

BIOGRAPHY**CAPTAIN DUANE E. WOERTH,
PRESIDENT****AIR LINE PILOTS ASSOCIATION, INTERNATIONAL**

Captain Duane E. Woerth, a Northwest Airlines pilot with extensive experience in the field of International aviation, is the seventh president of the Air Line Pilots Association (ALPA). He was unanimously elected by the Association's Board of Directors in October, 1998, and assumed office January 1, 1999.

As the Association's chief executive and administrative officer, President Woerth presides over the meetings of ALPA's governing bodies, which set policies for the organization. He is also chief spokesman for the Association, testifying before Congressional committees and presenting the pilots' views to the media and in many forums.

Captain Woerth has served as US-ALPA's Director for the International Federation of Air Line Pilots Associations (IFALPA) and previously served as chairman of IFALPA's Industrial Committee. He also served for five years as a member of the Northwest Airlines Board of Directors under the Northwest employee stock ownership plan.

Before assuming office as ALPA president, Captain Woerth served for eight years as the Association's first vice president, its second highest-ranking officer. He has been the association's principal spokesman and representative in the area of international aviation.

Currently a B-747 captain, he has flown at Northwest for seventeen years and at Braniff Airlines for five years. He was involved in ALPA activities at both carriers, and served as the chairman of the Northwest Master Executive Council, the highest elective office for the Northwest pilot group. He also completed a term as ALPA's executive vice president.

He served in the U.S. Air Force for six years and retired with the rank of Lieutenant Colonel from the Air National Guard. He accumulated over 20 years of active and reserve duty, primarily with the Strategic Air Command.

A native of Scribner, Nebraska, Captain Woerth, 51, received his B.S. degree from the University of Nebraska and his M.A. from the University of Oklahoma.

ALPA is the largest labor union and professional organization of airline pilots in the world. It is affiliated with the AFL-CIO and represents over 50,000 airline pilots at 51 carriers in the U.S. and Canada. In its professional role, ALPA is the industry's leading air safety advocate.

October 1999



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**PRESENTATION BY
CAPTAIN DUANE E. WOERTH
PRESIDENT
AIR LINE PILOTS ASSOCIATION**

**U.S. TRADE DEFICIT REVIEW COMMISSION
NEW YORK, NY
MARCH 13, 2000**

Good afternoon. Before I begin my remarks, I would like to thank Commissioner Richard D'Amato for the opportunity to speak to you today on this important subject.

ALPA represents more than 50,000 pilots employed by 52 air carriers. They range from cargo charter operators such as Ryan International and regional carriers using smaller equipment such as Allegheny, to behemoths such as United and my own Northwest that provide worldwide cargo and passenger service with a full range of aircraft through global network alliances.

What I will address today is the question of whether bringing air transport services under the General Agreement on Trade in Services (GATS) would be beneficial to the U.S. air transport industry and to the country's competitive trade position. In our view it would not be.

At the present, international air transport services are governed by a series of bilateral agreements between the United States and its trading partners. These agreements have become increasingly "liberal" -- i.e., have permitted a greater range of operational and pricing flexibility -- over the years. In fact, in the last several years the U.S. has negotiated approximately 45 "open skies" agreements, which provide for virtually unrestricted air services between the U.S. and the countries involved.

This framework of bilateral agreements has allowed US carriers, frequently through alliances with foreign airlines, to provide seamless air transportation services on almost a global basis.

Currently air traffic rights and, to a large extent, related services are excluded from GATS coverage. It is ALPA's view that they should continue to be excluded.

The GATS is simply an unsuitable framework for air transport.

Full application of GATS' principles would require the U.S. to open up its air transport markets to other countries on a most-favored nation basis. Because the US. has liberal agreements with several countries, we would have to provide full access to our international air transportation markets -- even to countries that may not have to reciprocate.

Also, the U.S. would have to give foreign carriers access to our domestic market even though that market dwarfs any other domestic market and, in fact, is essentially as large as all other domestic markets combined. In our view, change in this area could have significant adverse consequences for the balance of trade.

One question on international air transportation that ALPA hears quite frequently is: "Why should air transport be treated any differently than any other business?"

First, airlines have historically been integral parts of the national security infrastructure. Second, they have been equally integral to national economies, often providing service that might not otherwise be offered.

It is for these two reasons that almost every country regulates the ownership and control of its airlines. While somewhat diminished, these reasons still retain considerable force. In the United States, it was less than a decade ago that we saw civilian commercial aircraft provide a significant portion of the lift in support of the U.S. operations in a major military campaign.

Abroad, government ownership of airlines remains pervasive. Dozens of the world's major carriers -- in fact, the large majority of major carriers outside the U.S. -- remain government controlled, and efforts to privatize often move haltingly.

Just recently, Iberia announced that its privatization may be postponed indefinitely because of market uncertainties and Belgium announced that it would retain a blocking interest in Sabena "to protect the national interest." And, to Lufthansa's recent proposal to acquire British Midlands, British Airways Chief Executive Bob Ayling compared Lufthansa's challenge to British Airways to the battle for control of the skies between the RAF and Luftwaffe, and pointedly asked whether the U.K. wanted "national champions" or not.

In this regard, foreign government involvement in the airline business causes concerns for labor. Pilots have seen the portion of transatlantic flying done by European carriers increase steadily as alliances have developed even though U.S. carriers have lower unit costs.

This is not the result one would expect if market forces alone were determining the allocation of flying. And, again, it is a result that would not be beneficial for the balance of trade.

This latter point leads us to a third area where air transportation is different from other industries. Aircraft are mobile workplaces that move across international borders. Daimler can't pick up an assembly plant and move it, employees and all, to the United States. But Lufthansa can, and does fly its airplanes here -- crew and all -- every day.

A fourth and perhaps the most important way air transport is different is the one I alluded to earlier when discussing the existing bilateral agreement -- there is already a separate government administration structure set up to deal with it.

The professionals at the departments of transportation, state and commerce possess an in-depth understanding of the complexities and needs of the industry and have been persistent and effective at addressing these needs under the current regulatory structure. They have made great progress in achieving new opportunities for U.S. carriers, and there is every reason to believe they will continue to do so. They have identified countries with common interests and have liberalized air transport markets on a case-by-case basis. And they can assess, again on a case-by-case basis, the potential economic

consequences of an exchange of air transport rights on the U.S. balance of trade.

In conclusion, the current system is not perfect, but ALPA believes that abandoning it and substituting GATS would be a mistake. I would be happy to respond to any questions you may have.