More Flights From Asia Possible If We Change the Rules

By Dr. Richard Kelley

Last week I commented on the rapid economic growth in Asia and how this will change the global tourism market, particularly for Hawai‘i. To take advantage of this, we in the United States and Hawai‘i need to:

1. Begin well thought-out promotion and marketing campaigns in developing visitor markets.
2. Make the process of getting a visa to the U.S. far more user-friendly for residents of countries, like China, to which the U.S. visa waiver program does not apply.
3. Eliminate the onerous restrictions that discourage international airlines from flying through Hawai‘i from Asia en route to U.S. mainland cities.

Item three is very important because, under current federal law, only U.S. airlines have the right to pick up a passenger in Hawai‘i and take him or her to another U.S. destination – or to pick up passengers on the mainland and fly them to Hawai‘i.

The term used to describe domestic transportation rights is “cabotage” – the right to carry passengers and/or goods by air, land, or sea between two destinations within a country. (origin: French derivative of “caboter,” to sail near the coast, apparently from Spanish “cabo” cape). Traditionally, most countries have reserved the right to provide domestic transportation to domestic carriers – typically ocean shipping companies and airlines, but also trucking and bus companies. (The much-discussed Jones Act is a long-standing cabotage law that keeps foreign ships from carrying goods and passengers between any two U.S. points – e.g., California and Hawai‘i – reserving that right to generally more expensive U.S.-flag carriers.)

U.S. cabotage laws mean that even though Japan Airlines can fly passengers from Tokyo to Honolulu and from Tokyo to Los Angeles, it cannot pick up passengers in Honolulu and carry them to Los Angeles.

The practical result is that Japan Airlines limits service to Honolulu and instead flies most of its U.S.-bound passengers directly from Tokyo to West Coast cities such as Seattle, San Francisco, and Los Angeles. Japanese visitors who would like to combine a trip to Hawai‘i with a visit to the mainland are obliged either to travel on an American carrier such as United (if they wish to avoid switching airlines in the middle of their trip) or to fly a Japanese airline to Hawai‘i and then switch to a U.S. domestic airline for their onward flight to the West Coast.

Hawaii has the potential to be a mid-Pacific airline hub, but cabotage restrictions that keep foreign airlines from carrying passengers between Hawai‘i and the continental U.S. discourage many foreign carriers from investing the resources needed to develop routes that include Hawai‘i.

Furthermore, and very sadly, the exclusion of foreign airline competition from routes between the continental U.S. and Hawai‘i has also allowed the quality of service provided by U.S. carriers on these routes to decline.

Ask any frequent flier about this, and you will get an earful about the small, crampedwved aircraft, crowded seating, box lunches, etc., now offered by U.S. carriers. It wasn’t always like this. I still remember the party-like atmosphere

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on United flights bound for Hawai‘i.

If foreign airlines were allowed to fly domestic passengers on domestic routes, you can bet it would force a big improvement in service on U.S. carriers previously shielded from such competition.

Aviation expert Professor Nawal Taneja notes, “Other countries open cabotage traffic (to foreign airlines). It is widely available within Europe. And even if one were to argue that Europe, that is the European Union, is not really one country, there are individual countries that allow traffic by outside carriers between two local points.”

For example:

• EasyJet (a UK airline) offers service between Paris and Nice in France.

• Ryanair (another UK airline) offers services between Rome and Milan in Italy.

• AirBerlin (a German airline) offers services between Madrid and Mallorca in Spain.

• In Australasia, both New Zealand and Australia allow foreign carriers to fly within their domestic markets. Wouldn’t it be great if, say, Singapore Airlines, known for its superior service, was granted limited cabotage rights to fly between Honolulu and a couple of West Coast cities?

Or, what if ANA could offer flights from Tokyo to Honolulu and on to Los Angeles or Las Vegas?

Then there is Emirates, the major Persian Gulf-based carrier that already serves both the continental U.S., Asia, and Australia. Cabotage rights would allow Emirates to offer high quality around-the-world service with stops in Hawai‘i.

The availability of limited cabotage rights might also encourage smaller and less well-known airlines from China, Korea, Malaysia, and Vietnam to fly through the Hawaiian Islands.

It all creates jobs and opportunity. Let’s get the ball rolling soon.