

**REMARKS BY**  
**FORMER SEC. OF TRANSPORTATION NORMAN MINETA**  
**AMERICAN AIRLINES NEWS CONFERENCE**

**DEC. 3, 2009**

THANK YOU, TOM. I'M GLAD TO HAVE AN OPPORTUNITY TO ADDRESS THIS VERY IMPORTANT GROUP OF JOURNALISTS TODAY.

AS THE FORMER SECRETARY OF THE U.S. DEPARTMENT OF TRANSPORTATION, I HELPED SHAPE U.S. INTERNATIONAL AVIATION POLICIES AND THOSE POLICIES ARE IN SHARP FOCUS AS THE U.S. AND JAPAN NEGOTIATE AN OPEN SKIES AGREEMENT. THEY ALSO ARE AT THE HEART OF A VIGOROUS DEBATE BETWEEN TWO ALLIANCES VYING FOR A CLOSER RELATIONSHIP WITH JAPAN AIRLINES.

I'M AWARE THAT MANY OF YOU MAY HAVE HEARD JEFF SHANE SPEAK ON THIS TOPIC TODAY. I AM SURE HIS COMMENTS WERE ILLUMINATING. JEFF WAS A MEMBER OF MY STAFF AND I RESPECT HIM A GREAT DEAL.

ON THIS TOPIC WE MAY HAVE DIFFERENT POINTS OF VIEW, HOWEVER, AND I HOPE YOU FIND MY POINT OF VIEW USEFUL AS YOU CONSIDER HOW U.S.-JAPAN OPEN SKIES -- AND ANY SUBSEQUENT REQUEST FOR ANTITRUST IMMUNITY -- COULD AFFECT JAL, JAPAN AND CONSUMERS.

WE AT DOT PURSUED OPEN SKIES AGREEMENTS TO ALLOW AIRLINES TO BUILD BROADER NETWORKS AND IMPROVE THEIR PRODUCT OFFERINGS, ALL IN THE HOPES OF ONE GOAL: **ENHANCING** AIRLINE COMPETITION AND CONSUMER CHOICES. WHEN I BECAME SECRETARY, WE HAD 49 OPEN SKIES AGREEMENTS IN PLACE. WHEN I DEPARTED, WITH MUCH EFFORT AND SUCCESS, WE HAD 74 INCLUDING LAYING THE GROUNDWORK FOR THE ONE WITH THE EUROPEAN UNION THAT INCORPORATED 27 COUNTRIES.

OF COURSE, OPEN SKIES ACCORDS ALSO OPEN THE DOOR FOR U.S. AIRLINES AND THEIR INTERNATIONAL COUNTERPARTS TO APPLY FOR ANTITRUST IMMUNITY. IT IS IMPORTANT TO UNDERSTAND THAT AN OPEN SKIES AGREEMENT DOES NOT GUARANTEE THAT AN IMMUNITY APPLICATION WILL BE APPROVED.

THE REVIEW PROCESS IS RIGOROUS AND IS DRIVEN BY THAT ONE  
OVERRIDING OBJECTIVE – ENHANCING COMPETITION. HISTORICALLY, IT HAS  
NOT BEEN THE POLICY OF THE U.S. GOVERNMENT TO FURTHER THE  
COMMERCIAL INTERESTS OF **ANY** INDIVIDUAL AIRLINE.

WHEN REVIEWING, DOT CUSTOMARILY CONSULTS THE U.S.  
DEPARTMENT OF JUSTICE TO ENSURE THAT ANY DECISION FURTHERS  
COMPETITION. THIS ENTIRE PROCESS IS DESIGNED TO ELIMINATE POLITICAL  
INFLUENCE SO THAT DECISIONS ARE MADE BASED ON THE MERITS.

IN ITS REVIEW, DOT ANALYZES PROPOSED RELATIONSHIPS ON  
MULTIPLE LEVELS. FIRST, DOT LOOKS AT ROUTES WHERE BOTH AIRLINES  
PROVIDE NON-STOP SERVICE. SECOND, THE DEPARTMENT REVIEWS THE  
IMPACT ON TRAFFIC BETWEEN COUNTRIES, SUCH AS THE U.S. AND JAPAN.  
THIRD, IT REVIEWS THE EFFECTS ON BROADER REGIONS, SUCH AS U.S.-TO-  
ASIA MARKETS.

I WAS THE LONGEST-SERVING SECRETARY OF TRANSPORTATION AND  
BASED ON MY EXPERIENCE, I BELIEVE A JAL-DELTA/NORTHWEST

RELATIONSHIP WOULD HARM COMPETITION AT EVERY LEVEL.

DELTA/NORTHWEST AND JAL ARE DIRECT COMPETITORS ON TRANSPACIFIC ROUTES – ROUTES THAT SERVE MILLIONS OF PASSENGERS EACH YEAR.

MOREOVER, THE U.S.-JAPAN MARKET IS CURRENTLY HIGHLY COMPETITIVE WITH EACH OF THE THREE GLOBAL ALLIANCES THAT OPERATE IN THIS MARKET HAVING A ROUGHLY ONE-THIRD SHARE OF THE TRAFFIC. U.S. REGULATORS WILL BE EXTREMELY CONCERNED ABOUT THE DESTRUCTION OF THIS COMPETITIVE BALANCE.

THEY ALSO WILL BE TROUBLED BY THE ELIMINATION OF **ONEWORLD'S** PRESENCE IN JAPAN AND MUCH OF ASIA. A REDUCTION IN THE NUMBER OF ALLIANCES FROM THREE TO TWO WOULD BE PLAINLY ANTI-COMPETITIVE, AND THE REMEDIES THAT I HAVE HEARD SUGGESTED COULD NOT OVERCOME THESE SERIOUS ANTI-COMPETITIVE EFFECTS.

ALSO, THERE IS NO PRECEDENT FOR DOT IMMUNIZING TWO AIRLINES THAT OPERATE CONNECTING HUBS IN THE SAME MARKET, WHICH IS THE CASE WITH DELTA/NORTHWEST AND JAL AT NARITA INTERNATIONAL AIRPORT.

DELTA/NORTHWEST, WHICH HAS A PRE-EXISTING IMMUNIZED RELATIONSHIP WITH KOREAN AIRLINES, COMPETES WITH JAL ON MANY U.S. TO ASIA ROUTES BY CONNECTING TRAFFIC AT SEOUL'S INCHEON INTERNATIONAL AIRPORT.

TOM OUTLINED THE SUBSTANTIAL FINANCIAL BENEFITS TO BE GAINED FROM OBTAINING ANTITRUST IMMUNITY. HE ALSO EXPLAINED HOW THOSE SYNERGIES ARE CRITICAL TO JAL'S FUTURE SUCCESS AND ITS ABILITY TO COMPETE AGAINST A LIKELY-TO-BE IMMUNIZED JOINT VENTURE AGREEMENT FEATURING UNITED AIRLINES AND ALL NIPPON AIRWAYS.

IT IS MY FERVENT HOPE THAT AN ON-GOING RESTRUCTURING EFFORT BY JAL WILL ALLOW IT TO GROW AND PROSPER, BECAUSE A STRONG JAL IS GOOD FOR JAPAN AND CONSUMERS.

I ALSO HOPE THAT JAL MAKES AN ALLIANCE DECISION THAT POSITIONS IT TO ACHIEVE ANTITRUST IMMUNITY SWIFTLY - AND ON REASONABLE TERMS - BECAUSE I BELIEVE THAT IS ESSENTIAL TO ITS LONG-TERM SUCCESS.

THANK YOU FOR YOUR TIME.