A bold voice for transportation workers

December 4, 2014

The Honorable Barbara Mikulski
Chairwoman
Senate Appropriations Committee
Washington, DC 20510

The Honorable Richard Shelby
Ranking Member
Senate Appropriations Committee
Washington, DC 20510

Dear Chairwoman Mikulski and Ranking Member Shelby,

On behalf of hundreds of thousands U.S. aviation workers, we ask that you include the House-passed Westmoreland-DeFazio amendment language in any year-end appropriations measure. This provision, included in the FY 2015 Transportation, Housing, and Urban Development (THUD), simply requires the U.S. Department of Transportation (DOT) to ensure that the U.S.-EU Open Skies Agreement is implemented in full accordance with U.S. law and terms and conditions of the agreement. An identical amendment was also introduced by Senators Klobuchar (D-MN), Blunt (R-MO), Schatz (D-HI) and Moran (R-KS) and other Senators prior to consideration of the Senate FY 2015 THUD bill.

As you are aware, Norwegian Air International (NAI) has submitted an application to DOT for a foreign air carrier permit under the U.S.-EU Open Skies Agreement. While Norwegian in origin and ownership, NAI is certified as an Irish air carrier and its air crews are employed on individual employment contracts with a Singaporean hiring agency and based in Thailand. Furthermore, NAI has not yet indicated plans for any meaningful flight operations into or out of Ireland. This model runs afoul of both U.S. public interest law and the terms and conditions of the Open Skies Agreement – most notably Article 17 *bis*.

Article 17 *bis* states that "the opportunities created by the Agreement are not intended to undermine labour standards or the labour-related rights and principles contained in the Parties' respective laws." By creating a new subsidiary in Ireland, NAI is seeking to avoid the application of Norway's legitimate labor, social, and tax laws, and to evade existing collective bargaining agreements. This is the precise definition of a "flag-of-convenience" business model. If allowed to proceed, NAI would be able to drastically undercut U.S. airlines, unnaturally distort the transatlantic marketplace, and destroy thousands of middle class airline jobs. It would also set a dangerous precedent, and one that could lead to an environment where this type of model is the norm.

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Unfortunately, we need only look to the U.S. maritime industry for an example of how flag-of-convenience models affect U.S. jobs and competitiveness. Approximately 80 percent of the world's maritime fleet operates under a flag of convenience, with shipping companies registering merchant ships in foreign states such as Liberia and Panama to avoid regulations, labor costs and taxes. As a result, the U.S.-flag fleet – once a robust industry supporting many thousands of U.S. seafarer jobs – has shrunk to fewer than 100 vessels. Over 98 percent of goods flowing into and out of U.S. ports are carried on foreign-flagged vessels. We cannot allow the same fate to befall the U.S. airline industry.

The amendment we are asking you to support would simply require the Department of Transportation (DOT) to follow U.S. law and the terms of the Open Skies agreement when considering applications for a foreign air carrier permit. NAI's application clearly fails on both accounts. This amendment will send the message that the U.S. will not tolerate those who wish to take advantage of our international agreements to undermine labor standards and distort the competitive balance of the transatlantic marketplace.

We urge you to support the House of Representatives' position to ensure DOT acts according to U.S. law and international agreements. Thank you for your continued interest in this matter and for your support for the U.S. aviation industry and its workforce.

Sincerely,

Lee Moak
President
Air Line Pilots Association

Sara Nelson
International President
Association of Flight Attendants-CWA

Sito Pantoja
General Vice President
International Association of Machinists and Aerospace Workers

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cc: The Honorable Harry Reid
The Honorable Mitch McConnell