.1 mil with the bilateral safety agreement in force. Requiring pilots to be trained elsewhere would represent a loss of business of at least \$72 mil for the American pilot training industry. Therefore industry, including representatives of US repair stations, has repeatedly called for the withdrawal of this provision.

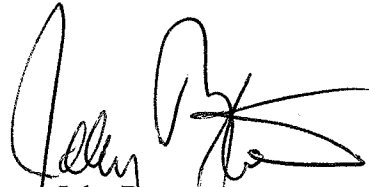
Furthermore, the draft legislation limits the possibilities of investment in US airlines and threatens transatlantic alliances.

By requiring that "citizens of the United States control all matters pertaining to the business and structure of the air carrier, including operational matters such as marketing, branding, fleet composition, route selection, pricing, and labor relations", the draft legislation would hamper the implementation of the existing EU-US Air Transport Agreement which entered into force in March 2008 and in particular the provisions on franchising and branding. Moreover, this provision would dangerously impair the ability to enter into meaningful second stage negotiations as foreseen by Article 21 of the EU-US Air Transport Agreement, which aim at establishing a reciprocal investment regime based on mutual confidence providing new opportunities between the EU and the US in a sector which badly needs it.

An additional provision requiring all anti-trust immunity grants to sunset three years after the date of enactment would put in question carefully constructed agreements among airlines that are designed to offer costumers a better and more seamless global product. It would also prevent future alliances from forming given the difficulties in overcoming the regulatory hurdles. An immunised alliance is the closest airlines can come to a global operation and benefit from cross-border opportunities all other industries enjoy and take for granted.

I would be grateful if you could give due consideration to the concerns expressed above and halt any attempt to raise barriers in the transatlantic aviation market.

Yours sincerely,



John Bruton
Ambassador