

July 24, 2008

The Honorable George W. Bush  
President of the United States  
The White House  
Washington, DC 20500

Dear Mr. President:

The skyrocketing price of aviation fuel is beginning to have catastrophic implications not only for U.S. airlines and their passengers, but also for highly airline-dependent consumers, businesses and communities throughout our country. Fast-approaching major airline liquidations will cripple the U.S. economy that depends on affordable, frequent intercity air transportation, and for which we have no ready substitute. As a matter of urgent national priority, we urge your Administration to work with Congress to devise and implement an emergency energy policy that will bring down fuel costs to economically sustainable levels and keep Americans productively traveling by air. The consequences of inactivity would be devastating to the entire economy, and we believe Congress should stay in session until a comprehensive energy policy is passed.

Fuel expenses historically have ranged from 10 percent to 15 percent of U.S. passenger airline operating costs, but are currently running between 35 percent and 50 percent. These increased costs are rapidly eroding the cash positions of our nation's airlines. Nine small and mid-sized carriers have ceased operations since Christmas 2007. The time is drawing near when brand name legacy carriers will meet the same fate unless the government acts quickly and purposefully to stabilize the fuel crisis.

Airline networks are an integral part of the transport grid that powers the U.S. economy, and without immediate action, we face the economic equivalent of a national blackout later this year or early next. Unlike an energy blackout, however, the cabin lights may never come back on for many U.S. airlines. The consequences of a permanent blackout will have detrimental effects far beyond the airlines. Hotels; convention centers; restaurants; cruise lines; rental cars companies; retail outlets; taxi and livery services; sporting events, concerts and theaters; national parks; political campaigns; and travel distribution services will all be left in the dark, as will the millions of Americans who are employed by them.

The productivity of U.S. business and government will suffer as meetings, interviews, conferences, deployments and site visits become impractical or impossible because of the lack of airline service. Just in time deliveries of perishable goods and time sensitive mail and packages will arrive much too late. The prized ability of elected officials to move swiftly back and forth between their home states and Washington, DC is at serious risk. Over 100 small and medium sized communities are scheduled to lose airline service completely by the end of 2008; 150 more are at risk in the next wave. Major U.S. carriers have already announced double-digit system-wide capacity cuts for this fall; major U.S. tourism destinations such as Las Vegas, Orlando and Honolulu are slated for airline seat capacity reductions approaching 25% by early next year.

Finding a solution to this national crisis should not be allowed to become gridlocked in partisan politics—Congress should stay in session until a compromise is reached. Many well-intentioned policy prescriptions to address the fuel crisis have been advanced by Republicans and Democrats alike. Strengthening the dollar against foreign currencies; changing rules related to commodities futures markets; expanding refining capacity and responsibly increasing domestic supplies; incentivizing the development of alternative fuel and energy sources; providing

incentives for conservation efforts; and releasing oil from the strategic energy reserves may all have a positive impact. Policies must be enacted immediately that take the best of these proposals and turn them into action before our nation's airlines, and the millions of consumers, businesses, and communities who depend on them, are permanently grounded. We are counting on your leadership.

Sincerely,

American Hotel and Lodging Association

American Society of Travel Agents

Association of Corporate Travel Executives

Business Travel Coalition

Carlson Companies

Interactive Travel Services Association

International Franchise Association

Marriott International, Inc.

National Business Travel Association

National Restaurant Association

Sabre Holdings

Society of Government Travel Professionals

Travel Business Roundtable

Travel Industry Association

Travelocity

United States Tour Operators Association