

we are asking them to be at a much higher level than they ever have been. So schools are changing. This is a tremendous challenge, and they need all the help to get there, because our economy changed, and as our schools change, they meet some very difficult tasks. All of us can cite some examples that why we made it was because of the public schools, and there are a lot of examples in the Halls of this Congress on both sides, and it is true all across the country.

□ 1815

#### AIR SERVICE NEGOTIATIONS BETWEEN UNITED STATES AND JAPAN

The SPEAKER pro tempore (Mr. COOKSEY). Under the Speaker's announced policy of January 7, 1997, the gentleman from Illinois [Mr. HASTERT] is recognized for 60 minutes as the designee of the majority leader.

Mr. HASTERT. Mr. Speaker, I am going to share some time with my good friend from the other side of the aisle, but before I do that, I have seen the previous speakers here kind of quote figures on the other side of the aisle and say that some folks do not believe in public education.

I have to tell my colleagues, I am a product of public education. I taught in the public schools for 16 years. I think one of the real issues that these folks missed in this presentation was that people want to make choices for their kids, and I do not think that it is something that we want to decide in bureaucratic offices in Washington, how our kids should be taught, how our money should be spent.

One of the things that we think might be a good idea is to send our money back to where those local schools are and let those local school boards and those local folks who run schools and State organizations decide what is best for those kids in those areas.

One other thing. I heard people talking on the other side of the aisle, saying we want to deflate school because of vouchers. Vouchers give parents a choice, and if public schools are lacking, it is not up to the Congress to give people the confidence in the public schools. It is the public schools themselves that have to build confidence so that parents believe that their children are getting a good education, that they have the opportunities, and when they graduate from that school they are going to have the same opportunities somebody else has.

So I would join with my friends on the other side of the aisle who just gave this presentation, yes, I think public schools are important, but I think parents ought to have choice and I think vouchers ought to be part of that decision. If a parent wants to send a child to a school, he ought to have the choice to do that. So I would say that there is room maybe for more bi-

partisanship than just the presentation we just saw.

One of the reasons that I have asked for this time tonight is to discuss really an area of economics, far away from education, but to educate people about what is going on in this country especially with competition of major airlines, and competition with a country that has sometimes been a bitter competitor for us, and that is Japan.

Japan entered into an agreement in 1952 that basically limited airline transportation between the United States and Japan between four airlines, two of those airlines from Japan and two airlines from the United States. One of those airlines from the United States has subsequently gone out of business. The other airline has been enjoying most of the air routes between the United States and Japan over the last almost 40 years plus, and as a consequence, the old story, at least out in the countryside where I am from in rural Illinois, about the farmer standing out in his field and somebody coming and saying, "How do you get to Wright's Corners?" And the old farmer scratches his head and says, "Son, you can't get there from here."

That is a problem, especially in the Midwest. If one wants to fly to Japan from some place like Chicago or Indianapolis or St. Louis or Kansas City or even Atlanta, GA, one cannot get there from there. So what we are saying is there ought to be a change.

What is happening today, there are discussions, high-level discussions between the United States and Japan on changing the way that we put in the regulation on air traffic between the United States, the number of flights between the United States and Japan. The airline who has the sole, not the sole monopoly but a major monopoly of air traffic between the United States and Japan, the American carrier says, well, it is open skies or nothing. In other words, absolutely free regulation, or we stay the same way.

Well, probably we are not going to get to open skies, or at least immediately. Open skies is certainly something that we would like to have, open competition. Open competition means that if one is going to fly as a business trip from Chicago to Tokyo or Chicago to Osaka, instead of paying \$4,000 a ticket we may pay less than \$3,000 a ticket. That means more people can go, more competition. We have a better infrastructure, interface in business and economic relationships between this country and Japan, and Lord knows we could use that.

However, what happens when we limit the number of flights, especially from the interior of this country, we just cannot get there, so one has to take a train or take another flight to Los Angeles where there are 80-some flights a week, or one has to go to Seattle or San Francisco, or one has to fly to the east coast to get a flight to the Far East, which means one would have to go west.

So it is an issue of fairness. We need to open the skies. We need to have these negotiations take place, but it cannot be all or nothing. What we are looking for is the ability for us to start to open the doors, to allow a place like O'Hare Field, which has one of the largest airfields, at least in capacity and the number of flights that happen in this country. It is No. 1 in this country for domestic passengers, flights in and out and the number of passengers, but we are 30th in the number of trips overseas. So what does that mean? That means that we have less visitors coming from Japan.

If we just had one more flight per day, whether it is a Japanese carrier or an American carrier, out of the Midwest, out of Chicago, an average visitor from Japan spends about \$1,500 while they are a guest in this country for a week or 10 days. If we had one more flight a day, that would mean over a year's time we would have almost \$15 million more business.

When we start to talk about trying to balance the trade between the United States and Japan, we send a lot of dollars to Japan. We have a lot of Japanese sound equipment and electronic equipment and automobiles. The best thing we can do is try to bring some of those dollars back, and the best way we can capture those dollars is having Japanese tourists come back not just to Washington, DC or New York City or Los Angeles, but yes, to the Midwest and to the South as well.

If we start to open up airline availability so that those people can fly into the Midwest and the mid-South, then we could start to get more people involved, we can start to bring more dollars from Japan here, and certainly even start to balance that imbalance in trade.

One of my colleagues who serves on the Committee on Transportation and Infrastructure and is involved in airline jurisdiction is my good friend from the other side of the aisle, the gentleman from Illinois [Mr. LIPINSKI]. I would like to yield to the gentleman at this time and hear his comments.

Mr. LIPINSKI. Mr. Speaker, I thank the gentleman. It is an honor for me to participate in this special order with the gentleman, but before I get into my comments, I would appreciate it very much if my colleague would yield to a fellow Chicagoan, the gentleman also from Illinois [Mr. DAVIS] on this subject.

Mr. HASTERT. Mr. Speaker, it would be my honor.

Mr. DAVIS of Illinois. Mr. Speaker, I thank the gentleman. I certainly want to thank my colleagues for putting together this opportunity to talk about the needs of the Midwest.

I rise today to join my Illinois colleagues in urging the Clinton administration and the Japanese Government to use this historic opportunity to put an end to the limits on direct air service between Chicago's O'Hare International Airport and Asia. It is imperative that current negotiations with

Japan yield an air service policy that will benefit Midwest businesses and consumers.

Liberalization of Midwest air service is an important first step in ensuring real economic gains to our region which has been historically disadvantaged by current air service agreements. It is time for the Midwest to receive its fair share of access to the growing Asia markets.

Under current air service agreements, Chicago's O'Hare, the hub of the Midwest and one of the most frequently-used air terminals in the world, is restricted to only 20 weekly direct flights to and from Tokyo, the gateway to Asia. This is not adequate service for the thousands of midwesterners who do business with companies in Asia.

Four of Illinois's top 10 export markets are in Asia and account for more than \$6 million in annual revenue. A new agreement would have enormous economic potential for our region, and would enable the Midwest to be more competitive in the largest and fastest growing economic market in the world.

In fact, it is estimated that lifting current restrictions could bring as many as 2,670 new jobs to the Midwest, 1,820 of those in Illinois alone. Expanding current service of trans-Pacific flights will also provide additional access to the Midwest region for foreign businesses wishing to invest in our region. Unless these restrictions are lifted, the Midwest stands to lose up to \$1 billion in Japanese investments in property, plants, and equipment.

It is unfair to require our airline industry to operate under an antiquated post-World War II agreement which only granted limited air service rights to Asia for certain United States cities. As a result of this agreement, flights to and from Chicago are severely restricted.

These outdated regulations do not realize the global economic dependency on efficient air service, nor the state-of-the-art technology of today's airline industry. Furthermore, a new agreement must provide for increased hub-to-hub connections which could provide lower fares for consumers. These reduced fares could generate about \$16 billion a year in tourism revenue for the Midwest region.

Mr. Speaker, the Midwest must not be forced to compete in today's global economy while operating under an antiquated air service agreement. Therefore, I, along with my colleagues, urge the Clinton administration to reach an agreement and the Japanese government to reach an agreement which would increase Midwest-Asia air service. These negotiations offer an unprecedented opportunity to not only expand tourism, increase employment and economic growth for the Midwest region, but to open up enormous opportunities not only in the Midwest but in other major areas throughout the country.

So I thank the gentleman from Illinois [Mr. HASTERT] for giving me the

opportunity to share my thoughts and ideas on this subject.

Mr. HASTERT. Mr. Speaker, I thank the gentleman from Chicago, a good friend and certainly a supporter of economic development, not only in Illinois and Chicago, but also the Midwest.

It is interesting, his comments. If I wanted to fly from Chicago or Atlanta or New Orleans or St. Louis and the few flights there are, the one flight a day or two flights a day that fly out of Chicago, if I cannot get on one of those flights, that means that I have to fly to San Francisco or Los Angeles or maybe Seattle, but probably from the West, either San Francisco or Los Angeles. All of those are nice towns, but it means one is going to sit around that airport for 2 or 3 hours extra before one gets on his flight or makes his connection, and the cost of that flight is probably going to be \$1,000 or \$1,500 or \$2,000 more than if there was open competition, if we let airlines fly in and out and let the marketplace decide what those prices are.

So not only are we hindering the convenience of people to move from the Midwest and mid-South to the Far East, but we are also saying it is going to cost more money, by the way, and we are not going to let that free competition in.

On September 22 of this year there is that meeting in Japan, in Tokyo, and it is important for our administration and the Japanese Government to try to come to an agreement or an accord. It also means one other thing.

□ 1830

It means if we want to do business, we have to open that business up. We just cannot constrain that business to one airline that gets the majority of it.

Mr. LIPINSKI. Mr. Speaker, will the gentleman yield?

Mr. HASTERT. I yield to the gentleman from Illinois.

Mr. LIPINSKI. Mr. Speaker, I thank the gentleman for yielding to me. I have some prepared remarks in regard to this subject. It is a subject that is enormously important not only to Chicago, IL, the Midwest, but I believe to the entire Nation. Aviation is not only the future, but aviation is the present and will be the future. It is something that we have to be involved in, involved in deeply, and we have to really have it be one of the vanguards of our economy.

The bilateral agreement between the United States and Japan was signed in 1952, over 45 years ago. The agreement gave three airlines the right to fly to Japan and beyond to other points in Asia. The three airlines are Northwest, United, which purchased its rights from Pan American, and Federal Express, which purchased its rights from the Flying Tigers.

Federal Express, as we all know, is not a passenger-carrying airline, it is a cargo airline. So actually, these two airlines, Northwest and United, are considered incumbent carriers. Since

1952 the United States and Japan have signed memoranda of understanding granting additional carriers such as American, Delta, Continental, and UPS limited rights to serve Japan. Once again, UPS is not a passenger carrier, but a cargo carrier, so the three additional passenger carriers we have gotten into Japan under a memorandum of understanding are American, Delta, Continental.

These MOU carriers, as they are referred to, fly to and from Japan, but with frequency, capacity, and gateway limitations, and with no beyond rights, which means they can fly into Tokyo, but they cannot fly beyond Tokyo. No other place in Asia can they fly to. They have to return immediately to the United States.

There have been several aviation disputes between the United States and Japan in recent years. Most of the tension has stemmed from Japan's protectionist restrictions on its market. Japan has steadfastly refused to open its international markets in order to protect its national carriers.

Japan fears that its national carriers cannot compete successfully against the larger, more efficient U.S. carriers in an open skies market. However, for the first time in decades, Japanese negotiators have indicated a willingness to be flexible in regard to increased access for U.S. carriers.

The United States must seize upon this rare opportunity to ease the restrictions in the U.S.-Japan aviation market. Obviously, an open skies agreement should be our ultimate goal. However, Japan is adamant in its opposition to open skies. Therefore, we should work on a bilateral agreement that will ease current restrictions in the market and will eventually lead to open skies. It is either a phased-in approach to open skies, or to status quo. The status quo will only keep Chicago and the Midwest isolated from Japan, causing our region to continue to lose a million dollars in missed opportunities.

Right now only two carriers are incumbent carriers. One is a United States carrier, Northwest, and the other a Japanese, JAL, can operate from their primary hub airport without any frequency restrictions. United, although it is considered an incumbent carrier, is restricted to only six flights per week from its principal hub at O'Hare International Airport.

Let me run that by the Members once again. Right now, only two incumbent carriers, one a U.S. carrier, Northwest, and the other a Japanese carrier, JAL, can operate from their primary hub airports without frequency restrictions. United, although it is considered an incumbent carrier, is restricted to only six flights per week from its principal hub at O'Hare International Airport. American, which also hubs at Chicago-O'Hare, is completely shut out of the Chicago-Tokyo market.

Japan wants its other national carrier, ANA, to also have unlimited access between the United States and Japan from its major hubs. This is one of Japan's primary goals in negotiating a new agreement. In fact, as far as I am concerned, it is their number one goal in negotiating a new agreement. The United States should only grant ANA unlimited access normally reserved for incumbent carriers if Japan guarantees that a second U.S. carrier will also enjoy all the rights of an incumbent carrier. Then, with two carriers from each country having unlimited access, each community could potentially be served by four different carriers.

However, if JAL and ANA, Japan's only two international carriers, both have unlimited access between the U.S. and Japan, the nonincumbent U.S. carriers would be at a great disadvantage. Therefore, increased frequencies and additional gateways are needed for MOU carriers so they can also provide service from their major hub airports. U.S. negotiators should not grant ANA incumbent status without also gaining increased access for U.S.A. MOU carriers.

Finally, a phased-in approach to open skies with Japan should definitely allow code-sharing between all United States carriers and Japanese carriers. The aviation industry is moving in a definite direction of abandoning attempting to have beyond rights to relying upon code-sharing networks. Code-sharing networks allow U.S. carriers to offer the service and convenience of a foreign hub without the expense of a self-operating hub.

For example, code-sharing agreements have enabled U.S. carriers to be effectively competitive all over Europe. In fact, all U.S. carriers now rely on code-sharing alliances with one or more European carrier to feed passengers to and from their transatlantic flights. Unfortunately, under the current bilateral with Japan, code-sharing alliances are not permitted, and as a consequence, U.S. incumbent carriers depend solely on their limited beyond rights to provide service beyond their Japanese hubs.

Code-sharing agreements between U.S. and Japanese carriers would provide the service and the access to Japan and beyond that we want for Chicago, the Midwest, the East, and the South. In Japan's Tokyo Narita airport, that is the primary gateway to the rest of Asia. However, available space is severely constrained there. The best use of the limited space at Narita would result from a code-sharing agreement between a U.S. carrier and a Japanese carrier.

For example, if an airline has 100 markets beyond its United States hub and no hub in Tokyo, 100 markets are served. But if an airline has a code-sharing agreement with a carrier with a hub on the other side of the Pacific, with 100 American markets beyond the U.S. hub and six Japanese markets beyond the Tokyo hub, over 600 city pairs can be served.

With O'Hare's position as a hub for both United and American, any service from Chicago O'Hare to Tokyo Narita would provide the greatest number of potential city pairs, representing the best use of limited space at both airports. Code-sharing agreements do not equal open skies, but they do open the market tremendously, increasing access to Japan and beyond.

In addition, once code-sharing agreements are in place, Japanese carriers will want antitrust immunity to maximize the effectiveness of their code-sharing alliances. The Government of the United States does not and will not grant an alliance between a U.S. and a foreign carrier for antitrust immunity until open skies are achieved between the two nations.

Therefore, it is easy to see how our liberalized agreement now will lead to open skies with Japan in the future. Again, a phased-in approach to open skies is much better than the status quo. If the United States does not seize this opportunity with Japan's willingness to be flexible by the end of the month, we will be stuck with limited access to Japan and beyond, and Chicago and the Midwest will continue to be big, big losers.

I thank the gentleman from Illinois [Mr. HASTERT] for this time. There are a number of other people here to speak. I will be back in the future.

Mr. HASTERT. Mr. Speaker, I thank the gentleman from Chicago. One of the things, just in a practical application of what the gentleman said, for instance, if I wanted to take a trip to Chicago's sister city, which happens to be Osaka, Japan, a small city in Japan, only about 15 million people in its greater Kansai area, we could not go directly from Chicago to the new airport outside of Osaka.

So what we would have to do, we would have to fly to Tokyo, and because there are not any rights for American carriers to go beyond Tokyo. We would have to fly some other airline from Tokyo to Osaka, and hope that maybe if we wanted to fly from Osaka back to the United States you could do that, but you could not fly direct to Chicago, you would have to fly to Los Angeles, then wait and change planes, and fly from Los Angeles back to Chicago.

Not only does it complicate the ability to do business or to travel or to make exchanges between these two countries, it makes it virtually impossible for people to have free and easy travel plans.

I appreciate the comments of the gentleman from Chicago.

Mr. LIPINSKI. Mr. Speaker, I would just like to say that we all know that the Japanese are extremely difficult people to deal with on all trade issues. One of the reasons for that is because it is a very small island. They are very much people who like to deal with themselves, and if they are actually willing to give us an opportunity to get in there and open up that market in

some way, we should certainly take advantage of it.

Mr. HASTERT. I appreciate that, Mr. Speaker. Any time we sit down and deal with trade, we have to sit down honestly and hope that the parties on the other side of the table sit down honestly and try to bargain. Each side will always try to get their best deal.

Mr. Speaker, it is my great privilege to yield to the gentleman from Peoria, Illinois [Mr. LAHOOD].

Mr. LAHOOD. Mr. Speaker, I thank the gentleman for allowing me to offer a few comments regarding this important issue that the gentleman has taken time to set aside this hour for to discuss. I have some prepared remarks that I would like to make, and as a member of the Subcommittee on Aviation of the Committee on Transportation and Infrastructure, our committee has discussed this issue, and there is an awful lot of concern about it.

In 1952, the United States and Japan entered into a highly restrictive aviation agreement that to this day severely restricts the number of flights between O'Hare International Airport in Chicago and Japan. Despite being the busiest airport in the world, O'Hare ranks only 30th in terms of the international passenger travel. This makes no sense at all. Because of this restrictive 1952 agreement, all of the Midwest and the entire country have been hurt by the lost business opportunities.

Fortunately, the U.S. and Japan are currently negotiating an agreement that would drastically increase the number of flights to Japan and all of Asia. The potential economic impact of this agreement cannot be overestimated. An independent study by Arthur Andersen has concluded that lifting the current restrictions would increase passenger travel between Chicago and Tokyo to more than 700,000 by the year 2000, bring in over 2,600 jobs to the Midwest, and result in an additional \$80 million in spending throughout the region.

I might add that the Midwest-Asia Aviation Coalition has stepped in to provide important leadership in this effort. This coalition is made up of a diverse group of business, trade associations, labor and civic organizations, and tourism groups.

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Additionally, this group includes a very distinguished list of over 290 individuals, including Gov. Jim Edgar of Illinois, Mayor Richard Daley of Chicago, and our former Republican leader Bob Michel.

I have no doubt that through the efforts of the Midwest-Asia Coalition and others, that when the final negotiations are completed, we will all soon realize the tremendous benefit of this new aviation agreement. Again I wish to thank my friend the gentleman from Illinois [Mr. HASTERT], and all of the Members who are contributing so much in this issue that we are discussing this evening.

Mr. HASTERT. Mr. Speaker, I thank the gentleman from Peoria, and at this time I would like to introduce and yield to the gentleman from southern Illinois [Mr. POSHARD].

Mr. POSHARD. Mr. Speaker, I thank the gentleman for yielding to me. This is a very important issue to the State of Illinois, because in just a few days the Clinton administration and the Japanese Government will meet again to discuss the United States-Japan Passenger Air Service Agreement. This time I hope we do the right thing.

It is time, indeed it is past time, to reach an agreement that will expand service between the two countries and beyond. The United States-Japan aviation agreement is, to some extent, a relic. It was reached in 1952, an era before jet service and before extensive commercial air travel between the two countries began.

At the time, Japan was a weak economy, still recovering from World War II. Because it was a different era, with different circumstances, the two sides agreed on an aviation agreement that fit those times, but not today. The agreement they reached then, which has largely stood through the years, severely limits flights between the two countries. Cities and airports were handpicked by governments, not the markets.

In recent years, the agreement has been loosened a tiny bit, yet there is nothing close to open access or a free market. The result is that only 11 United States mainland cities, only 11 cities, are allowed to have flights to Japan. Currently, Chicago's O'Hare Airport is the busiest airport in the world, yet ranks only 30th in terms of international travel. One of the reasons for this is that access to Japan is severely limited from Chicago, totaling only 20 flights per week. Meanwhile, Los Angeles has 87 flights per week to Japan.

Moreover, the west coast has 160 weekly flights to Japan, while the central part of the country has only 59. What this means is that most residents in the Midwest and the East, where three-fifths of our population reside, are not conveniently located for air travel to Japan. This problem begs to be corrected when we consider that the Arctic Circle flight path from Chicago to Japan is the most efficient route for this trip.

This is not the free market at work. In my State of Illinois, logic and economics demand that Chicago have more flights. Economic research by Coopers & Lybrand indicates that adding just seven round trip flights per week between Chicago and Osaka would bring traffic totaling 60,000 to 70,000 people a year, and this would bring in as much as \$503 million a year to the economy.

The U.S. airline industry, except for one airline, has lined up behind the push for more service. Northwest, which currently has a dominant share of the United States-Japan market, has

taken a stance that backs stagnation and the status quo. They might be serving their interests but not the interests of people who live in my State and could benefit from the expanded service.

A new expanded agreement with Japan would produce an additional 3,600 new flights a year in the United States-Japan market, more additional flights than any of the 25 so-called open skies agreements that the United States has signed in the past 2 years.

There is more. A new agreement would produce a 25-percent increase in competition by adding new airlines and increasing the number of cities in the United States that could gain service. All that would produce more than \$10.8 billion in annual economic activity, which would support nearly 250,000 U.S. jobs across this Nation.

Mr. Speaker, we should push ahead with a new United States-Japan Passenger Air Service Agreement. A new agreement would produce more flights by more airlines to more cities between the United States and Japan and beyond. That is real competition and it benefits all of us.

Mr. Speaker, I wish to thank the gentleman from Illinois for giving me this time and opportunity on this very important issue facing our State.

Mr. HASTERT. Mr. Speaker, I thank the gentleman from Illinois, and he brings up some very interesting statistics. One of the things I want to share with my fine colleague from southern Illinois is that he said if we open up one flight a day between Chicago and Osaka, and of course, Osaka is Chicago's sister city, that we affect some 700,000 people.

But what we really do is increase the economy, Japanese yen flowing to the United States and the Midwest. And of course, we know we have that trade deficit, so the more dollars we can get, the better off we are. But just by opening this up, a half billion dollars just to Illinois, not counting what would happen in Texas and Louisiana and Georgia and other places.

I think that is just an amazing piece of information, and I really appreciate the gentleman's effort.

Now, Mr. Speaker, I wish to yield to the gentleman from Texas [Mr. SESSIONS].

Mr. SESSIONS. Mr. Speaker, I thank the gentleman from Illinois [Mr. HASTERT]. I appreciate this opportunity to speak about this very important subject, and I rise to offer my support also to the United States and Japan negotiating team who are now entering the next rounds of meetings to continue talks on the long-awaited air transport agreement between our two countries.

I think history will look at this moment as one that is a very important crossroads in the future of both our countries and our nations as we work together, not only now but in the future.

For the first time in almost 50 years, the United States and Japan will come

together and agree to a new level of passenger air service between the United States, Japan and beyond. What is even more significant, though, is the economic impact that that will accord and the opportunities that will surely follow in the coming years.

This agreement will provide United States air carriers with a 25-percent increase in passenger flights to Japan. Nearly 3,600 new flights will be added each year. Further expansion can be expected as other carriers begin this service to the region, which I believe can only breed more competition in the marketplace. And the best part is that is only the beginning.

This agreement will have an enormous economic impact to our economy. At present it is estimated that this agreement will generate almost \$10.8 billion in direct and indirect economic impact. More importantly, this accord will open additional routes for United States carriers in growing Asian markets and certainly beyond Japan. That factor alone could inflate an additional \$1.6 billion for U.S. air carriers.

Clearly the biggest gain in this agreement can be felt in access to markets for American business men and women. The unprecedented increase in commercial and passenger air traffic will open a new day for each and every one of our business men and women as they wish to do business in Asian export sectors. We cannot underestimate the power that these new emerging markets will bring and the opportunities that are before us.

Likewise, these increased opportunities will enhance Japanese investments in our country. The anticipated increase in cargo and tourism and traffic will enhance our own marketplaces and our economy. The possibilities are almost endless for a person from Texas to think about. Not only will it help our economy and our country, but it will bring new and expanded tourism to Texas and the United States.

In closing, I would like to say that I agree with what has been stated here today; it is the marketplace, it is economics at its very best, and it is economic development. And I would like to thank my colleagues from Illinois, and in particular [Mr. HASTERT] for taking the time to discuss this important development and support for our negotiators as they enter into these important agreements.

Mr. HASTERT. Mr. Speaker, I thank the gentleman from Texas. And when we talk about what happens and, of course both United and American tend to hub and do hub in Chicago, but American has a big hub in Texas, and so the dynamics we talk about and how that brings economic activity certainly to the Midwest, certainly happens in the Midwest, in the Texas area and the Southwest, and certainly in the Mid-South.

Mr. SESSIONS. Of course it does. We have many, many people who have come to our country with not only opportunities for their lives but have

brought high-technology abilities to our country. They want to make sure that we are selling our products overseas. They want to make sure it is easy for us to do business. They do not want to have two or three stops before they get to Japan.

So it is not only faster and better service, but it is a real boom as we near the 21st century.

Mr. HASTERT. Another interesting thing the gentleman brings up, he talks about a \$10 billion increase in economic activities. That just does not accrue to any one area in this country. It certainly accrues across the board.

If cities, and especially important cities in Texas and important cities in Illinois and Louisiana and other places, have the ability to get involved and to partake in this, that certainly spreads out. Again, as we talked about, it starts to level out that imbalance of trade that we have.

I really appreciate the gentleman's participation and being here tonight. And at this time, Mr. Speaker, I would like to introduce and yield to one of the youngest members of the Illinois delegation but certainly one of the hardest working, the gentleman from Chicago, IL [Mr. BLAGOJEVICH].

Mr. BLAGOJEVICH. Well, Mr. Speaker, let me thank my colleague from Illinois [Mr. HASTERT], and I want to comment briefly, piggybacking on some of my predecessors speaking here today, principally those from Illinois, but also the gentleman from Texas [Mr. SESSIONS] and agree with them that we need to urge the negotiators from the White House to try to do what they can to free up our skies and make our skies more available for American carriers to fly to Asia.

Closed skies are not friendly skies, they are unfriendly skies. It is probably not realistic to think we are going to have completely open skies, but it is important to realize we need to make an incremental approach and to gradually open the skies and increase routes to Asia from the United States.

Now, much has been said about the 1952 agreement that governs the present rules that decide aircraft flights from the United States to Asia. Let me put that in perspective, if I may. Back in 1952, there was no rock and roll. That is how long ago this was. We were operating under an agreement that is so dated rock and roll had not even existed yet. Elvis was only a junior in high school when this was entered into. Nobody in the NBA dunked back in 1952. Virtually everybody in the NBA dunks.

These are changing times. We live in a changing world. The Baltimore Orioles did not exist in 1952. I think my other colleague from Illinois [Mr. LIPINSKI] is an expert on this. They were the St. Louis Browns, am I right?

Mr. LIPINSKI. The gentleman is correct.

Mr. BLAGOJEVICH. I am right. So we have seen a great deal of change not only in cultural and social develop-

ments but a great deal of change in more important things, like technological changes and changes in trade and the like.

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So we have seen a great deal of change in other societies, in fact in the world, since 1952. We have an agreement that governs the policy with regard to aircraft flights from the United States to Asia that was agreed to in 1952, yet the world has seen a great deal of changes.

Technological changes have been rapid and continue to change with every passing day. International trade is different today. In fact, the Asian market back in 1952 is not the Asian market that exists in the United States. Over the past two decades, U.S. foreign trade and foreign investment with East Asia has soared, increasing faster than economic ties with any other region.

Between 1978 and 1996, U.S. exports to East Asia grew 620 percent, while during the same period U.S. exports to all of Europe increased by around 246 percent. Back in 1952 Europe was the chief trading partner with the United States. That is a fact that is no longer as relevant as it once was.

In 1996 the value of total U.S. exports to Asia surpassed that of exports to all of Europe. So Asia is a major, major place in the world and is a very, very important region in the world with regard to United States and our economic health and vitality.

Today Japan, for example, is the second largest international destination for United States travelers after the United Kingdom. In fact, by the year 2015 the Asian Pacific region is expected to represent 40 percent of total air travel between North America and any international destination, surpassing the volume of air travel between North America and Europe.

So it seems to me we ought to scrap this 1952 agreement, bring it into the modern era, and apply routes and have a more open sky so that American carriers can reach Asia and American business can enjoy some of the fruits and benefits of those expanding and emerging markets in and throughout Asia.

With regard to technological changes, let me just point out that air travel is different today in 1988 than it was in 1952, when most aircraft flights came out of the West Coast because you could not fly directly from New York to Japan or from New York to Tokyo back in 1952. Forty-five years have transpired. Aviation technology has made it possible to fly directly between Chicago and Japan.

In fact, between 1952 and 1998 we were actually able to fly to the moon, which we did in 1969 for the first time. So there is a great deal of technological change; and, therefore, this agreement needs to be renegotiated so that it fits the times and the era in which we live.

There are advocates who believe we ought to have one or the other, we

ought to have only open skies or not change the 1952 agreement, and I would submit that those advocates are either totally erroneous or disingenuous.

The fact of the matter is that the Japanese Government has said publicly that they will not entertain any discussions about completely opening the skies. Therefore, I think it is important that we again try to make incremental gains and slowly approach opening the skies so that the Japanese Government becomes more comfortable with Japanese carriers in more direct competition with American carriers, who would generally have a better record of being able to succeed in a nonregulatory free market environment.

So I hope we can have more flights to Asia. I hope more cities throughout the United States can have more access to Asian flights, in particular to Japan. I hope we can expand some of the buy-on rights agreements, and I would urge the negotiators to continue in their efforts in developing some of the co-chairing efforts that they have been doing.

One final point. As we open access to American airports and access to Asian and Japanese airports and air traffic, I would hope that the Midwest is properly represented. And I would urge that we take a serious look at Chicago, which has historically been a transportation hub in the United States, with rail, with trucking, with air travel, and with sea and lake travel.

Chicago historically has been the center of transportation. Chicago O'Hare International Airport is among the busiest in the world. It has a built-in infrastructure that would work perfectly with more flights from Chicago directly to Japan. Chicago would also be able to service other parts of the Midwest.

Three out of five Americans live east of the Mississippi River, yet the region's airports can only offer one out of five weekly flights to and from Japan. There are 87 flights per week between Los Angeles and Asia. There are only 20 flights per week between Chicago and Asia.

As the gentleman from Illinois [Mr. POSHARD] noted moments earlier, there are 160 flights per week to and from Asia which originate from the Western United States. There are only 59 flights per week to and from Asia which originate from the Central United States.

So we should have more air travel from the Midwest United States and Central United States to Asia. I would argue that since O'Hare Airport is a perfect place to fly that has a built-in infrastructure, those flights, many of them, should come out of Chicago's O'Hare International Airport.

One last point, if I may. There are financial considerations, as well. Fifteen different Japanese banks have branches in Chicago. So when you consider the business aspect, it is very convenient for those who want to do business from Chicago to Japan or Asia to be able to

fly directly from Chicago to Asia, and having more flights available I think helps with regard to that. There are in fact more Japanese banks and branches in Chicago than any other foreign banks and branches represented in Chicago from other countries.

And one last thing. Chicago is the international leader in the trading of commodities, stock options and currency. Chicago is the home of five major exchanges. It makes perfect sense to have direct travel from Chicago to Asia. As I close, 80 percent of the world's commodities are traded through three of Chicago's exchanges.

So having said that, I hope the negotiators listen to what I hope are words of wisdom. I know that whenever the gentleman from Illinois [Mr. HASTERT] speaks, those are words of wisdom, and I am less confident about my own words.

Mr. HASTERT. I thank the gentleman from Illinois [Mr. BLAGOJEVICH]. Just, you left out the Chicago Bulls. I do not know how we did that.

Mr. BLAGOJEVICH. If the gentleman will yield, I do not want to be parochial.

Mr. HASTERT. Mr. Speaker, I yield to the gentleman from Illinois [Mr. WELLER], who also represents Chicago and parts of down-State Illinois.

Mr. WELLER. I thank the gentleman from Illinois [Mr. HASTERT], my friend and the chief deputy whip and one the leaders in our House. Also, I want to recognize the gentleman from Illinois [Mr. LIPINSKI], who represents the neighboring district, for his leadership on aviation issues. And of course, I echo the words of my friend, the gentleman from Illinois [Mr. BLAGOJEVICH], on why improving aviation opportunities, particularly the connections between the Midwest and the United States and Japan, what it means in jobs for the folks in the Chicago region, which I have the privilege of representing.

I believe it is time that we move forward with negotiations to improve and open more skies to flights for American carriers, particularly between Chicago and the Midwest and Japan.

Today, Chicago O'Hare is the world's busiest airport. We have quite the privilege. Chicago is considered America's second city. It is a global financial center. It is a world class city, and it is also home to the world's busiest airport. More flights come in and out of Chicago's airspace than any other place in the world.

But the surprising thing is that we rank 30th, Chicago O'Hare ranks 30th overall in international flights and international passengers. Now if we were to change that and improve opportunities for American carriers to fly between Chicago and Japan, it would have a big impact financially and economically for working, middle-class families right in the Chicago region.

In fact, according to one study which I have read, one additional flight be-

tween Chicago and Japan could generate over one-half a billion dollars in additional economic benefits to the Chicago region. One-half of a billion dollars would benefit from just one more, one additional flight between Chicago and Japan.

As I have always said, when we improve transportation, we create jobs. That is why these negotiations have been underway, and we need to make an even greater effort to open the skies between Japan and the United States, because in doing so we are going to create jobs for working, middle-class families in Chicago, in the Midwest, and also throughout the United States.

It has been said, according to studies, the economic impact of lifting the current restrictions on nonstop Chicago-Japan flights could bring over 2,600 new jobs to the Chicago region just in the next 2 years. Our own Governor, Jim Edgar, stated recently that greater access to the expanding economies of Asia will mean more investments, more trade and more jobs for the people of Illinois and the Midwest.

That is why business and labor and politicians of both political parties have joined together in the Midwest-Asia coalition, working together to emphasize how important opening the skies between the United States and Japan is to working folks right here in the United States, particularly in our home area, in the Chicago area.

Some would say, "Well, what would happen if we do nothing, if nothing changes? What happens if we are unable to expand our current agreement with Japan?" Recent study found that the current restrictions on air travel between the United States and Japan cost the Midwest thousands of jobs and millions of dollars in salaries and probably at least \$1 billion in lost investment in the Midwest and in the Chicago region, \$1 billion in lost investment because of the current restrictions.

Think about what that would mean to the folks in the Chicago area, working middle-class families who would benefit from increased economic opportunity, more jobs and more opportunity.

My colleagues, I stand in strong support of the negotiations that are currently underway. I stand in strong support, as I know the folks back home do as well, of opening the skies between Japan and the United States. Because, as these negotiations move forward, I think it is important that our negotiators know that we stand behind them and that we are looking to them to open the skies, because by opening the skies, bringing in additional flights between Chicago and Japan will bring jobs to the Chicago region, more jobs, more opportunity. And frankly it is going to be in the best interest of the working folks, the middle class, in the Chicago region.

I yield back my time to the gentleman from Illinois, and again thank the gentleman from Illinois [Mr.

HASTERT] for the opportunity to speak on this important issue.

Mr. HASTERT. Mr. Speaker, I include for the RECORD two editorials from Midwest papers:

[From the Chicago Tribune, July 3, 1997]

#### PHASING IN OPEN SKIES WITH JAPAN

O'Hare International Airport is the world's busiest in terms of passenger volume, yet it ranks only 30th in international business. Its overseas volume is less than half that of New York, Los Angeles and Miami—the top three international airports.

A broad-based, clout-heavy group of Midwest businesses and civic leaders—headed by Gov. Jim Edgar, Mayor Richard Daley and former U.S. Rep. Robert Michel—wants Washington to do something to help O'Hare. The administration should take the group's advice and act accordingly.

Specifically, the Midwest-Asia Aviation Coalition wants United States negotiators to reach a deal with Japan that would adopt a phased-in approach to competition, gradually allowing more flights between the two countries and permitting marketing agreements between U.S. and Japanese airlines.

A bilateral pact that immediately establishes open trade, or "open skies," would be preferable and should be the first, and ultimate, goal, but the Japanese government so far has refused, arguing the U.S. won't open its domestic market to foreign airlines. Japan, however, would accept phased-in competition.

United Airlines and American Airlines, which operate hubs at O'Hare, are coalition members and favor a phased-in approach like that taken with Germany and Canada. Minneapolis-based Northwest Airlines wants unrestricted access to Japan, with no limits on the rights of U.S. carriers to fly to other Asian destinations. Japan is willing to phase in open skies if there are limits on flying on to other countries.

International flights at O'Hare are restricted by the aviation pact between the U.S. and Japan. It gave United, Northwest and Federal Express the right to fly to Japan and beyond, but American and other airlines are allowed only limited service. At O'Hare, United has only six flights a week to Japan, while American can't even fly between Chicago and Tokyo. Northwest, with hubs in Detroit and Minneapolis, has almost as many weekly flights from the U.S. to Japan as the rest of the domestic airlines combined.

The coalition is just being realistic; Northwest is being protectionist. The choice doesn't have to be between immediate open skies or the status quo. The U.S. and Japan can allow more flights and new alliances that will promote business and growth.

A recent study by Arthur Andersen concluded that the number of passengers flying through O'Hare to Asia would more than double if sufficient flights were available. The increased traffic would add jobs and foreign investment in Illinois and the Midwest.

Gradual liberalization doesn't mean the goal of open skies should be abandoned. In fact, as the benefits of greater competition and service are realized, the resistance to open skies will dissolve. Meantime, some progress is better than none.

[From the Chicago Sun-Times, July 2, 1997]

#### MORE FLIGHTS TO JAPAN

As a Trivial Pursuit question, it is a lock for Chicagoans: What's the busiest airport in the world? O'Hare of course.

But where does O'Hare rank in international flights?

A surprising 30th. O'Hare's international volume is less than half that of New York, Los Angeles or Miami.

An opportunity to help rectify that comes as negotiators from the U.S. and Japan meet to retool a 1952 pact governing flights between the two countries. Under the outdated rules Chicago is artificially held to 20 flights to and from Tokyo a week.

Some in the airline industry are pushing for "open skies" legislation, essentially allowing an unfettered flow of air traffic between the two countries. Negotiations, however, should not be allowed to collapse into an "all-or-nothing" conclusion. While we favor open skies just a liberalized stop-gap measure featuring a phase-in approach would be acceptable. Such a moderate approach is backed by a broad coalition of Midwest businesses, labor, trade, civic and tourism groups.

Economics demand it. currently, Japanese businesses may find the Chicago and Midwestern economic climate attractive, but the hassles of getting here send them searching for other American locales. If restrictions were dropped, the number of trans-Pacific passengers could double by 2000, says the Midwest-Asia Aviation Coalition. The coalition estimates that increased air service could result in 2,670 jobs to the Midwest and \$52 million in additional salaries.

The current system, as Department of Aviation commissioner Mary Rose Loney says, "has put Chicago at a competitive disadvantage with other cities." Chicago is too important an economic engine for the Midwest to be hamstrung by regulations written 45 years ago in the pre-commercial-jet age.

Mr. Speaker, I yield to my colleague on the Subcommittee on Aviation, who also serves with another Illinois colleague who could not be here tonight and talk. The gentleman from Pontiac, IL [Mr. EWING], certainly has been a leader in this country. The gentleman has served with great distinction and has been a very active advocate of getting these talks in place and done so that we can start to open up our trade and air trade, aviation trade with Japan, and certainly hope that this would be expedited, especially in these talks that are going on this month and next week, September 22.

Mr. Speaker, I yield to my good friend, the gentleman from Chicago [Mr. LIPINSKI].

Mr. LIPINSKI. I thank the gentleman from Illinois [Mr. HASTERT] for yielding.

The American and Japanese negotiators are on the verge of replacing this outmoded 1952 agreement with a new accord which would dramatically increase air service between our two countries. Eventually such an agreement can lead to total deregulation or open skies.

I hope that Japan is not posturing. I hope that we are not posturing. I hope that we can use common sense and really make progress. I urge the administration to complete an agreement with Japan this month which liberalizes air service. We really cannot afford to wait. We have waited far too long already.

We have been asking both sides to put aside symbolic differences in the spirit of achieving real gains for consumers and business, not only in Chicago, IL, the Midwest, but really throughout this Nation. Opening up air travel with Japan just will give us enormous economic benefits, not only in this Nation but in Japan also.

Liberalization is a very important first step. The next step in ensuring that the Midwest historical disadvantage in air service to and from Asia is corrected with significant gains in the number of flights.

Mary Rose Loney, the city of Chicago aviation commissioner, said a new agreement is sorely needed even if it stops short of complete open skies. Dogmatic insistence on open skies may forgo present-day opportunities for a greater liberalized regime between the United States and Japan.

I recognize that open skies with Japan is not on the immediate horizon. The United States may need to accept a phased-in approach so our agreements would be like Germany or Canada, ones that started out very slowly but have expanded tremendously.

#### REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H. RES. 168, IMPLEMENTING THE RECOMMENDATIONS OF BIPARTISAN HOUSE ETHICS REFORM TASK FORCE

Mr. SOLOMON (during the special order of the gentleman from Illinois, Mr. HASTERT, from the Committee on Rules, submitted a privileged report (Rept. No. 105-250), on the resolution (H. Res. 230) providing for consideration of the resolution (H. Res. 168) to implement the recommendations of the bipartisan House ethics reform task force, which was referred to the House Calendar and ordered to be printed.

□ 1915

#### AIR SERVICE NEGOTIATIONS AIM TO INCREASE INTERNATIONAL FLIGHTS

The SPEAKER pro tempore (Mr. COOKSEY). Under the Speaker's announced policy of January 7, 1997, the gentleman from Illinois [Mr. LIPINSKI] is recognized for 60 minutes.

Mr. LIPINSKI. Mr. Speaker, I yield to the gentleman from Illinois [Mr. SHIMKUS].

Mr. SHIMKUS. Mr. Speaker, I rise today with my colleagues to urge the administration to complete an agreement with Japan to liberalize air service as soon as possible. As a new legislator, I am amazed at the arcane and outdated restrictions on air services to and from Japan. The restrictions agreed upon over 40 years ago severely limit the number of flights between Chicago's O'Hare airport and Japan.

One might think that at the world's busiest airport, serving approximately 118,000 passengers a day, a wide range of flights to Japan would be available. Yet with 42 weekly flights, even smaller urban airports in Detroit and Minneapolis offer more service than O'Hare. In fact, recently a San Francisco-based firm was looking into relocating to Chicago. However, because of the limited number of flights to Japan, the decision was made not to relocate.

The effects of this restriction are felt not only in Chicago, but throughout the rest of the State. According to a study recently completed by Arthur Andersen, O'Hare misses out on tens of thousands of passengers annually. Since 4 of Illinois' top 10 export markets are in Asia, just one additional flight between Chicago and Japan would generate up to \$503 million annually in total economic impact.

A new agreement would unleash tremendous economic potential for the Asia-Pacific region and enable the Midwest to capitalize on the fastest growing economic market in the world. Again, Mr. Speaker, I urge the administration to complete an agreement with Japan which would liberalize air service and allow the Midwest to share in expanded service to Asia.

Mr. LIPINSKI. Mr. Speaker, I want to thank the gentleman for participating in this special order. I know that his words are sincere, and I think his words were potent.

Before I yield to the gentleman from Illinois [Mr. HASTERT], I would like to make mention of the fact that the gentleman from Illinois [Mr. EWING], who is very much involved in aviation, who serves on the Subcommittee on Aviation, unfortunately has not been able to join us thus far this evening because he is tied up on other business. But in the event that he does not join us by the time we finish our special order tonight, I want everyone within the sound of my voice to know that he, too, supports this and has been very much interested and involved in this issue for a very long period of time.

I yield to the gentleman from Illinois.

Mr. HASTERT. Mr. Speaker, I want to thank the gentleman from Chicago, my colleague and good friend from the other side of the aisle, in joining with this effort tonight. I think the message is strong and clear, strong and clear to our negotiators that are going to Japan next week and to those negotiators in Japan. It is time that we see eye to eye. It is time that we start to let competition into the process. It is time to let U.S. air carriers have the rights to carry passengers beyond Tokyo. It is time to have the right of U.S. carriers to be able to move from cities in the Midwest to other cities, such as Osaka. Those decisions should be forthcoming. They should be made next week. There are many, many people here in this Congress that are urging that to happen.

Again I thank the gentleman from Chicago.

Mr. LIPINSKI. I thank the gentleman from Illinois [Mr. HASTERT], a leader from the Republican side of the aisle, for taking the 1-hour special order and then joining in the 1-hour special order that I have on this very important topic. It has been through his leadership here in the House of Representatives that many of us have been very fortunate to be able to achieve a number of legislative goals that we