

# Bilaterals Work, Don't 'Fix' Them



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**W**hen you operate the world's safest, most advanced and most lucrative aviation system—as the U.S. does—others are naturally going to want a piece of that pie. It is up to the U.S. government, therefore, not to slice it up at the expense of the American aviation industry and its workforce.

This is exactly what the EU is trying to achieve by proposing to throw air transport services into a much larger pot of trade negotiations known as the Transatlantic Trade and Investment Partnership (TTIP). The stated goal of TTIP is to find areas in which the EU and the U.S. can find mutual trade opportunities and then agree to reforms in areas such as regulation and investment.

The first round of these talks covered issues such as energy, raw materials, intellectual property rights and agricultural goods. Before Round Two begins in Brussels in October, the U.S. Trade Representative (USTR) should tell the Europeans that the U.S. has

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no interest in including issues covered by air services agreements that for more than six decades have been negotiated through a fair and balanced bilateral process under the experienced leadership of the State and Transportation departments.

Air services have long been excluded from broader international trade agreements. U.S. administrations—Democrats and Republicans alike—have instead pursued bilateral liberalization agreements. We now have 110 such pacts, the last of which was signed in March with Guyana. This system has generally served us well by opening and expanding markets for carriers and their employees. These agreements have eliminated many restrictions on the ability of carriers to select routes, establish frequencies and set prices, benefiting the U.S. airlines and passengers and creating job opportunities. So what exactly is broken that needs to be fixed?

Here's the punch line. No matter what spin the EU tries to place on its objective—enhanced service, job creation—the motives behind its insistence on including air services in TTIP are clear: They are

about forcing an ownership-and-control agenda that we know from experience will harm U.S. airlines and their employees. In addition, the EU wishes to have its airlines operate flights within U.S. domestic markets—operations that would be at odds with U.S. immigration, tax and environmental laws and that are not allowed in any other business sector.

The EU attempted to make these changes during negotiations for the recently concluded U.S.-EU Air Transport Agreement. Thankfully, U.S. negotiators rejected these proposals while still achieving a range of market-opening objectives. These negotiators, with the most intimate knowledge of the aviation industry, understood that weakening our foreign ownership-and-control and cabotage laws would be disastrous to U.S. airlines and their workforces. Yet EU officials now hope to circumvent the existing agreement with the U.S. by introducing air transport services into the broader TTIP talks. Their aim? To wrest control of critical aviation regulatory issues from the watchful eye of those government experts who know better. This is a poorly veiled strategy that should be firmly rejected by the Obama administration.

The USTR should not have to look far for support of this position. The American public and Congress have consistently rejected attempts to change existing aviation laws. In 2005, lawmakers soundly rejected a Bush administration proposal (later withdrawn) to allow foreign entities to exercise control over U.S. airlines. And just last month, more than 150 members of Congress sent a letter to the USTR urging rejection of the EU's aviation agenda in TTIP talks.

For myriad reasons from public safety to national security, the airline industry has been treated as providing more than ordinary goods and services. Given their unique nature, air services have been subject to a separate administrative regime rather than be included in more complicated, politically charged trade talks.

Modern trade agreements go far beyond setting tariff levels, and now encapsulate an increasingly complex global economy. We have seen how balanced trade can create good jobs, boost the economy and open new markets. But we are living in an era in which perverse trade policies are ravaging entire industries and the middle-class jobs they support. We should not add the already complex world of air transport to that list.

The decisions our government makes in the TTIP talks will impact the future of U.S. airline passengers and jobs as well as the competitive positioning of our nation's air carriers that are waging a tense battle in a highly competitive global aviation industry. This is a no-brainer—keep aviation out of TTIP negotiations. ☺