Summary

By this Order, the U.S. Department of Transportation (the Department) tentatively allocates 12 available slot pairs for daily scheduled combination services between the United States and Tokyo International Airport (Haneda) as follows: (1) two slot pairs to American Airlines, Inc. (American) for daily service from Dallas/Fort Worth and Los Angeles; (2) five slot pairs to Delta Air Lines, Inc. (Delta) for daily service from Seattle, Detroit, Atlanta, Portland, and Honolulu; (3) one slot pair to Hawaiian Airlines, Inc. (Hawaiian) for daily service from Honolulu; and (4) four slot pairs to United Airlines, Inc. (United) for daily service from Newark, Chicago, Washington, DC, and Los Angeles.

Background

On January 25, 2019, delegations from the United States and Japan tentatively committed to further amending the 2010 Open Skies agreement (“the Agreement”) between the two countries that was last amended in 2016. The tentative amendment to the Agreement would provide for up to twelve (12) additional daytime slot pairs for U.S.-carrier operations at Haneda. The Department expects that the amendment would enter into force in time to permit the newly available U.S.-carrier services to begin with the start of the 2020 summer traffic season. On this basis, U.S. carriers would need to file applications with the Japanese authorities for Haneda takeoff and landing slot times by October 2019.

A prior amendment to the Agreement, reached in 2016, provided for five daytime slot pairs (daytime slot pairs) and one nighttime/early morning slot pair (nighttime slot pair). The Agreement establishes daytime hours as between 0600 and 2255 hours (local time) and nighttime/early morning hours as between 2200 and 0655 hours (local time).
existing daytime slot pairs have been allocated as follows: 1) one slot pair to American for Los Angeles-Haneda service; 2) two slot pairs to Delta for Los Angeles-Haneda and Minneapolis/St. Paul-Haneda service; 3) one slot pair to Hawaiian for Honolulu-Haneda service; and 4) one slot pair to United for San Francisco-Haneda service.\(^2\) The sole nighttime slot pair is allocated to Hawaiian for service between Haneda and Kona, Hawaii (three times per week) and Honolulu (four times per week).\(^3\)

By Order 2019-2-5, issued February 7, 2019, the Department instituted the 2019 Haneda Combination Services Allocation Proceeding, inviting interested U.S. carriers to apply for allocation of the anticipated newly available daytime slot pairs for U.S.-carrier Haneda scheduled combination services.\(^4\) The Order set forth a procedural schedule and evidentiary requirements for the establishment of a record for the Department to make a decision in this case. Pursuant to that procedural schedule, applications were due February 21, 2019, answers were due February 28, 2019, and replies were due March 7, 2019.

**Summary of Applications and Responsive Pleadings**

Four carriers, American, Delta, Hawaiian, and United, applied for the available daytime slot pairs to provide daily combination services in the U.S.-Haneda market, collectively seeking 19 slot pairs. Carriers requesting more than one slot pair were directed to prioritize their requests in order of preference. The requests for daily Haneda slot pairs are summarized in the chart below and are listed in the order of the applicants’ stated priorities.

<table>
<thead>
<tr>
<th>Carrier</th>
<th>U.S. Gateway (Carrier Priority Ranking)</th>
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<tbody>
<tr>
<td>American</td>
<td>Dallas/Fort Worth (#1)</td>
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<td></td>
<td>Los Angeles (#2)</td>
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<td></td>
<td>Dallas/Fort Worth (#3)</td>
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<td>Las Vegas (#4)</td>
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<tr>
<td>Delta</td>
<td>Seattle (#1)</td>
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<td></td>
<td>Detroit (#2)</td>
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<td></td>
<td>Atlanta (#3)</td>
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<td>Portland (#4)</td>
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<td>Honolulu (#5)</td>
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<td>Honolulu (#6)</td>
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<tr>
<td>Hawaiian</td>
<td>Honolulu (#1)</td>
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<td></td>
<td>Honolulu (#2)</td>
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<td></td>
<td>Honolulu (#3)</td>
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<tr>
<td>United(^5)</td>
<td>Newark (#1)</td>
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<td></td>
<td>Chicago O’Hare (#1)</td>
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<td></td>
<td>Washington-Dulles (#1)</td>
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<td></td>
<td>Los Angeles (#2)</td>
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<td></td>
<td>Houston (#3)</td>
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<tr>
<td></td>
<td>Guam (#3)</td>
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</table>

Answers and replies were filed by all of the applicant carriers. In addition, a number of civic parties filed formal pleadings in support of the various applicant proposals.

\(^2\) See Order 2016-9-1.

\(^3\) See Notice of Action Taken dated May 13, 2016, in Docket DOT-OST-2016-0048.

\(^4\) Order 2019-2-5 also denied a motion of Delta for U.S. gateway flexibility for current and future awards of Haneda slot pairs.

\(^5\) United grouped its proposals with three routes as its “first priority” (Newark, Chicago, Washington), one route as its “second priority” (Los Angeles), and two routes as its “third priority” (Houston and Guam).
The Dallas Fort Worth International Airport Board (DFW Airport Board) filed a reply in support of American’s proposed Dallas/Fort Worth-Haneda proposal. The Las Vegas Convention and Visitors Authority (LVCVA) and Clark County Department of Aviation, owner and operator of McCarran International Airport (McCarran), filed an answer in support of American’s Las Vegas-Haneda proposal.

The Delta Master Executive Council of the Air Line Pilots Association, International (Delta MEC) filed a reply in support of Delta’s application. The Port of Portland filed an answer in support of Delta’s Portland proposal, and a reply to the answer of American. The Port of Seattle filed an answer in support of Delta’s Seattle proposal.

The City of Chicago Department of Aviation filed an answer in support of United’s Chicago proposal. The City of Houston filed an answer in support of United’s Houston proposal. The New Jersey Parties, a collection of New Jersey officials, businesses, and individuals, filed an answer in support of United’s Newark proposal. The Port Authority of New York and New Jersey filed an answer in support of United’s Newark proposal.

JetBlue Airways Corporation (JetBlue) submitted an answer to Delta’s application.

All of the pleadings are summarized in Appendix A.

**Position of the Applicants**

**American** asserts that its proposed services would improve the competitive landscape in the U.S.-Japan and U.S.-Asia markets, and that anything less than the full grant of its application would exacerbate American’s U.S.-Japan and U.S.-Asia disadvantages relative to Delta and United, to the detriment of passengers and competition. American states that it needs two daily Dallas/Fort Worth flights (its 1st and 3rd priority) to satisfy demand in that market, and that it needs a second daily flight from Los Angeles, American’s only West Coast-Asia gateway, to be competitive with Delta and United, each of which has two West Coast gateways. American asserts that its proposed Las Vegas-Haneda service will deliver significant first-time economic benefits to the Las Vegas community, and that the same factors that motivated the Department’s award to Honolulu in the first Haneda proceeding support the award of Las Vegas-Haneda service today.

**Delta** asserts that it is the only applicant without an existing or forthcoming Japanese carrier alliance partner, and that this puts it at a severe competitive disadvantage. Delta argues that, in these circumstances, only a full award of six slot pairs to Delta will meaningfully enhance competition in the U.S.-Haneda market. Delta asserts that Delta and its SkyTeam alliance carriers are disproportionately underrepresented at Haneda, with only 3% of the total flights. In comparison, Delta asserts that the Star Alliance (United/ANA) controls 52% of Haneda departures and the oneworld alliance (American/JAL) controls 37%. Delta argues that United and American will benefit from Haneda slots allocated by Japan to ANA and JAL, respectively, and that a grant of slots to United, American, or Hawaiian that prevents an award to Delta of its six proposed flights would only exacerbate the competitive imbalance at Haneda.

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6 See Appendix A for a more thorough summary of the position of the applicants.
**Hawaiian** asserts that it was the first U.S. carrier to launch service to Haneda in 2010 and its level of performance and commitment to serving the market has been unmatched by its competitors. Hawaiian states that Tokyo-Honolulu is the largest Origin and Destination (O&D) market between the United States and Japan, more than double the size of the next largest market at Los Angeles, and that the Honolulu market warrants the award of multiple slots. Hawaiian’s proposed schedules add 27 connecting markets beyond Haneda on code-share flights operated by JAL, which Hawaiian asserts will yield significant benefits and introduce new competition to underserved regions of Japan.

**United** asserts that it would put additional Haneda slots to their highest and best economic use, and that it is uniquely positioned to give consumers at 112 U.S. points one-stop connecting service to Haneda, plus access to 37 points in Japan on flights operated by ANA. United argues that it needs more slots than Delta, as Haneda is where United connects passengers to Asia (with ANA), while Seoul is where Delta accesses those points (with its alliance partner Korean Air). United asserts that the Department should recognize its longstanding commitment to Tokyo and the Asia/Pacific market, that it is the only carrier that provides nonstop Tokyo service from all of its hubs, and that United has increased its level of Tokyo service while Delta and American have shifted their focus elsewhere.

**Tentative Decision**

The Department has tentatively decided to allocate the twelve available daytime slot pairs for daily scheduled services between the United States and Haneda, as shown in the chart below:

<table>
<thead>
<tr>
<th>Carrier</th>
<th>Proposed U.S.-Gateway</th>
<th>Carrier Priority Ranking</th>
</tr>
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<tbody>
<tr>
<td>American</td>
<td>Dallas/Fort Worth</td>
<td>1</td>
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<tr>
<td></td>
<td>Los Angeles</td>
<td>2</td>
</tr>
<tr>
<td>Delta</td>
<td>Seattle</td>
<td>1</td>
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<tr>
<td></td>
<td>Detroit</td>
<td>2</td>
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<tr>
<td></td>
<td>Atlanta</td>
<td>3</td>
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<tr>
<td></td>
<td>Portland, OR</td>
<td>4</td>
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<tr>
<td></td>
<td>Honolulu</td>
<td>5</td>
</tr>
<tr>
<td>Hawaiian</td>
<td>Honolulu</td>
<td>1</td>
</tr>
<tr>
<td>United</td>
<td>Newark</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Chicago</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Washington-Dulles</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Los Angeles</td>
<td>2</td>
</tr>
</tbody>
</table>

The availability of 12 daytime Haneda slot pairs represents a significant expansion of Haneda opportunities from the current five daytime flights and one nighttime flight between the United States and Haneda. In previous cases where the Department has been presented with an opportunity to significantly expand the number of U.S. carrier services in limited-entry markets, the Department has often attempted, where possible, to address a variety of public interest needs.
in selecting carrier proposals for the award of the available rights.\(^7\) Through the allocation of 12 daily slot pairs, the Department has the ability to pursue a number of public interest goals by bringing first-time U.S. carrier own-metal Haneda service to major U.S. hub cities and U.S.-Tokyo gateways that currently lack U.S.-carrier operated nonstop Haneda service; by promoting a more geographically diverse and competitive U.S.-Haneda market structure; and by adding service and competition at the largest U.S.-Tokyo markets. The Department has tentatively decided that this approach best meets the Department’s stated goal of maximizing public benefits in this proceeding.

Having reviewed the proposals submitted, the Department tentatively finds that the record supports the allocation of services to major U.S. hub cities that currently lack U.S.-carrier operated nonstop service to Haneda. In this connection, the Department has tentatively selected the proposals of American for one daily Dallas/Fort Worth flight; Delta for one daily flight each from Seattle, Detroit, and Atlanta; and United for one daily flight each from Newark, Chicago, and Washington, DC.

Prior to the 2016 opening of Haneda to some daytime U.S.-carrier flights, operations to U.S. regions aside from Hawaii and the West Coast were shown not to be commercially viable due largely to the then-prevailing nighttime restrictions on U.S.-carrier operations. When some daytime operations became available to U.S. carriers in 2016, each of the four incumbent carriers sought to continue serving their existing Western gateways, thus keeping U.S.-carrier operated Haneda flights heavily concentrated on the West Coast of the United States.\(^8\) This case presents the Department with an opportunity to introduce U.S.-carrier service to a number of Central and Eastern gateways, and the Department’s tentative allocation would introduce new Haneda service from major carrier hubs in Atlanta, Chicago, Detroit, Newark, and Washington, DC, all of which currently lack U.S.-carrier operated Haneda flights.

By making possible new services to hub airports in the Central and Eastern United States, along with services from hubs in the Northwest United States (Delta at Seattle) and the South Central United States (American at Dallas/Fort Worth), both of which also currently lack nonstop U.S.-carrier operated Haneda service, the Department tentatively seeks to establish a framework that will reach broad catchment areas across the United States. The Department tentatively finds that this broad allocation will maximize public benefits by not only seeking to serve the large local markets of these major cities, but also by opening a variety of one-stop travel options for Haneda access to cities across the United States. In a number of instances, this outcome will also promote inter-gateway competition, as passengers originating at these one-stop behind points will have a choice of carriers and gateways for continuing their travel to Haneda.

In keeping with the Department’s tentative approach of adding Haneda service at major cities that lack U.S.-carrier operated service, the Department tentatively finds that Portland merits selection in this proceeding. Portland has for many years supported nonstop Tokyo service to Narita, which the record in this case shows is supported in large part by Portland’s economic and cultural ties to Japan.

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\(^7\) See e.g., 2016 U.S.-Cuba Frequency Allocation Proceeding, Orders 2016-8-38 and 2016-7-4.

\(^8\) See Order 2016-9-1.
Some parties have argued that Portland is a smaller market relative to others proposed in this proceeding, with limited connectivity to behind points in the United States, thus raising questions as to the sustainability of the service. Portland has a long history as a Japan gateway, with its first service dating back to 1983. For its part, Delta points out that it has invested heavily in Portland-Tokyo since beginning to serve the route in 2004, and asserts that Portland-Tokyo demand has grown considerably since 2011. Delta furthermore expects that Haneda access will stimulate demand and ensure continued Tokyo service for the Portland community.9

Having tentatively selected eight major U.S. cities for new U.S.-carrier Haneda service, the Department tentatively finds that it should use the remaining opportunities to address important service and competitive needs at the two largest U.S.-Tokyo markets – Honolulu and Los Angeles.

Honolulu is, by far, the largest U.S.-Tokyo market. The Department’s T-100 data and other data sources cited by parties in this proceeding, show that the Honolulu-Tokyo market has more than double the number O&D passengers than the next largest U.S.-Tokyo market – Los Angeles.10 Moreover, the Department tentatively finds substantial merit in Hawaiian’s statements about further growth in the market, with Hawaiian’s load factors having exceeded 90% in eight of the last twelve months.11 Against this background, the Department has tentatively decided to allocate one daily Honolulu-Haneda slot pair to Hawaiian, and one daily Honolulu-Haneda slot pair to Delta.

Hawaiian has a demonstrated record of successful, and uninterrupted, Honolulu-Haneda service, and the Department tentatively finds that Hawaiian’s commitment to the market strongly favors its selection in this proceeding for an additional Honolulu-Haneda flight. Furthermore, Hawaiian proposes to add a substantial number of new connecting markets beyond Haneda, which Hawaiian asserts will yield significant benefits and introduce new competition to underserved regions of Japan, further bolstering its proposed service.

This proceeding also offers the chance to introduce for the first time U.S.-carrier operated Haneda competition at Honolulu, and the Department tentatively believes that this would serve an important public interest goal in the largest U.S.-Tokyo market. Hawaiian is currently the only U.S. carrier providing Honolulu-Haneda service, with a daily daytime flight and four-times-per-week nighttime flights. Delta’s proposed service would add intra-gateway competition against the services offered by Hawaiian, as well as the services currently offered by ANA and any potential new Japanese carrier services that may result from the newly available Japanese-carrier Haneda slots.

With the final Haneda opportunities, the Department tentatively finds that the public interest would be best served by allocating the slot pairs to promote new service and competition at Los Angeles, which is the largest U.S. mainland-Tokyo market, and the second largest U.S.-Tokyo market. In this regard, the Department tentatively allocates one slot pair to American and one slot pair to United for their respective proposed Los Angeles-Haneda services.  

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9 Reply of Delta, at 30-32.
10 See e.g., Hawaiian Exhibit HA-203.
11 Application of Hawaiian, at 7.
Selection of American at Los Angeles would add U.S.-carrier service to the important market in a time channel that American asserts would directly compete with ANA’s nighttime departure from Los Angeles, and which American states will enable 25 early morning connections beyond Haneda on flights operated by its partner JAL. The Department also takes note of American’s assertions that a second American-operated Los Angeles-Haneda flight would help improve competitive options for travelers over American’s West Coast gateway vis-à-vis the West Coast gateways of Delta and United.

Selection of United at Los Angeles would inject U.S.-carrier operated intra-gateway competition into the market against the services provided by American and Delta, thereby giving all three major network carriers an own-metal presence in this large and important market. The Department also recognizes United’s statements that it plans to continue providing Los Angeles-Narita services, meaning that our tentative allocation here would result in net new Los Angeles-Tokyo capacity.

The Department tentatively finds that the selections proposed here, particularly when viewed with the existing daytime Haneda gateways and services at Honolulu, Los Angeles, San Francisco, and Minneapolis/St. Paul, create a more geographically diverse network of Haneda gateways, one that should enhance U.S.-Haneda service across a wide area and for an extensive portion of the traveling public while promoting a more competitive marketplace. The Department tentatively finds that this allocation would be consistent with the Department’s established approach in cases such as this of using the selection process to address a variety of important public interest goals and thereby promote a range of public benefits. The Department tentatively finds that this outcome, weighed against the asserted benefits that might be derived from the remaining proposals discussed below, represents the best approach to maximizing public benefits in this proceeding.

In this regard, the Department is tentatively not selecting American’s second-daily Dallas/Fort Worth-Haneda proposal. While the Department tentatively found that American’s first proposed Dallas/Fort Worth-Haneda flight would provide meaningful benefits for service and inter-gateway competition, the Department tentatively finds that American has not shown this market so substantial as to justify an allocation that would result in double-daily Haneda service from American. Furthermore, the record shows that most of the connecting points proposed by American for its second daily flight would be served by American’s first daily Dallas/Fort Worth flight tentatively selected here, and that several of the other points would involve substantial

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12 In our instituting order, we stated “Takeoff and landing slots at Haneda will be allocated by Japan Schedule Coordination under established procedures. The Government of Japan has noted that Haneda is operationally constrained and the availability of certain takeoff and landing slot times at Haneda will likely be limited.” Order 2019-2-5 at 3, n. 6. While the Department tentatively finds merit in the potential benefits of American’s proposal to serve Los Angeles-Haneda in a new time channel, we are not in a position to predict whether its proposed arrival during nighttime hours will be acceptable to the Japanese authorities. Recognizing American’s statement that it is willing to accept alternative departure and arrival times should circumstances warrant (American Exhibits AA-104 and AA-105), and considering the high value American places in its second-ranked Los Angeles-Haneda proposal, the Department tentatively believes that an allocation here is consistent with our goal of seeking to maximize public benefits.
circuity and/or serve relatively small markets, thereby lessening the significance of the second flight from a standpoint of inter-gateway competition.\textsuperscript{13}

The Department is also tentatively not allocating a Haneda slot at Las Vegas. The Department recognizes that Las Vegas is the fifth-largest mainland U.S.-Tokyo market, however, American proposes to offer connections to only five U.S. points over Las Vegas, four of which are being tentatively selected in this proceeding for nonstop U.S.-carrier Haneda service of their own.\textsuperscript{14} In view of the potential benefits of the other proposals that the Department is tentatively selecting here, and considering the carrier’s placement of this proposed service as its lowest-ranked priority, the Department has tentatively decided not to make an allocation for American’s Las Vegas-Haneda proposal.

The Department is also tentatively not selecting either of United’s remaining Haneda service proposals. The Department recognizes that United’s Houston proposal would offer connections to Haneda from 32 U.S. airports, and would provide consumers in the Southern United States with an alternate U.S.-Haneda gateway to those proposed by American and Delta. The Department tentatively notes, however, that many of the cities with proposed connections over United’s Houston hub, including a number in the Southern United States, would enjoy one-stop service over other gateways proposed by United with higher priorities in this proceeding, and in some cases with less circuity than would be experienced on connections over Houston. In view of the potential benefits of the other proposals that the Department is tentatively selecting here, and considering the carrier’s placement of this proposed service as part of its lowest-ranked priority, the Department has tentatively decided not to make an allocation for United’s Houston-Haneda proposal.

Nor is the Department tentatively selecting the other component of United’s lowest-ranked priority for a slot pair to serve Guam. United’s Guam proposal would require the allocation of a scarce Haneda slot pair to provide short haul flights in a leisure oriented market. While the Department appreciates the benefits that passengers might enjoy with access to the downtown Haneda airport, the large Guam-Tokyo market is already well-served at Narita, and the Department tentatively finds that an allocation here would not represent the best use of a limited Haneda opportunity.

Finally, the Department has tentatively decided against selecting Delta and Hawaiian’s lower-ranked priorities to allocate more service to Honolulu. If this tentative decision is made final, Honolulu would receive two new daily flights to Haneda from U.S. carriers, including first-time U.S. carrier operated competition in the Honolulu-Haneda market. This would be in addition to the Honolulu flights allocated to Hawaiian in previous Haneda allocation proceedings. Given the existing limits on U.S.-carrier service to Haneda, and the potential public benefits of the other proposals before us as discussed above, the Department is tentatively not selecting these additional Honolulu-Haneda proposals.

\textsuperscript{13} See Hawaiian Exhibit HA-A-504.
\textsuperscript{14} See American Exhibit AA-401. The one remaining point, Philadelphia, will have competitive one-stop Haneda options over American’s Dallas/Fort Worth and Los Angeles gateways, as well over tentatively selected gateways of Delta and United.
Terms, Conditions, and Limitations

The Department has tentatively decided to impose a startup condition for each award. We will require the carriers to institute their proposed services within 90 days after March 29, 2020, the date on which the IATA 2020 summer season begins.

In addition, consistent with the Department’s standard practice, the slot pair allocations tentatively made in this proceeding will be subject to the Department’s standard 90-day dormancy condition, wherein any slot pair not utilized for a period of 90 days (once inaugurated) would be deemed dormant and the allocation as to that slot pair would expire automatically and the slot pair would revert to the Department for reallocation.

Finally, the slot pair allocations tentatively granted here will also be subject to the Department’s standard condition that the Department may amend, modify, or revoke the authority at any time and without hearing, at its discretion.

ACCORDINGLY,

1. The Department tentatively allocates to American Airlines, Inc. two daytime slot pairs for its proposed Dallas/Fort Worth-Haneda and Los Angeles-Haneda services, respectively;

2. The Department tentatively allocates to Delta Airlines, Inc. five daytime slot pairs for its proposed Seattle-Haneda, Detroit-Haneda, Atlanta-Haneda, Portland-Haneda and once-daily Honolulu-Haneda services, respectively;

3. The Department tentatively allocates to Hawaiian Airlines, Inc. one daytime slot pair for its proposed once-daily Honolulu-Haneda service;

4. The Department tentatively allocates to United Airlines, Inc. four daytime slot pairs for its proposed Newark-Haneda, Chicago-Haneda, Washington, DC-Haneda, and Los Angeles-Haneda services, respectively;

5. To the extent not granted, the Department tentatively denies the remaining applications in this proceeding;

6. The slot pairs tentatively allocated by ordering paragraphs 1 through 4 above would be effective immediately and would not expire, provided that the holder continues to hold the necessary underlying authority to serve the markets authorized; that the holder begins service with the allocated slot pair within 90 days after March 29, 2020; and also provided further that any slot pair will become dormant and will revert automatically to the Department if not used for a period of 90 days (once inaugurated);

7. The slot pairs tentatively allocated by ordering paragraphs 1 through 4 above would be subject to the Department’s standard condition that the Department may amend, modify, or revoke the allocation at any time and without hearing, at its discretion;
8. The Department directs any interested parties having objections to its tentative findings and conclusions set forth in this Order and in ordering paragraphs 1 through 7 above to file their objections, in the above-captioned docket, with the Department’s Docket Section, U.S. Department of Transportation, Docket Operations, M-30, West Building Ground Floor, Room W12-140, 1200 New Jersey Avenue, S.E., Washington, DC, 20590, no later than fourteen (14) calendar days from the date of service of this Order; answers thereto shall be filed by interested parties no later than ten (10) calendar days thereafter;\(^\text{15}\)

9. If timely and properly supported objections are filed, the Department will afford full consideration to the matters or issues raised by the objections, and any answers thereto, before taking further action;\(^\text{16}\) if no objections are filed, the Department will deem all further procedural steps to be waived and will proceed to enter a final order awarding the authority proposed in this Order; and

10. We will serve this Order on the parties to the captioned proceeding, the Japanese Ambassador to the United States in Washington, DC, the Federal Aviation Administration, and the U.S. Department of State (Office of Aviation Negotiations).

By:

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Joel Szabat  
Assistant Secretary  
Aviation and International Affairs  
(SEAL)

An electronic version of this document is available on the World Wide Web at:  
http://www.regulations.gov

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\(^{15}\) The original filing should be on 8½" x 11" white paper using dark ink and be unbound without tabs, which will expedite use of our docket imaging system. In the alternative, filers are encouraged to use the electronic filing submission capability available through the Dockets/FDMS Internet site (http://www.regulations.gov) by following the instructions at the web site.

\(^{16}\) As we are providing for the filing of objections to this tentative decision, we will not entertain petitions for reconsideration of this Order.
**Summary of the Pleadings**

American states that the full grant of its application will ensure that American’s Haneda network remains competitive with its rivals’ networks, while leaving sufficient Haneda slot-pairs available for allocation to other carriers. American states that anything less than the full grant of its application will exacerbate American’s U.S.-Japan and U.S.-Asia disadvantages relative to Delta and United, to the detriment of passengers and competition.\(^{17}\)

American’s top request is to commence daily nonstop Haneda service from its Dallas/Fort Worth hub, and its third request is to commence a second daily nonstop Dallas/Fort Worth-Haneda service. American states that there are three daily Dallas/Fort Worth-Narita flights, two operated by American and one operated by Japan Air Lines (JAL), and that more than 265 Japanese companies have regional headquarters or operations in North Texas. American asserts that its proposal would create the first nonstop Haneda service from the South Central region of the United States, that its top-ranked proposal would create 85 North American connections with Haneda via Dallas/Fort Worth, and that JAL’s connectivity at Haneda will create an additional 22 beyond-Haneda connections.\(^{18}\)

American asserts that, among all gateways without nonstop Haneda service, Dallas/Fort Worth has the greatest demand for Tokyo travel from local and connecting passengers.\(^{19}\) American states that the same reasons that made American’s Dallas/Fort Worth-Haneda proposal the runner-up in 2016 should make it the Department’s top priority now.\(^{20}\)

American states that one daily Haneda flight is not enough to meet passenger demand for Dallas/Fort Worth-Haneda service, and that its third-ranked proposal for a second daily Dallas/Fort Worth flight will create 99 connections in North America and 11 beyond-Haneda connections via JAL’s network.\(^{21}\)

American asserts that local and connecting passengers merit more Los Angeles-Haneda service, stating that Los Angeles is the largest O&D market for traffic to and from Tokyo, and is home to many Japanese Americans. American states that its second-daily Los Angeles-Haneda service would depart Los Angeles around midnight, allowing passengers to enjoy a full day in Los Angeles and arrive in Tokyo before dawn.\(^{22}\) American states that its proposed Los Angeles-Haneda service will create 23 U.S. connections, and enable 25 early morning JAL connections beyond Haneda.\(^{23}\) Because Los Angeles is America’s only West Coast gateway to Asia, in contrast to both Delta and United that have two West Coast gateways, American asserts that it cannot compete meaningfully against those carriers in the U.S.-Japan and U.S.-Asia markets.

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\(^{17}\) Application of American, at 4.

\(^{18}\) Id., at 6.

\(^{19}\) Reply of American, at 12.

\(^{20}\) Id., at 14.

\(^{21}\) Application of American, at 1-6.

\(^{22}\) American states that its current once-daily Los Angeles-Haneda flight departs between approximately 10:30 AM and 1:30 PM.

\(^{23}\) Application of American, at 9.
without offering additional Los Angeles-Haneda service to narrow the gap and improve competitive options.\textsuperscript{24}

American argues that Las Vegas is one of the most popular destinations for Japanese visitors to the United States, yet it has no regular nonstop service to Japan. American asserts that its proposed Las Vegas-Haneda service will deliver significant first-time economic benefits to the Las Vegas community, and that the same factors that motivated the Department’s award to Honolulu in the first Haneda proceeding support the award of Las Vegas-Haneda service today. American asserts that its Las Vegas proposal would provide the Mountain West region with significantly expanded access to Tokyo and beyond, with connections to 20 beyond-Haneda destinations via JAL’s extensive network.\textsuperscript{25}

Delta argues that American and its joint venture (JV) partner, JAL, are dominant operators at Haneda, with three daily flights compared to Delta’s two. Delta asserts that, regardless of the Department’s decision in this case, the American/JAL joint venture will likely receive six slot pairs from the Japanese Government that JAL will be able to deploy at its own discretion.\textsuperscript{26} Delta argues that, for the sake of competition, the Department should grant Delta’s full proposal before a single slot pair is awarded to the American/JAL metal-neutral JV.

Delta argues that if the Department were to award just one Haneda slot pair at a Southern airport, Atlanta is unambiguously a better choice than Dallas/Fort Worth. Delta asserts that Dallas/Fort Worth is almost certain to receive Haneda service from the American/JAL JV, and by contrast, Delta is reliant on the Department’s decision to fly any of its benefit-rich proposed services.\textsuperscript{27} Delta asserts that American is proposing to duplicate its own service at Los Angeles, and that the Department should favor geographic diversity and increased competition over less.

Delta argues that Las Vegas has relatively little local demand to Haneda, compared to the prime leisure destination of Honolulu, and that the vast majority of that little demand is Japanese-originating leisure traffic that does not require nonstop service. Delta states that American and JAL could add Narita-Las Vegas service, but that it is telling that neither carrier, nor any carrier, has served Tokyo-Las Vegas for more than a handful of flights per year.\textsuperscript{28}

Hawaiian asserts that American’s request for a second Los Angeles flight should be denied, noting that Los Angeles is already well served by American, Delta, and United’s partner ANA. Hawaiian argues that, based on market size and demand, Honolulu should be awarded at least three more frequencies before Los Angeles is awarded an additional frequency.\textsuperscript{29} Hawaiian also argues that American’s request for a second Dallas/Fort Worth authority should be denied, as the size of the market does not support this level of service, and the potential for new connections with a second frequency is minimal.\textsuperscript{30}

\textsuperscript{24} Id., at 9-10.  
\textsuperscript{25} Id., at 12.  
\textsuperscript{26} Answer of Delta, at 27.  
\textsuperscript{27} Id., at 29.  
\textsuperscript{28} Id., at 32.  
\textsuperscript{29} Answer of Hawaiian, at 44.  
\textsuperscript{30} Id., at 44-46.
Hawaiian states that it finds American’s Las Vegas proposal compelling, but is concerned about American’s commitment to the service, with American having named it as its fourth priority.\textsuperscript{31}

United notes that American currently provides service to Narita from Dallas/Fort Worth and Los Angeles, but that American’s application offers no explanation of American’s plans for how those flights would be affected by American’s proposed Haneda flights from these hubs.\textsuperscript{32}

United also asserts that American’s proposal from Dallas/Fort Worth, Los Angeles, and Las Vegas offers little in the way of geographic diversity.

United argues that the Department should allocate flights to its top priorities before granting American’s Dallas/Fort Worth proposal. United asserts that the Newark/New York and Chicago metropolitan areas are larger than the Dallas/Fort Worth metropolitan area, and both have stronger passenger demand to Tokyo than Dallas/Fort Worth.\textsuperscript{33}

United contends that the Department should prioritize United’s Los Angeles proposal over American’s Los Angeles proposal because its Los Angeles proposal would allow it to compete metal to metal with the services currently offered by American and Delta in the Los Angeles-Haneda market, and more broadly in the Southern California-Japan marketplace.\textsuperscript{34}

In its Reply, American asserts that its second Dallas/Fort Worth-Haneda proposal is far from duplicative, and offers a range of unique benefits, such as schedule flexibility, comprehensive U.S. connectivity, and needed competition for central and eastern U.S passengers.\textsuperscript{35}

American argues that its Los Angeles proposal is superior to United’s in every respect. American states that every existing Los Angeles-Haneda flight operated by a U.S. carrier departs at approximately 11:00 AM, while American’s proposal offers a better schedule with a midnight departure from Los Angeles.\textsuperscript{36} American argues that United’s proposed service will depart at nearly the same time as the current U.S. carrier Los Angeles-Haneda services and would offer 13 fewer roundtrip connections than American.\textsuperscript{37}

American claims that, among all U.S. cities without any nonstop Tokyo service, Las Vegas is the largest local market for Tokyo O&D travel and for Japan O&D travel. American also states that Las Vegas is the fifth-largest local market for Tokyo travel in the continental United States, making it a larger local market than several U.S. cities that already enjoy nonstop Haneda service. American asserts, moreover, that Las Vegas is a larger U.S.-Japan O&D market than Houston and Portland combined.\textsuperscript{38}

\textsuperscript{31 Id., at 47-49.}
\textsuperscript{32 Answer of United, at 14.}
\textsuperscript{33 Id., at 16.}
\textsuperscript{34 Id., at 17.}
\textsuperscript{35 Reply of American, at 14-15.}
\textsuperscript{36 Id., at 19.}
\textsuperscript{37 Id., at 20.}
\textsuperscript{38 Id., at 26-27.}
Delta states that only a full award of six slot pairs to Delta will meaningfully enhance competition in the U.S.-Haneda market, asserting that Delta and its worldwide alliance partners in SkyTeam are disproportionately underrepresented at Haneda, with only 3% of the total flights. In comparison, Delta asserts that the Star Alliance (including United and ANA) controls 52% of Haneda flight departures and the oneworld alliance (including American and JAL) controls another 37%.  Delta further states that the approved United/ANA and American/JAL joint ventures, and prospective Hawaiian/JAL joint venture, together represent 83% of U.S.-Tokyo departures, and Delta argues that any allocation to ANA is effectively an award to United, and any allocation to JAL should be considered an award to American. Delta further argues that a grant of slots to United, American, or Hawaiian that prevents an award to Delta of six proposed flights would only exacerbate the already stark competitive imbalance at Haneda.

Delta states that each of its flight proposals would provide substantial consumer benefits and is clearly in the public interest. Delta states that Seattle, its top priority in this proceeding, is the fifth largest mainland U.S.-Tokyo market with 139 passengers daily each way, and that Tokyo service is a cornerstone to Delta’s Asia flying at Seattle, and a critical destination for the numerous Fortune 500 companies based in Seattle or Washington State. Delta asserts that it would provide connections on its Seattle network on 46 daily flights, and that, by virtue of Seattle’s geographic location, these connections would be with minimal circuity and maximum convenience.

Delta states that Detroit, its second priority for new daytime Haneda service, is Delta’s premier gateway for Asia-Eastern U.S. connecting traffic. Delta argues that Detroit’s Northern location is optimal for connecting passengers to Asia with minimal circuity, and that Detroit provides a critical competitive alternative to United’s and American’s major connecting hubs in Chicago.

Delta asserts that Atlanta is its third priority gateway in this proceeding and would give the Southeast United States its first nonstop access to Haneda. Delta states that its proposed Atlanta-Haneda flight would allow convenient connections to 154 cities in the United States, and specifically 67 in the Southern and Southeastern United States, regions that Delta argues are underserved in terms of access to Tokyo.

Portland is Delta’s fourth priority gateway, which Delta asserts would further enhance the geographic diversity of U.S. gateways with service to Tokyo’s preferred airport. Delta states that Portland is the sixth largest West Coast U.S.-Asia market, and currently relies on Delta’s current Tokyo Narita service. Delta states that Portland has a significant corporate presence and has been regarded as a top leisure destination.

39 Application of Delta, at 4.
40 Id., at 4.
41 Id., at 5.
42 Id., at 9; and Exhibit DL-201.
43 Application of Delta, at 10.
44 Id., at 11.
45 Id., at 12.
46 Id., at 13.
Honolulu is Delta’s fifth and sixth priority gateway. Delta states that it needs to offer own-metal Haneda-Honolulu service to ensure continued relevance to the broad Japanese customer base, and to that end, Delta requests two daily slot pairs for Honolulu-Haneda service to keep pace with the projected growth of United/ANA and Hawaiian/JAL.\(^\text{47}\) Delta notes that Japan is by far the largest international market contributing to Hawaii tourism, accounting for $2.3 billion or 13% of total visitor spending in 2018.\(^\text{48}\) Delta asserts that, without Haneda access, Delta could soon find itself fully shut out of the massive Tokyo-Honolulu market.

Delta asserts that the gateway flexibility enjoyed by the United/ANA and American/JAL joint ventures puts Delta at a competitive disadvantage. Delta states that the Japanese carriers are free to make changes to their Haneda services as conditions warrant, meaning that United and American, through the JVs, effectively have the flexibility to offer Haneda service to any U.S. gateway of their choosing. Because Delta is the only major U.S. network carrier without a Japanese JV partner, Delta argues that it is disadvantaged by a more stringent regulatory scheme with its two existing slot pairs that are gateway restricted.\(^\text{49}\) Delta argues that awarding it six slot pairs would be an important step towards leveling this disparate playing field.

American states that it does not oppose Delta’s top three requests for Haneda service at Seattle, Detroit, and Atlanta.\(^\text{50}\) American argues that Delta pretends to be at a competitive disadvantage by ignoring U.S.-Asia competition and limiting its focus to just one airport – Haneda. American asserts that there is no merit to Delta’s insistence that its lack of a joint venture partner entitles it to Haneda supremacy among U.S. carriers.\(^\text{51}\) American states that Delta now serves connecting passengers in Asia via Seoul and serves mostly local O&D traffic in Tokyo, limiting its need for Haneda slots. American argues that Delta merely requires nonstop Haneda service from a sufficient number of hubs to remain a potent competitor.\(^\text{52}\)

American asserts that Portland-Tokyo O&D traffic consists of just 63 passengers daily each way, and Delta’s proposal offers no meaningful connectivity. By contrast, American states that Las Vegas-Tokyo traffic consists of nearly twice as many passengers daily each way.\(^\text{53}\) American argues that Delta’s Honolulu proposals would obstruct growth of competition in the continental United States, and that any public benefits of replacing Delta’s existing Narita service in Honolulu with Haneda service would be miniscule. American asserts that Delta’s Honolulu-Narita service maintained an 88% load factor in 2018, showing no sign of declining demand.\(^\text{54}\)

Hawaiian states that Delta appears to be shifting its U.S.-Narita operations to Haneda, and that Delta will not introduce any new capacity or frequencies, making any public interest benefits nominal at best.\(^\text{55}\) Hawaiian asserts that Delta should not be awarded a second Haneda-Honolulu

\(^{47}\) Id., at 14.
\(^{48}\) Id., at 15.
\(^{49}\) Id., at 16-17.
\(^{50}\) Answer of American, at 2.
\(^{51}\) Id., at 24.
\(^{52}\) Id., at 25.
\(^{53}\) Id., at 26.
\(^{54}\) Id., at 30.
frequency over any award to Hawaiian, arguing that Hawaiian proposes larger aircraft, enjoys higher load factors, and Hawaiian’s service results in new connecting code-share markets.\textsuperscript{56}

Hawaiian also asserts that Delta has an immunized partner in North Asia, arguing that the joint venture with Korean Air can provide connecting service across Asia over Korean Air’s hub in Seoul, including some service to Japan.\textsuperscript{57}

United argues that Delta’s fixation on its supposed competitive disadvantage is grossly misplaced, and that the Department’s principal objective is not to help Delta/SkyTeam compete with United/Star and American/oneworld, but rather to maximize public benefits. United argues that Delta’s position in Japan is a result of its own making, and stems from Delta’s decision to focus on developing its joint venture with Korean Air.\textsuperscript{58} United asserts that, if Delta wants improved connectivity across Japan, it is going to get it from its joint venture base at Seoul, not Haneda. United argues that it needs more slots than Delta, as Haneda is the means by which United can connect its consumer base across Japan.\textsuperscript{59}

United also argues that its proposed gateways offer more public interest benefits than Delta’s, noting that United’s proposed U.S. mainland-Haneda routes are larger than those proposed by Delta. United asserts that Newark/New York City and Los Angeles are larger than all of the routes proposed by Delta, and that Chicago and Washington, DC are larger than Detroit, Portland, and Atlanta.\textsuperscript{60} United argues that more Hawaii service is not commercially viable and would do nothing to promote geographic diversity.\textsuperscript{61}

In its reply, Delta states that the metal-neutral Japanese joint ventures already have access to large Haneda slot portfolios, and these joint ventures are certain to obtain still more slots for U.S.-Haneda service from the Japanese government even if the U.S. carriers in those joint ventures do not obtain a single slot award in this proceeding. By contrast, Delta argues that it has only one way to acquire the slots its needs to compete at Haneda: this route case.\textsuperscript{62}

Delta argues that the Department should not indulge the competing carriers’ tactics of stretching or shrinking the relevant market, and that the competitive analysis in this proceeding should be focused on addressing expanded U.S. carrier access to one airport – Haneda. Delta asserts that the proceeding was instituted because Haneda, despite its location in an Open Skies country, is not an open airport. Delta argues that its joint venture with Korean Air, a carrier from a country that is fully open skies with no analogous restrictions on U.S. long haul service, is inapposite to this case.\textsuperscript{63} Delta states that its joint venture with Korean Air is not a substitute for direct Haneda access, and that Korea-Japan bilateral restrictions on third-country code sharing prohibit

\begin{itemize}
\item \textsuperscript{56} \textit{Id.}, at 18-20.
\item \textsuperscript{57} \textit{Id.}, at 28.
\item \textsuperscript{58} Answer of United, at 19.
\item \textsuperscript{59} \textit{Id.}, at 21.
\item \textsuperscript{60} \textit{Id.}, at 23.
\item \textsuperscript{61} \textit{Id.}, at 24.
\item \textsuperscript{62} Reply of Delta, at 4.
\item \textsuperscript{63} \textit{Id.}, at 7.
\end{itemize}
Delta from code sharing on Korean Air’s flights between Incheon and Haneda.\textsuperscript{64} Delta further states that it anticipates serving more Tokyo origin and destination traffic, rather than beyond Tokyo connecting traffic.\textsuperscript{65}

Delta asserts that today it is more important than ever that the Department grant Delta a fair share of Haneda slots, and that an award to any of the competing applicants at the expense of fully granting Delta’s proposal will fortify the robust Haneda networks that they already operate (or, in Hawaiian’s case, may soon operate) in immunized coordination with their Japanese joint venture partners.\textsuperscript{66} \textsuperscript{67}

**Hawaiian** states that it was the first U.S. carrier to launch service to Haneda in 2010 and its level of performance and commitment to serving the market has been unmatched by its competitors. Hawaiian notes that Tokyo-Honolulu is the largest O&D market between the United States and Japan, and is over double the size of the second largest U.S.-Japan market, Tokyo-Los Angeles. Based on its size, Hawaiian asserts that the Tokyo-Honolulu market warrants the award of multiple designations.\textsuperscript{68} Hawaiian states that there is room for further growth in the market, noting that Hawaiian’s Haneda-Honolulu load factors exceeded 90\% in eight of the last twelve months, and that its load factors have remained high even as Hawaiian introduced daytime service while continuing to operate at night four times per week.\textsuperscript{69}

Aside from the sheer size of the market, Hawaiian submits that its record of delivering on its service commitments and efforts to grow traffic between Japan and the United States merits the award of additional Haneda authority. Hawaiian asserts that the Department can have confidence that Hawaiian will achieve the promised public interest benefits and should reward Hawaiian’s performance with additional authority.\textsuperscript{70}

Hawaiian states that, while current connecting opportunities are limited due to late arrival times, Hawaiian’s proposed schedules in this proceeding add 27 additional markets with round-trip options for passengers traveling to and from Japan, and nine markets that currently do not have a viable connecting option on any airline.\textsuperscript{71} Hawaiian states that these additional connecting opportunities will yield significant benefits to underserved regions of Japan, and will introduce new competition to markets leading to more options for passengers and better service.\textsuperscript{72}

\textsuperscript{64} Id., at 12, and Exhibit DL-R-106.
\textsuperscript{65} Reply of Delta, at 29-30.
\textsuperscript{66} Id., at 15.
\textsuperscript{67} Delta also states that JetBlue’s answer, which is summarized below, is irrelevant to this proceeding where the purpose is to allocate slots. Delta states that the purpose of the antitrust immunity proceeding is to determine whether the proposed alliance agreement will harm competition and whether it will generate public benefits. Reply of Delta, at 41-42.
\textsuperscript{68} Application of Hawaiian, at 4-6.
\textsuperscript{69} Id., at 7.
\textsuperscript{70} Id., at 11.
\textsuperscript{71} Id., at 12-13.
\textsuperscript{72} Id., at 16-18.
Hawaiian asserts that its proposed services will maximize public benefits by stimulating traffic, expanding the number of visitors to the United States, and growing the U.S. economy. Hawaiian states that, unlike other mainland U.S. markets, Hawaii routes carry many visitors into the United States who spend money and generate U.S. jobs. Hawaiian states that the money spent by foreign visitors is a U.S. export that generates significant benefits to the U.S. economy. Hawaiian predicts the stimulation of approximately 85,200 passengers, which results in an annual economic impact of $219 million in sales, $68 million in earnings, and over 2,000 new U.S. jobs.\(^7^3\)

American states that it does not oppose the award of an additional slot pair for Hawaiian’s Honolulu service, but Hawaiian should not be granted authority to operate as many as five times per day at the expense of gateways in the continental United States, such as Dallas/Fort Worth and Las Vegas, that currently have no nonstop Haneda service at all.\(^7^4\)

Delta asserts that Hawaiian already has the most Honolulu-Haneda flights of any of the carriers serving the market, and granting it more slot pairs before Delta’s proposed twice daily flights would only exacerbate the competitive imbalance.\(^7^5\) Delta states that Hawaiian’s proposed second and third Honolulu-Haneda flights offer no unique connecting points beyond the first.\(^7^6\)

United asserts that Hawaiian’s proposed service would come at the expense of (1) expanding geographic diversity in U.S.-Tokyo service, and (2) providing time-sensitive business travelers with valuable downtown Tokyo service.\(^7^7\) United states that Honolulu is not the only Japan-U.S. leisure market that would benefit from service to Haneda, noting that the Guam-Tokyo market has 800,000 annual bookings, and awarding a slot pair to Guam-Haneda would provide greater geographic diversity.\(^7^8\)

In its Reply, Hawaiian agrees with Delta that Honolulu will serve the largest U.S-Tokyo market, and asserts that the size of the Japan-Hawaii market warrants multiple frequencies to Honolulu.\(^7^9\) While Hawaiian recognizes the important role that geographic diversity can play in a route allocation proceeding, it argues that this factor should not prevail when the market size of one gateway overwhelms the others. Hawaiian asserts that Hawaii-Japan demand is higher than the top six mainland states combined and double the combined size of the next 43 states.\(^8^0\)

In response to the arguments that Hawaiian’s travelers are not time sensitive, Hawaiian argues that its passengers value the convenience of Tokyo’s downtown airport just as highly as United’s, Delta’s, or American’s.\(^8^1\) Hawaiian asserts that the Department must reject United’s self-serving dismissal of Hawaiian’s proposed connections. Hawaiian states that a key benefit to

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\(^7^3\) Id., at 19-21.
\(^7^4\) Answer of American, at 36.
\(^7^5\) Answer of Delta, at 33.
\(^7^6\) Id., at 34.
\(^7^7\) Answer of United, at 25.
\(^7^8\) Id., at 27-28.
\(^7^9\) Reply of Hawaiian, at 2.
\(^8^0\) Id., at 3-4; and Exhibit HA-R-101.
\(^8^1\) Reply of Hawaiian, at 6.
its proposal is the connecting service it will introduce with its code-share partner JAL, within
domestic Japan. Hawaiian states that it would introduce service to underserved markets,
including 14 ANA/United monopoly markets.\(^{82}\)

Hawaiian states that the only U.S. international long-haul market larger than Tokyo-Honolulu is
New York-London, a route that American and its immunized joint venture partner British
Airways operate with eight departures from New York in a three and a half hour period from
6:00 PM to 9:30 PM daily, which is more condensed than the Hawaiian proposal.\(^{83}\)

**United** proposes new service to Haneda from Newark/New York, Los Angeles and Guam, and
states that the remaining proposed slot pairs for Chicago, Washington, and Houston service will
shift United’s existing service from Tokyo Narita to Haneda. United believes that the
Department will be able to meet each carrier’s request in part, and submits that no competing
application should be allocated at the expense of United’s first-priority request for slot pairs
between Haneda and Newark/New York, Chicago, and Washington, DC. United asserts that
once first-priority requests have been granted, United’s second and third priority requests for Los
Angeles, Houston, and Guam should be granted prior to other airlines’ requests.

United argues that it would put additional Haneda slots to their highest and best economic use for
consumers, and that it is uniquely positioned to give consumers at 112 U.S. points one-stop
connecting service to Haneda, plus access to 37 points in Japan on flights operated by ANA.\(^{84}\)
United also estimates that its mainland-Tokyo proposals will substantially reduce travel time for
U.S. consumers connecting beyond Haneda to other points in Japan, noting that the surface
connection between Narita and Haneda can be extremely costly and unpredictable.\(^{85}\)

United asserts that the Department should recognize its longstanding commitment to Tokyo and
the Asia/Pacific market, and consider Delta’s and American’s recent actions in Tokyo and Asia
that detract from their requests in this proceeding. United claims that it is the only global
network carrier that provides nonstop service to Tokyo from all of its hubs, and has maintained
and even increased its level of service to Tokyo. United notes certain statements by an executive
at American characterizing its Chicago-Tokyo route as a “colossal loss maker,”\(^{86}\) and claims that
American is warehousing 14 weekly Chicago-China frequencies. United asserts that Delta is
shifting its focus from Tokyo to Seoul, and that over the past five years, Delta has terminated
Tokyo service in five U.S. markets and has reduced frequencies in three additional markets.\(^{87}\)

With respect to its individual proposals, United asserts that Newark/New York, its top priority, is
the largest on the East Coast for Tokyo demand, with more than 550,000 annual travelers.\(^{88}\)

\(^{82}\) *Id.*, at 14.

\(^{83}\) *Id.*, at 19.

\(^{84}\) Application of United, at 9-11.

\(^{85}\) *Id.*, at 11-16.

\(^{86}\) *Id.*, at 25.

\(^{87}\) *Id.*, at 26.

\(^{88}\) *Id.*, at 27.
United proposes to move its existing Chicago-Tokyo service from Narita to Haneda as part of its first priority request. With 9.5 million people, Chicago is the third largest metropolitan area in the United States, and has the largest demand in the central United States for flights to Tokyo. United states that its Chicago proposal will connect Haneda with 80 U.S. airports, totaling 1.6 million annual Tokyo bookings.90

As its second priority request, United proposes to add to its existing Los Angeles-Narita service with a flight to Haneda. United asserts that Los Angeles is the second largest metropolitan area in the United States and is the market with the highest demand for U.S. mainland flights to Tokyo. United states that its Los Angeles proposal will connect Haneda with 13 U.S. airports, totaling 1.6 million annual Tokyo bookings.92

As part of its third priority request, United proposes to move its existing Houston-Tokyo service from Narita to Haneda. United asserts that Houston Intercontinental serves the nation’s fifth largest metropolitan area and caters to the second largest market in the central U.S. for demand to Tokyo. United states that its Houston proposal will connect Haneda with 32 U.S. airports, totaling 417,000 annual Tokyo bookings.93

United also proposes new nonstop service between Guam and Haneda as its third priority request. United states that the Guam-Tokyo market size totals over 800,000 annual bookings and produces higher load factors than the Honolulu-Tokyo market. United asserts that its Guam-Haneda service will benefit passengers in the large local Guam-Tokyo market for tourism, trade, and military development, and will also provide additional travel options for the large number of U.S. military service and contract personnel and their families on Guam with travel needs within the region.94

United asserts that its partnership with ANA has been successful and just last year benefited 4.9 million customers who traveled on the joint venture’s flights.95 United claims that although American and JAL have a similar transpacific joint venture, those carriers’ growth in connecting traffic has lagged behind United/ANA. United states that Delta has dramatically reduced its flow

89 Id., at 28.
90 Id., at 30.
91 Id., at 31.
92 Id., at 33.
93 Id., at 34.
94 Id., at 36.
95 Id., at 37.
traffic over Tokyo and shifted its connecting traffic to flow over Seoul, and that virtually all of
the traffic on Hawaiian’s flights to Tokyo terminates in Tokyo. United asserts that, because its
joint venture with ANA has resulted in a comprehensive and growing transpacific hub in Tokyo,
United can be expected to make the best use of additional Haneda slots.96

American states that it does not oppose the grant of United’s top three proposals, but awarding
any more to United would damage competition and harm the traveling public.97 American
argues that a grant of more Haneda slot pairs to United would reinforce United’s commanding
market position, and that any award to United should be limited.98 American states that United’s
Houston-Haneda service would have only miniscule unique catchment demand, and that
United’s need for precise high-demand slot times risks the possibility that the service cannot be
launched.99 American states that Guam’s numerous daily flights from Japan show that it has no
difficulty attracting Japanese tourists, and grant of United’s sixth-ranked proposal would deprive
U.S. passengers of more Haneda service in the continental United States.100

Delta asserts that any slot award to United must account for United’s dominance at Haneda by
virtue of its joint venture with ANA, stating that United and ANA control 53% of departures at
Haneda.101 Delta asserts that United tries to tout its joint venture with ANA as an antitrust
immunity success story, while downplaying any detrimental impact that the joint venture has on
competition at the airport. Delta argues that if the United/ANA joint venture has been the high-
performing metal-neutral success story that United claims it to be, then United should have little
difficulty coordinating with ANA on the optimal use of their collective Haneda slots for the
otherwise highly integrated United/ANA transpacific network.102

Delta also argues that United’s proposal is duplicative of service operated, either currently or
prospectively, by its metal-neutral joint venture partner ANA, which has operated nonstop from
Chicago, New York, and Los Angeles since 2016.103

Hawaiian argues that United does not deserve six frequencies – or even half that many.
Hawaiian notes that the Honolulu market is at least two times larger than any of United’s
proposed gateways.104 Hawaiian also states that three of United’s proposed gateways are just
replacing current Narita flights, and that two of United’s proposed gateways are already served
by United’s immunized alliance partner, ANA.105 Hawaiian asserts that Chicago reflects a shift
from Narita to Haneda, and Chicago-Haneda is already served by ANA.106 Hawaiian states that
Los Angeles is already well served from Haneda and has more competition than any other

96 Id., at 39.
97 Answer of American, at 32.
98 Id., at 22-23.
99 Id., at 33-34.
100 Id., at 34.
101 Answer of Delta, at 13.
102 Id., at 14-16.
103 Id., at 18.
104 Answer of Hawaiian, at 33.
105 Id., at 34.
106 Id., at 34.
gateway, with current service provided by American, Delta, and United’s partner ANA. Hawaiian states that the Honolulu-Tokyo market is 28 times the size of the Tokyo-Houston market.

With respect to United’s Guam proposal, Hawaiian supports United’s embrace of promoting Japanese tourists, but argues that United’s proposal is not as compelling as Hawaiian’s proposed Honolulu service.

In its Reply, United asserts that American, Delta, and Hawaiian spend far more time complaining about how the other carriers’ proposals will cause them harm than they do considering benefits that they would bring to the traveling public, and that only United is focused on maximizing its routes and operations to maximize public benefits. United asserts that it has worked hard to develop a robust and efficient network in Asia, and is proud that its network has grown to serve large numbers of travelers. United claims that the other carriers have chosen to emphasize United’s size and the harm that granting United’s proposal would cause them. United argues, however, that neither of these is a consideration that serves the principal objective in this proceeding to maximize public benefits, and these factors should not impact the Department’s analysis of the consumer benefits United’s proposal would bring.

United argues that Delta does not need nearly as many Haneda slots as it claims it does, because Delta does not use Haneda as a hub for service to the rest of Japan. United asserts that Delta’s hub is at Seoul, which gives Delta access to points in Japan. In response to Delta’s claims that United’s Los Angeles-Haneda service is redundant and duplicative, United argues that its service will supplement and complement ANA’s service, while also injecting competition between U.S. carriers in the large Los Angeles market.

The City of Chicago Department of Aviation (CDA), operator of the Chicago O’Hare International Airport, filed an answer in support of United’s Chicago-Haneda proposal. CDA states that demand for service between the Chicago-area and Japan is primarily composed of time-sensitive business travelers, which benefit tremendously from the improved access to Tokyo’s business district. CDA also states that Haneda offers far superior domestic Japanese connections than Narita, with non-stops to 49 Japanese cities compared to only 23 from Narita, which would bring substantial benefits to the nearly one-third of travelers between Chicago and Japan whose itineraries continue beyond Tokyo. CDA states that United can similarly connect traffic beyond Chicago to numerous American communities, noting that in 2017 and 2018, O’Hare was named by the Official Airline Guide as the most connected airport in the U.S. for domestic connectivity.

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107 Id., at 35.
108 Id., at 39.
109 Id., at 39.
110 Reply of United, at 15.
111 Id., at 20.
112 Id., at 24.
113 Id., at 26.
114 Answer of CDA, at 2-3.
The City of Houston (Houston) filed an answer in support of United’s application. Houston states that it is a global business hub: 4th in the nation in the number of Fortune 500 headquarters, with more than 5,000 Houston companies doing business abroad and over $192 billion in total international trade. Houston states that United’s services between Houston and Japan are vitally important to the Houston community, and that Japan is Houston’s 7th-largest international trading partner. Houston is the chosen location for nearly 150 subsidiary operations of over 100 Japanese businesses, and Houston firms have 20 subsidiary locations in Japan. Houston states that the public interest would benefit from enabling Houston-Haneda service from United that is competitive with that of other U.S. gateways, and with foreign carrier competition at Houston.

The Dallas Fort Worth International Airport Board (DFW Airport Board), the owner and operator of Dallas Fort Worth International Airport (DFW), filed a reply in support of American’s proposed DFW-Haneda proposals. The DFW Airport Board states that DFW is one of the most important commercial aviation assets for both the United States and the world, and DFW welcomed more than 69 million customers traveling through the airport in 2018. The DFW Airport Board states that, with three daily flights to Tokyo Narita, DFW is the seventh-largest continental U.S. gateway to Japan, and that the success of the existing services operated by American and Japan Airlines warrant additional service to Tokyo and Haneda, as the airport closest to the city is preferred by business and leisure travelers. The DFW Airport Board also states that, by connecting Haneda to DFW, the Department can best realize its expressed interest to “offer and maintain service that best meets the needs of the traveling and shipping public.” The DFW Airport Board asserts that both of American’s proposed DFW-Haneda services will provide more connections than all but Delta’s largest hub in Atlanta (which offers 88), with 85 (American’s first overall preference) and 99 (American’s third overall preference) connections, respectively. The DFW Airport Board further asserts that American will create important connections between Japan and Latin America at DFW, particularly to and from Mexico and Brazil. The DFW Airport Board asserts that American’s service to Tokyo Haneda Airport will serve as a critical route to facilitate economic growth between the North Texas region and Japan, and will further position the United States as the premier hub for the important economic trade route between Asia and Latin America. The DFW Airport Board urges the Department to award two slot pairs at Haneda to American for service from DFW Airport.

The Delta Master Executive Council of the Air Line Pilots Association, International (Delta MEC) filed a reply in support of Delta’s application, stating that it represents the interests of 14,487 pilots among the more than 80,000 dedicated Delta employees. The Delta MEC states that Delta’s overall service proposal will enhance competition with the metal-neutral joint ventures that have already been granted antitrust immunity (ATI) or are pending ATI, which currently dominate U.S.-Japan travel. The Delta MEC argues that the competing applications simply do not match up to the quality and breadth of Delta’s proposed service, and that the

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115 Answer of Houston, at 2.
116 Id., at 3.
117 Reply of the DFW Airport Board, at 1-2.
118 Id., at 3.
119 Id., at 4-5.
120 Reply of the Delta MEC, at 1.
competing carriers would provide very few public benefits that the carriers would not already be able to provide through their partnerships with Japanese airlines. The Delta MEC states that it looks forward to Delta’s service to Haneda from all five of its proposed gateways and urges the Department to take quick and favorable action on Delta’s application.

JetBlue submitted an answer to Delta’s application, stating that Delta advanced several arguments that are identical to JetBlue’s arguments in parallel antitrust immunity (ATI) proceedings that are pending before the Department. JetBlue asserts that, should the Department accept Delta’s rationale and grant it the additional Haneda slots it seeks based on the arguments advanced by Delta, then fundamental fairness and due process dictate that the Department also recognize JetBlue’s need for similar access at London Heathrow Airport and Amsterdam Airport Schiphol.

The Las Vegas Convention and Visitors Authority (LVCVA) and Clark County Department of Aviation filed an answer in support of American’s Las Vegas-Haneda proposal. LVCVA and McCarran state that the Tokyo-Las Vegas market is the largest market between the United States and Japan that does not have nonstop Tokyo service, and that American’s Las Vegas proposal is the only proposal will offer consumers a new U.S.-Japan market. LVCVA and McCarran assert that new nonstop flights between distant markets have marked positive effects on attractive tourism markets, and that a new American flight from Tokyo will lead to an estimated annual economic benefit for Southern Nevada of $143,000,000. LVCVA and McCarran assert that the benefits arising from a nonstop flight between Tokyo and Las Vegas are significantly higher than those arising from additional flights in an already-served market, and even higher than those arising from moving an existing flight from one Tokyo airport to another. LVCVA and McCarran state that Japan is an extremely important source of international visitors to Las Vegas and the size of the existing market creates a viable and sustainable air service opportunity, and that without an award of nonstop air service, passengers between Japan and Las Vegas are required to travel on connecting flights via constrained hubs that act as a bottleneck and limit the number and ability of consumers to travel between Tokyo and Las Vegas. LVCVA and McCarran state that tourism is a vital source and the leading contributor to Southern Nevada’s economy, and that approval of American’s proposal will increase Japanese business and leisure travel to Las Vegas. LVCVA and McCarran argue that, when viewed in comparison with other Haneda route applications, a new nonstop flight between Las Vegas and Tokyo will be the most beneficial for consumers.

The New Jersey Parties filed an answer in support of United’s Newark-Haneda proposal. The New Jersey Parties state that the most important service enhancement for U.S.-Japan consumers is nonstop service to close-in Tokyo Haneda. The New Jersey Parties assert that United’s

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121 Id., at 3.
123 Answer of LVCVA and McCarran, at 2.
proposed daily Newark/New York City-Tokyo Haneda service will benefit a substantial number of travelers, noting that United’s proposed Newark Liberty-Tokyo Haneda catchment area represents 1.2 million annual bookings. The New Jersey Parties state that United’s proposed Newark Liberty-Tokyo Haneda schedule will cater to more than 550,000 annual travelers, and will connect 43 U.S. airports on a round-trip basis with Tokyo Haneda. The New Jersey Parties state that United’s proposed Newark service to Haneda will supplement its existing daily nonstop Newark-Tokyo Narita service, and thereby provide the traveling public with additional choice, increased capacity, and greater convenience. Furthermore, the New Jersey Parties state that United’s proposal will bring countless benefits to the large business communities in Newark/New York City, asserting that New Jersey’s overall exports totaled over $35 billion in 2018, with Japan representing the second largest Asia/Pacific country at $1.5 billion.

The Port Authority of New York and New Jersey (PANYNJ) filed an answer in support of United’s proposal to serve Haneda from Newark Liberty International Airport (EWR). PANYNJ states that the New York and New Jersey region, centered by the City of New York, is the global capital of finance, media, and fashion, is the host city to the United Nations, and that United is the only U.S.-flag carrier currently offering nonstop service from this region to Asia. PANYNJ states that it is deeply appreciative that United’s proposed Haneda service will supplement rather than replace its existing service from Newark to Tokyo’s Narita International Airport. PANYNJ states that, just as Haneda and Narita serve distinct roles for Tokyo, each airport within the PANYNJ’s portfolio has a distinct role, and that Newark is a distinct market that remains unserved at Haneda. PANYNJ states that New York and New Jersey collectively have more Fortune 500 companies than any other state with a proposed Haneda route, and that the region ranks third in arrivals by non-U.S. residents from Japan. PANYNJ states that New York and New Jersey are home to approximately 50,000 Japanese-born residents and 11,000 Japanese-owned businesses. PANYNJ asserts that United’s Newark-Haneda proposal would benefit the New York and New Jersey region, and the entire East Coast of the United States.

The Port of Portland filed an answer in support of Delta’s Portland-Haneda proposal, and a reply to the answer of American. The Port of Portland states that the Portland-Tokyo route, which began over 30 years ago at Narita, has become a pillar of Oregon’s trade with Japan and is an integral component of Oregon’s future growth and economic health. The Haneda route is a top community priority and has received overwhelming support from community and business leaders. The Port of Portland states that the Portland International Airport’s (PDX) service area extends far beyond the 3.1 million people in the Portland metropolitan area, and draws a large number of passengers from Vancouver and southwestern Washington, serving over 4.7 million people in Oregon and southwest Washington. PDX is the primary Oregon airport accounting for 85% of all origin-destination passengers in Oregon. The Port of Portland states that Tokyo service has been a key for Oregon’s strong business ties to Japan, noting that, in 2017, Oregon’s air exports to Japan reached almost $826 million, and that Japan is now Oregon’s third largest

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124 Answer of the New Jersey Parties, at 2.
125 Id., at 3.
126 Answer of PANYNJ, at 1.
127 Id., at 3.
128 Answer of the Port of Portland, at 2-3.
overseas trading partner. The Port of Portland also notes that Oregon has longstanding and deep cultural ties with Japan, citing a number of organizations in Portland dedicated to advancing Japanese culture and business. The Port of Portland asserts that its sole hope for maintaining its more than 30-year link to Japan lies with Delta, which has stated that it does not see Narita service as sustainable in the long term, and the Port of Portland urges the Department to grant Delta’s Portland-Haneda request.

In its reply, the Port of Portland asserts that American’s concerns about the viability of Portland-Haneda service are misplaced. The Port of Portland states that the sustained success of the existing Narita service is sufficient to rebut American’s claims, and that there is compelling evidence that the proposed Haneda service should be even stronger than the longstanding Narita service.

The Port of Seattle, owner-operator of Seattle-Tacoma International Airport, filed an answer in support of Delta’s application to serve Haneda from Seattle. It states that Seattle is the largest Tokyo O&D market in the continental United States without Haneda service, and that the three larger markets (Los Angeles, New York, and San Francisco) each boast at least two existing slot pairs on either U.S. carriers or their immunized joint venture partners. The Port of Seattle states that, as the closest mainland U.S. city to Asia, Seattle provides unique opportunities for numerous cities throughout the Pacific Northwest region to have one-stop access into Haneda that is currently not possible without lengthy and circuitous backtracking to the south or east. For cities in the Pacific Northwest, the Port of Seattle asserts that flying to Haneda via Seattle can be up to 20% shorter than existing Haneda gateways. The Port of Seattle states that Delta’s proposed service would provide convenience to the Pacific Northwest business community, which include some of the most notable global names. It asserts that, in the last five years, Seattle has grown from the 14th-busiest U.S. airport to the 8th busiest, and that international traffic has grown by over 50% in the same five years.

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129 Id., at 5-6.
130 Id., at 7.
131 Reply of the Port of Portland, at 2.
132 Answer of the Port of Seattle, at 2.
133 Id., at 4.