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Agreements Are Accelerating

U.S. DEPARTMENT OF TRANSPORTATION
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DOT Report Says Benefits for Consumers From Open Skies Agreements Are
Accelerating

U.S. Secretary of Transportation Rodney E. Slater today released
the department's second report on Open Skies agreements between the U.S.
and other countries, International Aviation Developments: Transatlantic
Deregulation -- The Alliance Network Effect, affirming information from a
December 1999 report showing that Open Skies agreements now in place
across the Atlantic are producing enormous benefits for consumers

According to the new report, broad-based alliance networks are the
principal driving force behind pro-competitive changes in market structure
that has led to strong traffic growth and phenomenal fare reductions.

"Since President Clinton and Vice President Gore assumed office,
the United States has signed 49 new Open Skies agreements that are
effectively deregulating these markets," said Secretary Slater. "These
agreements are good for consumers, they create jobs and strengthen
commerce, and promote free markets and democracy."

In markets governed by Open Skies agreements, the department's new
report found much larger fare decreases in 1999 than had occurred through
1998. Average fares to Open Skies countries declined by 20 percent
overall compared with 1996, and approached 25 percent in connecting
markets that have particularly benefited from the development of
multinational networks.

The report also found that Open Skies deregulation has led to
strong traffic growth across the Atlantic. Regulatory constraints have
greatly relaxed starting with 1996, when two strategic alliances were
formed. Comparing the three-year periods before and after 1996, the
report shows that traffic increased by 10.5 percent or 10.7 million
passengers during the latter compared with increases of 16.6 percent or
4.7 million passengers for the former.

Open Skies agreements have provided carriers the operating
flexibility necessary to efficiently improve and expand services, and have
afforded the pricing flexibility needed to develop complete pricing
strategies and market them effectively.

A copy of the report is available at ostpxweb.dot.gov/aviation/

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