

**Statement of Principal Deputy Assistant Secretary Kurt Tong**

**U.S. Department of State**

**Bureau for Economic and Business Affairs**

**before the**

**United States House of Representatives**

**Committee on Homeland Security**

**Subcommittee on Transportation Security**

**May 17, 2016**

Good morning, Chairman Katko, Ranking Member Rice, and distinguished Members of the Subcommittee. Thank you for the opportunity to appear before you today to discuss the role of the Department of State, Bureau for Economic and Business Affairs, in negotiating the informal arrangement recently signed between the United States and Cuba on international air transportation between the two countries.

Consistent with U.S. law and longstanding practice, the Department of State leads U.S. delegations in negotiations with foreign governments on bilateral aviation agreements and arrangements, in consultation with the Departments of Transportation and Commerce and other Departments and agencies, as appropriate.

Shortly after the President's December 17, 2014, announcement that the United States would be taking a number of steps to work toward normalizing relations with Cuba, and after coordinating with all relevant agencies, the Department of State approached the Government of Cuba to propose technical discussions on restoring scheduled commercial air service. For many years, all air travel between the United States and Cuba has been via charter service. Charter flights have adequately served the relatively low levels of travel between the United States and Cuba during decades of strained relations. Amid the process of normalization, the Administration aimed to expand authorized travel and people-to-people contacts between the United States and Cuba. By expanding people-to-people ties, we believe we can more effectively support the Cuban people. The Administration concluded that restoring scheduled air service would be necessary to accomplish those objectives. The Cuban government accepted our proposal to hold technical discussions about the modalities for restoring scheduled air service. The Department also informed U.S. industry about our plans and received the airline industry's full support for this effort.

The U.S. and Cuban governments held three rounds of technical discussions: in Washington in March and December 2015 and in Havana in September 2015. The U.S. delegation comprised officials from five federal agencies: the Departments of State, Transportation, and Commerce, as well as the Transportation

Security Administration and the Department of the Treasury, Office of Foreign Assets Control (OFAC). OFAC also amended its Cuban Assets Control Regulations (31 C.F.R. Part 515) in January 2015 to allow by general license U.S. carriers to offer scheduled service between the United States and Cuba to authorized travelers.

At the third round of consultations in Washington in December 2015, the United States and Cuba finalized the text of a Memorandum of Understanding (MOU), which was signed in Havana in February 2016. Secretary of Transportation Anthony Foxx and Assistant Secretary of State for Economic and Business Affairs Charles Rivkin signed for the United States. The Cuban Minister of Transportation and head of the Cuban Civil Aviation Authority signed for Cuba.

The MOU is an informal, non-binding arrangement delineating the terms for international air transportation between the countries. With respect to scheduled service, the MOU provides for U.S. carriers to operate 20 daily round-trip frequencies to Havana and 10 daily round-trip frequencies to each of the nine other Cuban cities with an international airport. It also provides for charter service to continue to operate without limitation.

U.S. carriers are eager to offer scheduled service to Cuba. They universally welcomed the new MOU and have now submitted applications to the Department of Transportation (DOT) to operate flights on specific routes to Havana and other

Cuban cities. In the case of Havana, applications from U.S. carriers far exceed the MOU's limit of 20 frequencies per day. DOT is currently conducting a frequency allocation proceeding to determine which U.S. carriers will receive frequencies, based on the public interest.

We believe this new MOU will support the objectives of promoting authorized travel between the United States and Cuba and people-to-people contacts. The MOU will also generate new business opportunities for the U.S. aviation industry and help create American jobs.

Throughout the negotiations with Cuba, U.S. negotiators carefully articulated to Cuban counterparts those aspects of U.S. regulations affecting Cuba that have changed and those that have not changed. For example, the MOU does not affect or change current U.S. travel restrictions; persons subject to U.S. jurisdiction who travel to Cuba still must be authorized by general or specific license under one of the 12 categories of authorized travel.

While negotiating the MOU, the U.S. and Cuban governments reaffirmed their commitment to strengthen their already close cooperation on aviation safety and security matters. They affirmed their commitment to abide by the provisions of international conventions relating to aviation security, and to act in conformity with aviation security standards and appropriate recommended practices established by the International Civil Aviation Organization. As noted, a

representative of the Transportation Security Administration (TSA) participated in the U.S. delegation to these negotiations and provided valuable advice on TSA's ongoing cooperation with the Cuban government to strengthen aviation security.

Thank you very much. I look forward to any questions you may have.