

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

Response to the :
Application of :

UNITED AIRLINES, INC.

By

The TED STEVENS ANCHORAGE
INTERNATIONAL AIRPORT

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:
Docket DOT-OST-2020-0047
:
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for allocation of seven (7) weekly Fifth Freedom
Combination Frequencies (Hong Kong-Singapore)
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Response of the TED
STEVENS ANCHORAGE
INTERNATIONAL
AIRPORT TO UNITED
AIRLINES, INC.
FOR ALLOCATION OF FREQUENCIES

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May 11, 2020

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APPLICATION OF
UNITED AIRLINES, INC.
FOR ALLOCATION OF FREQUENCIES

The Ted Stevens Anchorage International Airport (ANC) request that United Airlines (United) and the USDOT give priority for air service to U.S. airports before extending Fifth Freedom frequencies that benefit foreign airports. United has, with a CARES Act waiver, delayed seasonal air service between Anchorage and the markets of New York, NY; Chicago, IL; San Francisco, CA; Los Angeles, CA; and Houston, TX until July 6th of 2020. This loss of air service eliminates non-stop air service between these markets and Anchorage, AK. Prioritizing Anchorage over Hong Kong would allow non-stop air service to be restored to a U.S. market while still meeting United's desire to serve Singapore.

In response to United application, ANC states as follows:

1. ANC is strategically located to provide service on this route. ANC's is the world's fifth busiest air cargo airport as determined by landed cargo tonnage because of its strategic location. ANC is located approximately 5,791 nautical miles from Singapore. This is within the range of a B777-300 fully loaded with belly cargo. The aircraft can take a high load, approximately 80%,

of passengers without a significant reduction in belly cargo capacity.

There is only a negligible difference in miles flown¹ connecting a United hub airport via ANC verses Hong Kong. United Airlines is already operating multiple B777-300 cargo flights and passenger flights to Hong Kong from multiple destinations in their network providing adequate service coverage.

2. Non-stop air service has a significant beneficial economic impact on communities. Countless studies have shown that non-stop service significantly grows passenger traffic between markets. Prior to COVID-19, Alaska's economy had been in its third year of recession. Post COVID-19, Alaska's economy will continue that recession and it appears likely to worsen. At this time, it is vital that the U.S. government and U.S. companies maximize the ability to negate the impacts of COVID-19 for Americans. Alaska's tourism industry has been hit especially hard by COVID-19 and non-stop air service, coupled with Alaska having the lowest COVID-19 infection rate in the U.S., will stimulate the state's tourism economy.

3. United's delaying of non-stop seasonal air service will have a detrimental effect on Alaska's economy. ANC did not previously object to that delay in the CARES Act given the market conditions. However, the ANC related CARES Act waiver that United received is for markets that have significant air cargo hubs. If United were to use ANC verses Hong Kong, United would be able to more quickly restore passenger service on the U.S. leg of their route and still connect Singapore with one of their air cargo hubs.

4. Non-stop service between ANC and Singapore offers an opportunity to open a new market for ANC. With a high per-capita GDP, relatively low COVID-19 case count, and a miserably hot and humid climate; Singaporeans are an attractive population to market tourism in Alaska. ANC does not have the market numbers to attract non-stop air service from Singapore absent other factors. With air cargo demand so high, belly cargo has the ability to temporarily underpin the route and a passenger service overlay has the ability to help Alaska's economy

¹ LAX-ANC-SIN adds 142 nautical miles, IAH-ANC-SIN saves 3 nautical miles verses a HKG connection

using foreign capital.

5. Fifth Freedom routes are a significant hinderance to air service development in Alaska. In the absence of Fifth Freedom routes, ANC would be the natural tech-stop location for aircraft flying between Asia and North America. With Fifth Freedom routes, aircraft literally overfly ANC bringing benefits to foreign airports and economies.

6. United's proposed Fifth Freedom HKG-SIN route is in direct competition with a route ANC is trying to develop. As mentioned above Fifth Freedom flights negatively impact ANC and the route ANC is targeting is a perfect example. ANC has been targeting Singapore Airlines' Singapore to Manchester, England to Houston, Texas route. Stopping at ANC verses Manchester saves ~1,300 nautical miles. This is a significant savings in fuel, emissions, crew time, and aircraft time. ANC cannot usually compete for this route because of the disadvantages allowed by Fifth Freedom flights. International airlines don't have the ability to sell tickets on an Anchorage to Houston segment. Fifth Freedoms allow the selling of passenger tickets on the Manchester to Houston segment. During normal market conditions the approximately 100 tickets sold Manchester to/from Houston overpowers the cost savings of stopping at ANC. Since international passenger travel is forecast to be depressed into the near future and cargo demand is very strong, ANC's advantages make a strong case for this route. That is, until passenger demand returns and Fifth Freedoms again disadvantage ANC.

7. ANC is also targeting the Singapore to Houston route because of special air cargo transfer rights granted by Congress and the USDOT. Foreign airlines have special regulatory ability to seamlessly transfer air cargo at ANC to a U.S. airline. Singapore Airlines' Star Alliance partner, United, offers seasonal service Houston-ANC. ANC's special cargo transfer rights would allow Singapore Airlines to fly the Singapore-Anchorage segment and United could operate the Houston- Anchorage segment. This routing would negate the Fifth Freedom disadvantage because a U.S. airline would be operating the domestic segment. Plus, Singapore Airlines would be able to take advantage of connections to other United markets at ANC.

Singapore would be a new passenger market for ANC, therefore landing fees for the flight would be waived as part of ANC's air service development incentive. The landing fee waiver would mitigate most of the additional cost of transferring the cargo at ANC.

This type of connection could also benefit ANC by helping convert the seasonal Houston flight to more of a year-round option. ANC-Houston has a decent year-round passenger market because of the oil industry activity between both markets. Adding the Singapore traffic could tip the scales in favor of extending the Houston-Anchorage service.

A successful implementation of cargo transfer underpinned routes through ANC could lead to other airline combinations using ANC special air cargo transfer rights to connect markets with low passenger demand but high cargo demand. All major U.S. airlines have alliance partners that run cargo through ANC and it would not be hard to implement the cargo transfer on a wider scale.

WHEREFORE, ANC respectfully requests that United Airlines and USDOT prioritize reestablishing air service for U.S. markets before extending Fifth Freedom rights for service that would compete with a U.S. market.

WHEREFORE, ANC respectfully requests USDOT grant any necessary permissions for United Airlines or other U.S. airlines to coordinate flights with foreign airlines, authorized to fly to the U.S., to take advantage of the already established air cargo transfer rights at ANC.

WHEREFORE, Congress and the USDOT have recognized the challenging environment attracting air service for Alaska and have provide special air cargo transfer rights. The distance between Anchorage and the nation's capital, Washington D.C., is almost identical to the distance between Manchester, England and Washington D.C. Alaska is not similarly situated to air traffic in the Lower 48 states. Alaska's remote location requires special consideration to encourage economic growth in an economy that, in normal times, struggles. ANC respectfully requests that

if the USDOT grants United's Fifth Freedom request for HKG-SIN service, that ANC be granted a matching Eighth Freedom frequency allowing a foreign airline to transport passengers domestically between ANC and another point in the U.S. This frequency would be used in air service development efforts to level the playing field verses foreign airports and mitigate the damaging effect of Fifth Freedoms on Alaska.

Respectfully submitted,



Jim Szczesniak
Airport Manager
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May 11, 2020

CERTIFICATE OF SERVICE

I certify that I have this date served the foregoing document on the following persons by causing a copy to be sent via email.

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May 11th, 2020



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