

1970/4/24/12
17/12/12
OSD II / 1108
17/12/12



OSD II
17/12/12
MGR (R) / MGR (DEC)
17/12/12
(W)

December 14, 2012

Mr. Ajit Singh
Minister of Civil Aviation
Government of India
Rajiv Gandhi Bhavan
Safdarjung Airport
New Delhi 110 003
India

Fax: 011-91-11-2461-0354

RE : Potential Increases at Chhatrapati Shivaji International Airport

Dear Minister Singh:

Airlines for America ("A4A") is the trade association of the principal U.S. airlines, including the U.S. airlines that operate international service to India and around the world.^[1] A4A appreciates the opportunity to submit comments concerning potential fee increases at Chhatrapati Shivaji International Airport (CSIA) in Mumbai.^[2] We support the letter and detailed consultation document submitted by the International Air Transport Association (IATA) dated 26 November 2012 (attached) concerning proposed charges at CSIA. In particular, we join with IATA in objecting to the 120 percent increase in landing charges for international operations; the discrepancy in landing charges for international versus domestic operations; and the proposed new slot charge for flight cancellations.

The practice of maintaining a differential in landing charges based on international versus domestic operations violates the U.S.-India Open Skies Agreement under Article 10, User Charges, and under Article 11, Fair Competition. Specifically, Article 10(1) requires that user charges:

"[S]hall be just, reasonable, not unjustly discriminatory and equitably apportioned among categories of users. In any event, any such user charges shall be assessed on the airlines of the other Party on terms not less favorable than the most favorable terms available to any other airline at the time the charges are assessed."

^[1] A4A members and affiliates transport more than 90% of U.S. airline passenger and cargo traffic. The members of the association are: Alaska Airlines, Inc.; American Airlines, Inc.; Atlas Air, Inc.; Delta Air Lines, Inc.; Federal Express Corporation.; Hawaiian Airlines; JetBlue Airways Corp.; Southwest Airlines Co.; United Continental Holdings, Inc.; United Parcel Service Co; and US Airways, Inc. Air Canada is an associate member.

^[2] Consultation Paper No. 22/2012-13 on 'Determination of Aeronautical Tariff and Development Fee in respect of Chhatrapati Shivaji International Airport, Mumbai for the 1st Regulatory Period (01.04.2009 – 31.03.2014)

Mr. Ajit Singh
December 14, 2012
Page 2

The existing regime (soon to be further exacerbated) charges one user more than another for the same service and so is neither "just" nor "equitably apportioned among categories of users." Equally, U.S. carriers are not accorded the same terms as "the most favorable terms available to any other airline," in this case, Indian carriers offering domestic services. As a result, the charges are unjustly discriminatory in violation of Article 10(1). Article 10(2) requires that user charges be cost-related. Charges are not cost-related when they differ based upon the origin or destination of an aircraft.

Drastic increases in airport-related charges at the levels proposed, as well as the introduction of new charges not found at other airports, will be devastating for all who rely on the airport: passengers, shippers, vendors and the local economy. The result will be that economic development at CSIA will be depressed. Rather than ensuring that air service remains an engine of growth, the proposed charges for CSIA promise to strangle that growth, hurting – not supporting – the local economy.

The proposed increased charges at CSIA will be unsustainable and will inhibit the valuable air links between the United States and India. As you know, airlines continue to operate on slim margins as they battle the economic uncertainties in their home countries and in countries that they serve. While such uncertainty is already daunting, the continued high cost and volatility of jet fuel prices remains a constant threat to an airline's bottom line. Higher operating costs will result in airlines having to reassess service levels and growth plans at CSIA, which could result in negative implications for the Indian economy. Unnecessary taxes and fees have an adverse effect on airlines that also result in unintended consequences: impeding job creation; diminishing services and increasing the cost of air transportation.

We respectfully request your involvement and action to address all of the above mentioned concerns.

Sincerely,



Sean Kennedy

Senior Vice President, Global Government Affairs

cc: Mr. Kris Urs, Deputy Assistant Secretary for Transportation Affairs, U.S. Department of State
Mr. Paul Gretch, Director, Office of International Aviation, U.S. Department of Transportation
Capt. Kapil Chaudhary, Secretary, Airports Economic Regulatory Authority of India