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DOCKETS

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Dear Sir or Madam,

**Proposed Amendment to Policy Statement  
Regarding Airport Rates and Charges  
(Docket No. FAA-2008-0036)**

In response to the proposed amendment to policy statement regarding airport rates and charges, dated 17 January 2008; Cathay Pacific Airways is extremely concerned about the proposed changes.

We support the reduction or removal of the weight element in ATC charges because there is no direct relation between aircraft weight and costs. It would serve as an incentive for carriers to use larger aircraft and increase the number of passengers as a whole. However, this should not be a way of increasing profit of the airports and it should not violate the long accepted revenue neutrality requirement.

The proposal suggests expanding the ability of the operator of a congested airport to include in the airfield fees of a congested airport a portion of the airfield costs of other, underutilized airports owned and operated by the same proprietor. This is simply a cross subsidization that we cannot agree to. The long accepted principle is that airfield charges should be cost-related. Cross-subsidization leads to imbalance of the level playing field and results in airlines as well as their passengers paying for facilities and services that they do not use and will not benefit from. It ignores the difficulty of international carriers whose ability to use secondary airports is often more limited and it could also result in competition distortions between full service carriers and low cost carriers.

The proposal mentions about the permission for the operator of a congested airport to charge users of a congested airport a portion of the cost of airfield projects under construction. This kind of pre-financing is unfair, as there is no guarantee that airlines paying for future facilities today will be the same using the service when it comes on line. It also reduces management incentives for investment because of the guaranteed charge stream and would likely result in increase of the overall cost of project. Pre-financing is not applied in other transport sectors where private sector financing is available or Governments should instead provide that assistance as it provides broader economic benefits for the community.

We urge you as key business partners to take our views into consideration to reduce the excessive and unacceptable impact of this proposal which will significantly increase operating costs in United States.

Yours truly,  
for CATHAY PACIFIC AIRWAYS LTD.



P.L. Ching  
Manager Contracts & Services  
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