



A bold voice for transportation workers

PROTECTING U.S. AVIATION JOBS IN A GLOBAL AVIATION INDUSTRY

Today, international aviation and the role that U.S. carriers and their workers play in our air transportation system is at a crossroads. While over 100 trade liberalization pacts, referred to as “open skies” agreements, already exist between the U.S. and various governments, new and expanded agreements are on the table. In addition, the European Union (E.U.) is actively pushing to relax U.S. foreign ownership and control rules and the International Civil Aviation Organization (ICAO) seeks, against our objections, to expand its reach into economic regulations.

How these issues are handled and addressed over the next several months and years will determine if a strong and vibrant U.S. aviation industry is preserved, or whether foreign airlines and their governments will be allowed to dictate a playing field inherently tilted in their favor at the expense of U.S. aviation employees. We know that expanded international opportunities for U.S. air carriers can have a positive impact on the jobs and wages of pilots, flight attendants, mechanics and other ground workers and we have supported those types of balanced agreements. At the same time, we have, and will continue to, reject efforts that seek liberalization at any cost and without adequate protections for the workers represented by TTD unions. Decades of unfair trade policy have ravaged workers in many U.S. industries and we are committed to ensuring that liberalized aviation trade does not have the same result for U.S. aviation employees.

When the U.S. and the E.U. negotiated the bilateral Air Transport Agreement we were pleased that it included, for the first time ever, a labor article and a process through which the parties can seek to address adverse effects of the agreement on aviation employees. The U.S. also rejected efforts by the E.U. to force changes to our rules and regulations limiting foreign ownership and control of U.S. airlines. In fact, the Bush Administration attempted to push through a rule change allowing foreign control of U.S. airlines as part of its effort to secure an open skies agreement with the E.U. But that proposal was rejected by Congress. The final open skies agreement, completed in 2011 under the direction of the Obama Administration, left intact our rules governing foreign investment in our airlines.

Foreign ownership and control rules, and prohibitions against foreign carriers engaging in cabotage, or the carriage of U.S. point-to-point domestic traffic, have protected U.S. aviation workers against unfair competition, preserved basic labor rights and ensured our nation’s status as the world’s leader in air transportation. Foreign states have long lobbied to loosen these restrictions in order to gain a foothold in the lucrative U.S. aviation market, the world’s largest,

and syphon off jobs to lower-cost foreign carriers. In addition, there are serious security issues that make foreign ownership and control of U.S. airlines, as well as cabotage, especially ill-advised.

Relaxing foreign ownership and control rules would strain our government's ability to mandate and enforce critical security standards as it will be impossible to assert U.S. security interests when a foreign interest is so integrally involved in controlling the operations of a U.S. air carrier. Moreover, the ability of our government to manage the Civil Reserve Air Fleet (CRAF) program, which assures U.S. air carrier capacity for our military's air transport needs during wars and conflicts, would be undermined. Under relaxed foreign ownership and control rules we question how a foreign executive that controls the commercial aspects of a U.S. carrier but does not support our military strategy would be compelled to provide CRAF air transport services during a war or conflict. Finally, we know that if foreign carriers are allowed to take over U.S. airlines, the practice of outsourcing aircraft maintenance to foreign countries – already a major problem that has cost thousands of skilled U.S. jobs and undermined safety – will only accelerate.

Despite these issues, we know that the debate over foreign ownership and control will continue. The U.S. and the E.U. have commenced high-level working group discussions on initiating a U.S.-E.U. free trade agreement (FTA). Though the U.S. position has been clear on foreign ownership and control laws, E.U. negotiators have already indicated that they will seek to loosen these laws in the scope of an FTA. We believe that the FTA talks should exclude any air transport services, particularly in light of the recently negotiated U.S.-E.U. Air Transport Agreement. The inclusion of foreign ownership and control laws in the FTA talks are inappropriate, and must be soundly rejected by United States Trade Representative (USTR) and the Administration.

Those nations that wish to loosen our foreign ownership and control laws may also look to the proposed International Services Agreement (ISA) between the U.S. and about 20 other countries as another avenue. Once again, we reject the notion that air transport services should be discussed in the context of the ISA, and believe that international air traffic rights and related services are best established through the existing system of bilateral open skies agreements. We believe that the most appropriate way for our government to open new markets in aviation is through the existing open skies regime which has accomplished important trade objectives without undermining core labor standards and foreign control and ownership laws.

Even within the framework of bilateral open skies agreements, there should not be a one-size-fits-all approach. Every foreign state with which we negotiate presents different challenges and concerns with respect to the U.S. aviation system and its workforce. An agreement with a non-market economy like China will present wholly different issues than an agreement with the E.U. In every case, however, our government must promote the expansion of our aviation system while protecting basic labor principles best represented by the International Labor Organization (I.L.O.) Conventions and accompanying jurisprudence. By adopting these standards, in addition to protecting U.S. foreign ownership and control laws, our government can ensure that international liberalization proposals will not negatively impact aviation employees.

From March 18-22, 2013, ICAO will convene and the U.S. government will attend the Sixth Worldwide Air Transport Conference in Montreal. In advance of this conference, the ICAO Secretariat released several Working Papers that outlined the conference's shockingly ambitious agenda. We believe that ICAO has valuable contributions to make in international aviation safety and security, and we also welcome an ICAO agreement on emissions standards for aircraft as opposed to the unilateral approach undertaken by the E.U. Emissions Trading System (E.U.-E.T.S.). However, ICAO is not the appropriate body to address the myriad of economic regulatory issues addressed in the Secretariat's Working Papers. We do not agree with the Secretariat's claim that "the leadership role of ICAO in economic regulation on international air transport... is indisputable." (Secretariat WP/16). In fact, the Working Papers promote many initiatives that we have repeatedly urged our own government to advocate against in the context of liberalization agreements.

Among the issues that the ICAO Secretariat promotes are the commercialization and privatization of airports and air navigation services, liberalization of air carrier ownership and control, liberalization of air cargo services and expanding market access for international air transport. We believe the privatization proposal would threaten the safety and reliability of the National Airspace System by removing government responsibility, oversight and control. We are also unequivocally opposed to international efforts to undermine U.S. ownership and control rules for U.S. airlines, and we oppose the liberalization and expansion of market access for air transport through the broad multilateral air services agreements that ICAO proposes in its Working Papers.

The U.S. aviation industry and its workers face significant challenges and opportunities as globalization and liberalization become more prevalent. Already, U.S. aviation crews have seen their jobs threatened by corporate schemes such as alliances between U.S. and foreign air carriers. Similarly, foreign outsourcing of aircraft maintenance and passenger service functions is sending good U.S. aviation jobs overseas. Through bilateral air services agreements that protect the U.S. airline industry and its employees, and include ILO core labor standards, the U.S. government can open new markets and opportunities for U.S. air carriers while creating and protecting high quality U.S. aviation jobs. That is the agenda we will pursue in the coming months and will urge the Obama Administration to embrace.

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