The big story on the front page of many U.S. newspapers this week was the report that the U.S. Justice Department has filed suit to block the proposed merger of American Airlines and US Airways because, it claims, "Increasing consolidation among large airlines has hurt passengers." To me, those are crocodile tears intended to divert our attention from bigger issues that need to be more widely understood.

Right now, only five major air carriers dominate the U.S. domestic market:

<table>
<thead>
<tr>
<th>Airline 2012 Revenue (in billions)</th>
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</thead>
<tbody>
<tr>
<td>United</td>
</tr>
<tr>
<td>Delta</td>
</tr>
<tr>
<td>American</td>
</tr>
<tr>
<td>Southwest</td>
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<tr>
<td>US Airways</td>
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Dennis Tajer, spokesman for the union representing the pilots of American Airlines, was quoted by the Wall Street Journal as saying the current status is really a "duopoly of Delta and United." In any case, competition for customers traveling domestically is certainly limited. As a result, the quality of service has been going down and airfares have been going up.

I have frequently written about my concerns over the drop in quality of service and aircraft on flights to Hawai‘i from the continental United States. Years ago, visitors to Hawai‘i traveled in the latest wide-body aircraft, with mai tais, lei, and flight attendants dressed in mu‘umu‘u and aloha shirts. For a while, Continental Airlines even had a bar with a piano player. Flying was a party and everyone, including the cabin crew, had a great time.

Today, many flights are on narrow-bodied aircraft such as Boeing 737s and 757s. The seats are narrow, legroom is minimal and, while they are doing the very best they can, cabin attendants often appear stressed.

Hawai‘i must have much, much better airline service if it is to maintain its position as one of the world’s top destinations. But, which airlines consistently provide the best service? The World Airline Awards 2013, presented at the recent Paris Air Show, offer some insight. Based on independent passenger satisfaction surveys, the world’s best airlines are:

1. Emirates
2. Qatar Airways
3. Singapore Airlines
4. ANA
5. Asiana Airlines
6. Cathay Pacific
7. Etihad Airways
8. Garuda Indonesia
9. Turkish Airlines
10. Qantas

However, the world’s best airlines do not serve Hawai‘i from the other 49 states because complex U.S. government rules prevent them from doing so. In fact,
Airline Mergers << From 1

some of them overfly Hawai‘i en route to and from other U.S. gateway cities because those rules keep them from picking up and dropping off domestic passengers in Honolulu on their way to and from the continental U.S. That keeps Hawai‘i from benefiting from the presence of many more visitors from, for example, Southeast Asia (served by, among others, Singapore Airlines, which flies to and from the West Coast).

Those U.S. government rules had their start with the idea that U.S. ownership of domestic airlines was critical to national security, and there is no question that the government has contracted with U.S. carriers to transport troops and supplies to conflicts overseas. (Sometimes it was far from perfect. Remember the stories about Air America, which allegedly transported everything from chickens to drugs around Southeast Asia during the Vietnam era?) Protecting U.S.-owned airlines was thought critical to maintaining a fleet capable of transporting troops in the event of war.

Those days are gone now, and it is time for the rules to change so that any airline in the world can serve any city in the U.S. as long as it meets federal safety requirements.

I believe American and US Airways should be allowed to merge, but I also believe that to encourage healthy competition, these top 10 airlines and all other foreign-owned airlines that meet U.S. safety standards should be allowed to transport passengers and freight not only to and from the United States but also on domestic routes, i.e., between any U.S. cities they choose to serve. We should treat foreign-owned airline companies the way we treat most other foreign-owned companies, which have invested significant amounts of capital in businesses in our country, creating jobs and opportunities for all.

U.S. domestic airlines already use aircraft manufactured in other countries such as Airbus (European Union), Embraer (Brazil) and Bombardier (Canada).

Many, many hotels in the U.S. are internationally owned.

- In the Hawai‘i hotel industry, we have all benefited from the investments by Kyo-ya Hotels & Resorts in the Sheraton Waikiki, Royal Hawaiian, Sheraton Maui and Princess Kaiulani hotels. Kyo-ya, a Japanese company, also owns the Palace Hotel in San Francisco.
- The Plaza Hotel in New York City, once owned by well-known U.S. entities related to the Hilton Corporation and Donald Trump, has more recently had international owners such as Saudi Prince Al-Walid, Singapore-owned Millennium & Copthorne Hotels, and currently, Israeli billionaire Yitzhak Tshuva’s El-Ad Group.
- The landmark Pierre Hotel in New York City is owned by the Tata Group of Mumbai, India. (Interestingly, the managing director and CEO of Taj Hotels Resorts and Palaces, with 93 hotels in 53 locations, is Hawai‘i-born Raymond Bickson.)
- InterContinental Hotels Group, a British company, owns a wide range of hotel brands in the U.S. including InterContinental Hotels & Resorts, Crowne Plaza, Holiday Inns, Staybridge Suites and Candlewood Suites.

International ownership of U.S. businesses goes way beyond the hotel industry.

- Anheuser-Busch, the producer of Budweiser beer, is currently being purchased by InBev, the Belgian beer juggernaut.
- CITGO, the Houston-based petroleum giant, is owned by the government of Venezuela, which, under the late President Hugo Chavez and his successor Nicolas Maduro, has been distinctly unfriendly to the U.S.
- Internationally owned automobile manufacturers such as Toyota, Honda, BMW, Hyundai, Infiniti, Mercedes-Benz, Mitsubishi, Nissan and Volkswagen make many of their models in plants located in the continental U.S.

Smaller companies with familiar names that were started in America but are now owned by international companies include:

- Good Humor, Ben & Jerry’s and Breyers ice cream companies, all now owned by Unilever, a British-Dutch company.
- Frigidaire refrigerators, now owned by Sweden’s AB Electrolux.
- 7-Eleven, the giant convenience store chain with outlets all across the U.S., now owned by Seven and I, a Japanese company.

So let's get rid of the archaic rules that dictate that an airline must be “American-owned” to fly between U.S. cities. That change will not only bring real competition and a significant improvement in the U.S. domestic air travel experience, it will also spur tremendous growth in Travel & Tourism, bringing with it economic benefits including excellent job opportunities.

For me, as the Western Airlines commercials said so forcefully in the 1970s, "That's the only way to fly!"* #WIA

*PS: If you are too young to have seen those memorable Western Airlines TV ads, you can find some archived at: www.youtube.com/watch?v=RfmRKhzfF5

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