

May 28, 2019

The Honorable Robert E. Lightizer
United States Trade Representative
600 17th Street, NW
Washington, DC 20508

RE: Docket No. USTR-2019-0003

Dear Ambassador Lightizer:

The National Air Carrier Association (NACA) and its member airlines¹ wish to express our strong concerns about the proposal by the United States Trade Representative (USTR) to impose aircraft and aerospace related sanctions on Europe. In response to this proposal, the European Union (EU) would issue tariffs on United States (U.S.) manufactured aircraft. This represents a direct threat to the economic well-being of our airlines.

NACA has been an airline trade association in the Washington DC area since 1962. We represent the most diverse collection of U.S. air carriers among all the airline trade associations. Our membership includes the four largest Ultra Low-Cost Carriers (ULCCs) in the United States; Allegiant, Frontier, Spirit, and Sun Country. Additionally, we represent 9 cargo carriers as well as 5 all-charter passenger carriers. Nearly all of our member airlines provide airlift to the Department of Defense under the Civil Reserve Air Fleet Program (CRAF). While we always are on standby for a formal activation of the CRAF in times of war, our carriers provide a significant amount of the day to day needs for troop and cargo movement all around the world.

All of our airlines operate Boeing and Airbus aircraft. Some of our members buy new aircraft while others utilize used aircraft. Any acquisition of these aircraft, new or used, is a substantial investment by the airline which will be made even more expensive should the U.S. impose tariffs on Airbus, and thusly, the EU retaliating by placing tariffs on Boeing products. Possible implementation of tariffs represent a “double jeopardy” situation as commercial aircraft require a substantial amount of parts produced for the Boeing or Airbus aircraft they operate as these parts would have tariffs on them as well.

The U.S. airline industry is already facing a litany of added costs pressures which includes rising jet fuel prices, an ever-increasing pilot shortage, and increased labor costs. Ultimately, any increase in prices is borne by the flying public or customers utilizing cargo services. Every dollar in cost the airlines faces, whether it be passenger or cargo, is discouragement of potential business by consumers.

We appreciate the challenges and frustrations being faced by the U.S. government as well as U.S. aerospace manufacturing in this 15-year World Trade Organization dispute. However, imposing tariffs on this sector of the industry will have tremendously wide-ranging impacts that could harm the progress of the economic growth we have seen over the last few years.

¹ NACA Member Airlines: Air Transport International, Amerijet, Allegiant Air, Atlas Air, Everts Air Cargo, Frontier Airlines, Kalitta Air, Lynden Air Cargo, Miami Air International, Northern Air Cargo, Omni Air International, Spirit Airlines, Sun Country Airlines, Swift Airlines, USA Jet, Western Global Airlines, and World Atlantic Airlines

The aviation systems relies on a global supply chain. Protectionism in this area would seriously damage the aviation supply chain and the jobs it creates. We implore you to continue talks with the impacted parties of this trade dispute in an all-out effort to reach a negotiated settlement free of any tariffs.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "George Novak", written over a horizontal line.

George Novak

President

National Air Carrier Association