

FROM THE HILL

Legislative and Political Report

Lawmakers Attempt to Block Rule Change on Foreign Control

Both the House of Representatives and the Senate have sent an unequivocal message to the U.S. Department of Transportation: Do not issue a final rule allowing foreign control of U.S. airlines without congressional review.

In March, the House Appropriations Committee unanimously ap-

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proved a nonbinding measure directing the DOT not to move forward with its proposed rule change for at least 120 days. The report language was inserted into a \$91 billion supplemental appropriations package for hurricane relief and military operations in Iraq and Afghanistan.

On April 5, the Senate Appropriations Committee followed suit by approving the amendment of Sen. Daniel Inouye (D-Hawaii) that would prohibit the expenditure of funds through Oct. 1, 2006, for implementing DOT's proposed rule.

Under U.S. law, no U.S. airline is permitted to have foreign interests control more than 25 percent of its voting stock or more than one-third of its board of directors. In addition, U.S. citizens must maintain actual control over a U.S. airline. The DOT's proposal would change the rules so that foreign investors could exercise control over key economic and operational aspects of a U.S. airline, such as pricing, route and fleet planning, and marketing.

Foreign control of U.S. airlines is the bait offered by the Bush Administration to sweeten the "Open Skies" deal the United States has been negotiating with the European Union. Under

the agreement, any U.S. airline could fly to any point in the EU, and any European airline could fly from anywhere in Europe to anywhere in the United States. Observers say that if the DOT cannot relax its rules on foreign control, the deal will fall through.

Critics of the DOT's proposal say that it circumvents the intent of Congress with respect to airline ownership and control. But the actions taken by

both the House and Senate indicate growing momentum in Congress to stop the DOT's misguided proposal, which threatens piloting jobs and the Civil Reserve Air Fleet program.

"Changes of this magnitude should be undertaken not by an administering agency but by the legislative branch," says ALPA's president, Capt. Duane Woerth. "Even though the DOT can still unilaterally move forward with its final rule, hopefully they will now heed Congress's warning and withdraw this flawed proposal."

—Gavin Francis, Staff Writer

Conference Committee Works on Pension Reform

In March, a U.S. House-Senate conference committee began work on legislation that would reform the nation's pension system and could give airlines relief from excessive pension funding obligations. The conference committee, made up of 16 Republicans and 11 Democrats, must resolve differences in competing House and Senate bills before sending a compromise back to both chambers for final approval.

The Senate version of the bill includes provisions designed to give pension relief to airlines. It also includes an amendment, offered by Sen. Daniel Akaka (D-Hawaii), that would protect airline pilots, who must stop flying for U.S. airlines at age 60, from having their pension benefits actuarially reduced by the Pension Benefit Guaranty Corporation if their retirement plan is terminated.

The House version lacks these airline-industry-specific stipulations. However, those provisions received strong support from House lawmakers recently when a motion instructing House conferees to accept Senate language regarding the airline indus-

try passed by a vote of 265 to 158. While the motion, offered by Rep. George Miller (D-Calif.), was not binding, it broadcasts the overwhelming support in the House for the airline-worker protections.

As this issue of *Air Line Pilot* goes to press, the final outcome of the pen-

House overwhelmingly supports airline provisions in Senate bill.

sion bill remains in doubt. ALPA and its allies have pushed the process along, against all odds, but ultimately, the bill's fate remains subject to many factors—most of which are unrelated to the issue altogether.

"I urge the conference committee to now move forward and return a final bill that reflects the clear intentions of the House and Senate on these vital pension reforms," says ALPA's president, Capt. Duane Woerth. "Never has a piece of legislation been more important to the futures of airline workers and their families." —Gavin Francis, Staff Writer