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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

December 22, 1982

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS *JGR*

SUBJECT: Civil Aeronautics Board Decision  
in Republic Airlines, Inc., and  
Republic Airlines West, Inc.

Richard Darman's office requested comments by 4:00 p.m. today on the above-referenced CAB order involving international aviation, which was submitted for Presidential review under section 801(a) of the Federal Aviation Act of 1958, as amended, 49 U.S.C. § 1461(a). Under this section, the President may disapprove, solely on the basis of foreign relations or national defense considerations, CAB actions involving either foreign air carriers or domestic carriers involved in foreign air transportation. If the President wishes to disapprove such CAB actions, he must do so within sixty days of submission (in this case, by January 15, 1982).

The Board's order would transfer the foreign certificate authority of Republic Airlines West, Inc. (formerly Hughes Airwest) to Republic Airlines, Inc. This is the final step in Republic's acquisition of Hughes Airwest, initially approved by the Board over two years ago. That initial approval was not submitted for Presidential review. The Board's decision to submit only this final formalization of the acquisition effectively circumvents Presidential review of a decision with potential foreign policy and national defense implications, due to the difficulty of unscrambling the merger at this late date. The Departments of Transportation, State, and Justice and OMB therefore recommend that the President's letter to the CAB Chairman include a paragraph reiterating the Executive Branch position that Board decisions on acquisitions must be submitted for Presidential review. Since the Department of Justice is currently litigating this position in the Air Florida/Western Airlines case before the Court of Appeals for the D.C. Circuit, it would be noteworthy if the President failed to mention it in his letter.

A memorandum for Darman is attached for your review and signature.

Attachment

THE WHITE HOUSE

WASHINGTON

December 22, 1982

MEMORANDUM FOR RICHARD G. DARMAN  
ASSISTANT TO THE PRESIDENT

FROM: FRED F. FIELDING *Orig. signed by FFF*  
COUNSEL TO THE PRESIDENT

SUBJECT: Civil Aeronautics Board Decision  
in Republic Airlines, Inc., and  
Republic Airlines West, Inc.

Our office has reviewed the above-referenced CAB decision and related materials, and has no legal objection to the procedure that was followed with respect to Presidential review of such decisions under 49 U.S.C. § 1461(a).

We also have no legal objection to OMB's recommendation that the President not disapprove this order.

As noted in the memorandum for the President prepared by Annelise Anderson, Associate Director of OMB for Economics and Government, the CAB order in this case is simply the final step in an acquisition initially approved by the Board over two years ago. The Board did not submit that initial approval for Presidential review, although it is the position of the Executive Branch that it was required to do so. We agree with the recommendation of OMB and the Departments of State, Justice, and Transportation that the letter from the President to the CAB Chairman express this position, and have no objection to the substance of the letter prepared by OMB.

FFF:JGR:aw 12/22/82

cc: FFFielding  
JGRoberts  
Subj.  
Chron

THE WHITE HOUSE

WASHINGTON

December 22, 1982

MEMORANDUM FOR RICHARD G. DARMAN  
ASSISTANT TO THE PRESIDENT

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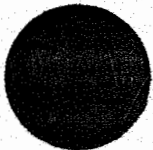
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FFF:JGR:aw 12/22/82

cc: FFFielding  
JGRoberts  
Subj.  
Chron

## WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET



- O - OUTGOING
- H - INTERNAL
- I - INCOMING

Date Correspondence Received (YY/MM/DD) 1 1

Name of Correspondent: Richard G. Naiman

MI Mail Report      User Codes: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

Subject: CAB Decision re: Republic Airlines

**ROUTE TO:**

**ACTION**

**DISPOSITION**

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
<u>W Holland</u>	ORIGINATOR	<u>8212121</u>			<u>1 1</u>
	Referral Note:				
<u>CVAT18</u>	<u>D</u>	<u>8212121</u>		<u>S</u>	<u>8212122</u>
	Referral Note:				
		<u>1 1</u>			<u>1 1</u>
	Referral Note:				
		<u>1 1</u>			<u>1 1</u>
	Referral Note:				
		<u>1 1</u>			<u>1 1</u>
	Referral Note:				

**ACTION CODES:**

- A - Appropriate Action
- I - Info Copy Only/No Action Necessary
- C - Comment/Recommendation
- R - Direct Reply w/Copy
- D - Draft Response
- S - For Signature
- F - Furnish Fact Sheet to be used as Enclosure
- X - Interim Reply

**DISPOSITION CODES:**

- A - Answered
- C - Completed
- B - Non-Special Referral
- S - Suspended

**FOR OUTGOING CORRESPONDENCE:**

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: \_\_\_\_\_

Keep this worksheet attached to the original incoming letter.  
 Send all routing updates to Central Reference (Room 75, OEOB).  
 Always return completed correspondence record to Central Files.  
 Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

## WHITE HOUSE STAFFING MEMORANDUM

DATE: 12/21/82      ACTION/CONCURRENCE/COMMENT DUE BY: 4:00 P.M. TOMORROW  
~~WEDNESDAY, 12/22~~

SUBJECT: CAB DECISION RE REPUBLIC AIRLINES

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	FULLER	<input type="checkbox"/>	<input type="checkbox"/>
MEESE	<input type="checkbox"/>	<input type="checkbox"/>	GERGEN	<input type="checkbox"/>	<input type="checkbox"/>
BAKER	<input type="checkbox"/>	<input type="checkbox"/>	HARPER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input type="checkbox"/>	<input type="checkbox"/>	JENKINS	<input type="checkbox"/>	<input type="checkbox"/>
STOCKMAN	<input type="checkbox"/>	<input type="checkbox"/>	MURPHY	<input type="checkbox"/>	<input type="checkbox"/>
CLARK	<input type="checkbox"/>	<input type="checkbox"/>	ROLLINS	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/> P	<input type="checkbox"/> SS	WILLIAMSON	<input type="checkbox"/>	<input type="checkbox"/>
DOLE	<input type="checkbox"/>	<input type="checkbox"/>	VON DAMM	<input type="checkbox"/>	<input type="checkbox"/>
DUBERSTEIN	<input type="checkbox"/>	<input type="checkbox"/>	BRADY/SPEAKES	<input type="checkbox"/>	<input type="checkbox"/>
FELDSTEIN	<input type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

Remarks:  
 May we have your comments by 4:00 p.m. tomorrow, 12/22. Thank you.

Richard G. Darman  
 Assistant to the President  
 (x2702)

Response:



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

DEC 21 1982

ACTION

MEMORANDUM FOR: ASSISTANT TO THE PRESIDENT  
AND DEPUTY TO THE CHIEF OF STAFF

SUBJECT: Civil Aeronautics Board Decision:  
  
Republic Airlines, Inc., and  
Republic Airlines West, Inc.  
Docket 41043  
Date due: January 15, 1983

You will find attached a memorandum for the President about the above international aviation case. The interested executive agencies have reviewed the Board's decision and have no objection to the proposed order.

The Departments of State, Justice, and Transportation recommend that, in addition to approving the order, the President raise with the CAB the fact that the CAB did not submit for Presidential review the Board's original order authorizing Republic's acquisition of Hughes Airwest. The Office of Management and Budget concurs in this recommendation.

I recommend that the President sign the attached letter to the Chairman indicating approval of the order and mentioning the above problem. If the President takes no action, the Board's order will become final on January 16, 1983.

/s/ A. G. Anderson

Annelise Anderson  
Associate Director for  
Economics and Government

Attachments:

Memorandum to the President  
CAB letter of transmittal  
CAB order  
Letter to the Chairman





EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

DEC 21 1982

ACTION

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Civil Aeronautics Board Decision:

Republic Airlines, Inc., and  
Republic Airlines West, Inc.  
Docket 41043  
Date due: January 15, 1983

The Civil Aeronautics Board proposes to transfer Republic Airlines West's foreign flight authority to Republic Airlines. The two carriers intend that, as of January 1, 1983, Republic West's corporate existence will terminate and Republic will assume Republic West's assets and liabilities.

The Departments of State, Defense, Justice, and Transportation and the National Security Council have not identified any foreign policy or national defense reasons for disapproving the Board's order in whole or in part. The Departments of Transportation, State, and Justice recommend that you raise in your letter to the Chairman the position of the Executive Branch regarding Presidential review of proceedings in which the Board authorizes one airline to acquire control of another when the second airline has foreign route authority, but the board certificate embodying that foreign route authority is not formally transferred to the acquiring carrier.

The issue first arose more than two years ago in connection with the Board's initial approval of Republic's acquisition of Hughes Airwest (which thereupon became Republic Airlines West), the first step in a process culminating in the merger which occasioned the present order. The White House and the Departments of State and Transportation each expressed concern about the Board's failure to transmit that approval to the White House for review. Despite early indications that the Board would comply with Executive Branch wishes in future cases of this kind, it has not done so. Indeed, the Department of Justice is currently appealing, in the Court of Appeals for the D.C. Circuit, the Board's refusal to transmit to your office its order authorizing Air Florida to acquire Western Airlines.



Given the importance of the Republic-Hughes Airwest acquisition in the history of this dispute, and given past expressions of concern by interested Executive Branch agencies about the Board's processing of the case, the Departments of Transportation, State, and Justice believe that it would be inappropriate for you to indicate your decision to approve the proposed certificate transfer without reminding the Board that, in your view, the earlier Board order approving the original Republic-Hughes Airwest acquisition should have been transmitted to the White House for Presidential review, under Section 801 of the Federal Aviation Act.

The Office of Management and Budget concurs in the recommendation of the Departments of Transportation, State, and Justice. OMB recommends that you approve the Board's decision by signing the attached letter to the Chairman which indicates your position on Presidential review of Board orders. Also, OMB recommends that you state in your letter that no national defense or foreign policy reason underlies your action. This will preserve whatever opportunity is available under the statute for judicial review.

/s/ A. G. Anderson

Annelise Anderson  
Associate Director for  
Economics and Government

Attachments:

CAB letter of transmittal  
CAB order  
Letter to the Chairman

Options and Implementation Actions:

- 1) Approve the Board's order, raise the issue of Section 801 review, and preserve whatever opportunity is available for judicial review (DOS, DOD, DOJ, DOT, NSC, OMB).  
-- Sign the attached letter to the Chairman.
- 2) Approve the Board's order, do not raise the issue of Section 801 review, and do nothing to preserve whatever opportunity is available for judicial review.  
-- Implementation materials to be prepared.
- 3) Disapprove the Board's order.  
-- Implementation materials to be prepared.
- 4) See me.

THE WHITE HOUSE

WASHINGTON

Dear Chairman McKinnon:

I have reviewed the order of the Civil Aeronautics Board in Application of Republic Airlines, Inc., and Republic Airlines West, Inc., for Transfer of Certificate Authority, Docket 4103.

I have decided not to disapprove the Board's order. No foreign policy or national defense reason underlies my action.

I note, however, that the transfer of certificate authority sought in this proceeding is merely the final step in a process which commenced two years ago with the Board's approval of Republic's acquisition of Hughes Airwest. Given the transfers of foreign certificate authority that effectively occurred by virtue of that acquisition, any foreign policy or national defense considerations which might have arisen as a result of the present order were also present at the time the acquisition was approved. Consistent with the intent of Section 801 of the Federal Aviation Act, the Board should have transmitted for Presidential review its order approving the acquisition. I trust that in any future cases of a similar nature, the Board will be guided by the need for a more timely Executive Branch review of foreign policy and national defense considerations involved in such matters.

Sincerely,

Honorable Dan McKinnon  
Chairman  
Civil Aeronautics Board  
Washington, D.C. 20428

UNITED STATES OF AMERICA  
CIVIL AERONAUTICS BOARD  
WASHINGTON, D.C.

Adopted by the Civil Aeronautics Board  
at its office in Washington, D.C.  
on the 15th day of November, 1982

-----  
Application of :  
:   
REPUBLIC AIRLINES, INC. : Docket 41043  
and :  
REPUBLIC AIRLINES WEST, INC. :  
for Transfer of Certificate :  
Authority :  
-----

ORDER TRANSFERRING CERTIFICATE

By Order 82-10-97, we directed interested persons to show cause why we should not make final our tentative conclusion that transfer of Republic Airlines West, Inc.'s foreign certificate authority to Republic Airlines, Inc. is consistent with the public interest. Some two years previously, we had approved Republic's acquisition of control of Republic West, then Hughes Airwest, finding that the acquisition was neither inconsistent with the public interest nor likely to lessen competition in air transportation substantially. 1/ As the carriers then planned to maintain Republic West's existence as a discrete corporate entity, they did not effect a transfer of its certificate authority at that time. Now, however, they intend that as of January 1, 1983, Republic West's corporate existence will terminate and Republic will assume its assets and liabilities. In anticipation of this, they seek transfer of Republic West's foreign authority. 2/

No party has filed a response to Order 82-10-97. We will therefore make our tentative conclusion final and transfer Republic West's foreign authority to Republic. 3/ This order, which reissues one certificate combining the foreign authority of both carriers in Republic's name, will not become effective until the requirements of section 801 of the Federal Aviation Act have been satisfied.

1/ Order 80-9-65.

2/ They do not seek transfer of Republic West's domestic authority, as it would add nothing to what Republic already has.

3/ We will accomplish this by amending Republic's foreign certificate for Route 86-F to incorporate the authority formerly held by Republic West for Route 76-F. We will also cancel both Route 76-F and Route 76, Republic West's domestic certificate.

ACCORDINGLY:

1. We grant the application of Republic Airlines, Inc. and Republic Airlines West, Inc. for transfer of the latter's foreign certificate authority to the former;

2. We reissue the certificate of public convenience and necessity for Republic Airlines, Inc. for Route 86-F in the form attached;

3. This certificate shall be signed on behalf of the Board by its Secretary and shall have the seal of the Board affixed;

4. This order shall be effective on the 61st day after its submission to the President of the United States unless disapproved by the President under section 801(a) of the Federal Aviation Act or upon the date we receive notice from the President that he does not intend to disapprove the order of the Board, whichever is earlier; 3/ and

5. On the day this order becomes effective, the certificates for Routes 76 and 76-F shall become null and void.

By the Civil Aeronautics Board:

PHYLLIS T. KAYLOR  
Secretary

(SEAL)

All Members concurred.

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3/ This order was submitted to the President on  
The 61st day is

JAN 16 1962

NOV 16 1962

UNITED STATES OF AMERICA  
CIVIL AERONAUTICS BOARD  
WASHINGTON, D.C.

-----  
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY  
(as amended and reissued)

for Route 86-F  
-----

REPUBLIC AIRLINES, INC.

is authorized, subject to the following provisions, the provisions of Title IV of the Federal Aviation Act of 1958, as amended, and the orders, rules and regulations issued under it, to engage in foreign air transportation of persons, property and mail:

1. Between the terminal point Duluth, Minn.-Superior, Wis., and the terminal point Thunder Bay, Canada.
2. Between the coterminal points Milwaukee, Wis., and Detroit, Mich., and the terminal point Toronto, Canada.
3. Between the coterminal points Duluth, Minn.-Superior, Wis., and Milwaukee, Wis., and the terminal point Winnipeg, Canada.
4. Between the coterminal points Atlanta, Ga., Baltimore, Md., Chicago, Ill., Detroit, Mich., Miami, Fla., New York, N.Y.-Newark, N.J., Philadelphia, Pa., and Washington, D.C. and the terminal point Bermuda.
5. Between the terminal point Miami-Ft. Lauderdale, Fla., and points in the Cayman Islands, British West Indies.
6. Between the coterminal points Detroit, Mich., Baltimore, Md., Milwaukee, Wis., Minneapolis-St. Paul, Minn., and South Bend, Ind., and the coterminal points Freeport, George Town, Great Harbor Cay, Marsh Harbor, Nassau, Rock Sound, Treasure Cay and West End, Bahama Islands.
7. Between the coterminal points Atlanta, Ga., Houston, Tex., and Tampa, Fla., and a terminal point or points in Costa Rica.
8. Between the coterminal points New York, N.Y., Newark, N.J., Baltimore, Md., Washington, D.C., Memphis, Tenn., New Orleans, La., and Jacksonville, Orlando, Tampa, Miami and Ft. Lauderdale, Fla., and coterminal points in Belize, El Salvador, Guatemala, Honduras, Nicaragua and Panama.

9. Between the coterminal points New York, N.Y.-Newark, N.J., Washington, D.C.-Baltimore, Md., Miami-Ft. Lauderdale, Orlando, and Tampa, Fla., Atlanta, Ga., New Orleans, La., Minneapolis-St. Paul, Minn., Milwaukee, Wis., Chicago, Ill., Detroit, Mich., Philadelphia, Pa., Houston, Tex. San Juan, and Borinquen, P.R. the intermediate points, St. Thomas and St. Croix, V.I.; Kingston and Montego Bay, Jamaica; Port-au-Prince, Haiti; Santo Domingo, Dominican Republic; Barbados; St. Maarten; San Andres and Barranquilla, Columbia; Aruba; and Bonaire; and the terminal point Curacao.
10. Between the terminal points Spokane, Washington, and the coterminal points Calgary and Edmonton, Alberta, Canada.
11. Between the coterminal points Oakland and San Jose, California, Phoenix and Tucson, Arizona, and the coterminal points Guaymas, Loreto, La Paz, San Jose del Cabo, Mazatlan, Puerto Valarta, Guadalajara, Manzanillo, Mexico City, Zihuatanejo, and Acapulco, Mexico.
12. Between the terminal point Las Vegas, Nevada and the coterminal points Calgary and Edmonton, Alberta, Canada.
13. Between the coterminal points Los Angeles and San Francisco, California, and the coterminal points Calgary and Edmonton, Alberta, Canada.
14. Between the terminal point Los Angeles, Cal., and the coterminal points Manzanillo and Zihuatanejo, Mexico.

The service authorized is subject to the following terms, conditions and limitations:

- (1) The holder shall conduct its operations in accordance with all treaties and agreements between the United States and other countries, and the exercise of the privileges granted by this certificate shall be subject to compliance with such treaties and agreements, and to any other orders issued by the Board for the purpose of requiring compliance with such treaties and agreements.
- (2) The authority granted here is permissive. The holder may reduce or terminate service upon compliance with the provisions of section 401(j) of the Act, and all orders and regulations issued by the Board under that section.
- (3) The holder may continue to serve regularly any point named here through the airport it last used regularly to serve that point before the effective date of this certificate. Upon compliance with such procedures as the Board may prescribe, the holder may in addition regularly serve the points named here through any convenient airport.

- (4) The exercise of the authority granted here shall be subject to the carriers' first obtaining the required operating rights from the appropriate foreign government.
- (5) The holder may carry local traffic between and among U.S. coterminal points on flights serving countries named in segments 4, 7, and 8.
- (6) The holder shall not operate nonstop service between Miami-Ft. Lauderdale and points in the Netherlands Antilles. This condition shall expire on January 23, 1983.
- (7) The authority to serve segment 13 will expire July 23, 1983.
- (8) The authority to operate nonstop flights between Los Angeles and Manzanillo or Zihuatanejo shall not become effective until the Board issues an order suspending or deleting the authority of Western Air Lines to operate between these points; if the authority does become effective it shall expire on September 21, 1984.

The exercise of the privileges granted by this certificate shall be subject to such other reasonable terms, conditions, and limitations required by the public interest as may be prescribed by the Board.

In accepting this certificate the holder acknowledges and agrees that it is only entitled to receive service mail pay, as specified here, for the mail service rendered or to be rendered and that it is not authorized to request or receive any compensation for mail service rendered or to be rendered in excess of the amount payable by the Postmaster General.

This certificate shall be effective on \_\_\_\_\_ ; Provided, however, That the continuing effectiveness of the authority granted here shall be conditioned upon timely payment by the holder of such license fees as the Board may prescribe.

The Civil Aeronautics Board has directed its Secretary to execute this certificate and to affix the Board's seal on November 15, 1982 .

PHYLLIS T. KAYLOR  
Secretary

(SEAL)



UNITED STATES OF AMERICA  
CIVIL AERONAUTICS BOARD  
WASHINGTON, D.C.



Adopted by the Civil Aeronautics Board  
at its office in Washington, D.C.  
on the 26th day of October, 1982

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Application of           :
                        :
REPUBLIC AIRLINES, INC., :          DOCKET 41043
      and                :
REPUBLIC AIRLINES WEST, INC., :
for Transfer of Certificate :
Authority                 :
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ORDER TO SHOW CAUSE

On October 8, 1982, Republic Airlines, Inc., and Republic Airlines West, Inc., filed an application under § 401 of the Federal Aviation Act for transfer of the latter's foreign certificate authority to the former. Republic West, formerly Hughes Airwest, is a wholly owned subsidiary of Republic, and the two airlines operate as one pursuant to our September 1980 approval of Republic's acquisition of control of Hughes Air Corp. 1/ Both carriers are citizens of the United States as defined in § 101(16). Both hold certificate authority to perform interstate, overseas, and foreign air transportation of persons, property, and mail. The applicants inform us that Republic West's corporate existence will terminate as of January 1, 1983, at which time all its assets and liabilities are to pass to Republic. Because they have identical domestic authority, they believe that it is not necessary to transfer Republic West's domestic certificate: they assume that it will expire along with that carrier's corporate existence. Republic West also has authority to serve points in Canada and Mexico, authority that Republic does not have. 2/ Assuming that § 801 requires that transfer of this authority be reviewed by the President, which could take up to 60 days, the applicants ask that we process the application expeditiously so that the transfer can be effective as of January 1.

This application is governed by § 401(h), which provides that "[n]o certificate may be transferred unless such transfer is approved by the Board as being consistent with the public interest." If we approve the transfer, § 801 provides that the President shall review it and may disapprove it on the basis of foreign relations or national defense considerations. The applicants maintain that the transfer is consistent with the public interest. They note that we resolved the

1/ Order 80-9-65; see Orders 80-9-180 and 80-5-108.

2/ See Appendix A.

substantive issues once already, in the Republic-Hughes Airwest Acquisition Show-Cause Proceeding, 3/ and they maintain that nothing has occurred in the succeeding two years that would make transfer of Republic West's foreign certificate now inconsistent with the public interest.

We have decided to issue an order to show cause why Republic West's foreign certificate authority should not be transferred to Republic. We tentatively conclude that such transfer is consistent with the public interest, and we direct all interested persons to show otherwise within 15 days of the issuance of this order. When we scrutinized Republic's acquisition of control of Hughes Airwest in 1980, we concluded that total control would not be inconsistent with the public interest. If no objections are filed, we shall send amended certificates to the President as soon as the reply period has expired.

ACCORDINGLY,

1. We direct all interested persons to show cause within 15 days of the service of this order why we should not transfer Republic Airlines West, Inc.'s foreign certificate authority to Republic Airlines, Inc., as of January 1, 1983;
2. We tentatively find such transfer to be consistent with the public interest; and
3. We shall serve a copy of this order on all persons on the service list in Docket 41043.

By the Civil Aeronautics Board:

PEYLLIS T. KAYLOR  
Secretary

(SEAL)

All Members concurred.

3/ Docket 38086; see orders cited supra.

## Appendix A

### Summary of International Route Authority Currently Held by Republic Airlines West, Inc., d/b/a Republic or Republic Airlines

#### Route 76F

1. Between the terminal points Spokane, Washington, and the coterminial points Calgary and Edmonton, Alberta, Canada.
2. Between the coterminial points Oakland and San Jose, California, Phoenix and Tucson, Arizona, and the coterminial points Guaymas, Loreto, LaPaz, San Jose del Cabo, Mazatlan, Puerto Vallarta, Guadalajara, Manzanillo, Mexico City, Zihuatanejo, and Alcapulco, Mexico.
3. Between the terminal point Las Vegas, Nevada and the coterminial points Calgary and Edmonton, Alberta, Canada.
4. Between the coterminial points Los Angeles and San Francisco, California, and the coterminial points Calgary and Edmonton, Alberta, Canada.
5. Between the coterminial points Los Angeles, California, and coterminial points Manzanillo and Zihuatanejo, Mexico (back up to Western).

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
ROUTE SLIP

TO Peter Ruzsonec

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- Take necessary action
- Approval or signature
- Comment
- Prepare reply
- Discuss with me
- For your information
- See remarks below

FROM D. Keenan

DATE 12/21/82

REMARKS

*Republic Airlines  
site*

RAYMOND J. RASENBERGER

888 SEVENTEENTH STREET, N. W.  
WASHINGTON, D. C. 20006

December 20, 1982

Ms. Leslie Keenan  
Budget Examiner  
Office of Management and Budget  
Room 9208  
726 Jackson Place, N.W.  
Washington, D.C. 20503

Dear Leslie:

One of the more trivial matters before the OMB these days is the need for approval of a CAB order transferring the international route authority of Republic Airlines West, Inc., to Republic Airlines, Inc. The two companies have been operated as a single airline for the last two years. However, Republic Airlines West will be dissolved on December 31 and in order to make everything perfectly legal, the certificate transfer needs to be effectuated at that time.

I am sure there are many pressing matters of substance on your docket and I apologize if you have been unduly pestered about this item. However, under the circumstances we would very much appreciate it if the matter could be cleared by the White House by December 31.

All good wishes - and thanks!

Sincerely,



Raymond J. Rasenberger

RJR:11v

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

December 23, 1982

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS *JGR*

SUBJECT: CAB Decision in Mexicana de  
Aviacion, S.A. - 10 Day Case

Richard Darman's office asked for comments by 1:00 p.m. today on the above-referenced CAB decision, which was submitted for Presidential review as required by § 801(b) of the Federal Aviation Act of 1958, as amended, 49 U.S.C. § 1461(b). Under this provision, any order of the Board pursuant to 1482(j) of Title 49, "suspending, rejecting or canceling a rate, fare, or charge for foreign air transportation, and any order rescinding the effectiveness of any such order," must be submitted to the President. The President may disapprove a submitted order, but only for foreign policy or national defense reasons. If the President wishes to disapprove an order, he must do so within ten days of submission of the order to him by the Board (in this case, by December 27, 1982).

The CAB order would suspend certain fare revisions of Mexicana de Aviacion, S.A. The proposed revisions are similar to revisions implemented by Western Airlines, but Western's revisions have received only "temporary and conditional" approval by Mexican authorities. Western has been informed it must provide Mexican authorities with detailed justification for the revisions. The CAB order notes that "our own approvals of Mexican carriers' fare proposals have always been complete and unconditional, and we expect the Mexican authorities to accord the same treatment to U.S. carriers' proposals," and indicates a willingness to allow the revisions proposed by Mexicana if Western is granted its revisions on a permanent basis by Mexico.

The order here has been reviewed by the appropriate departments and agencies, following the procedures established by Executive Order No. 11920 (1976). OMB recommends that the President allow the order to go into effect, and reports that the NSC and the Departments of State, Defense, Justice and Transportation have no objection to the Board's order. In ten-day review cases, unlike sixty-day review cases under

49 U.S.C. § 1461(a), it is standard simply to take no action on CAB orders not being disapproved, rather than sending a "no disapproval" letter to the Board.

In this case, however, the Departments of State and Transportation and OMB recommend that the President send a letter to the CAB Chairman, in order to recommend that the CAB consider in the investigation occasioned by its order the assertion of the Mexican government, subsequent to the CAB order, that its action was justified by an exchange of diplomatic notes in November 1977. The CAB and Departments of State and Transportation have not yet determined if the exchange justifies Mexico's action, and therefore ask the President to recommend to the CAB Chairman that he consider the Mexican communication in the investigation and any subsequent orders.

I see no reason for disagreeing with the recommendation that the President not disapprove this order. The order treats Mexicana de Aviacion in a manner similar to the manner in which Mexico is treating Western, on essentially identical fare revision requests. I also see no objection to the proposed letter from the President, mentioning the diplomatic exchange. This will permit the new Mexican argument be considered in due course. You should note in the memorandum to Darman, however, that we have not had the opportunity to review Mexico's argument, and are not suggesting that it is relevant to CAB deliberations.

Attachment



THE WHITE HOUSE

WASHINGTON

December 23, 1982

MEMORANDUM FOR RICHARD G. DARMAN  
ASSISTANT TO THE PRESIDENT

FROM: FRED F. FIELDING ~~FFI~~ signed by FFF  
COUNSEL TO THE PRESIDENT

SUBJECT: CAB Decision in Mexicana de  
Aviacion, S.A. - 10 Day Case

We have reviewed the above-referenced CAB decision and have no legal objection to the procedure that was followed with respect to Presidential review of such decisions under 49 U.S.C. § 1461(b).

We also have no legal objection to OMB's recommendation that the President not disapprove this order.

Finally, we have no legal objection to the recommendation of OMB and the Departments of State and Transportation that the President send a letter to the CAB Chairman indicating his decision not to disapprove this order, and recommending that the CAB consider in its investigation the communication from the Mexican government to the State Department on this case. We have not, however, had the opportunity to review the Mexican communication, and do not mean to suggest that it is in any way relevant to CAB deliberations. We have reviewed the proposed letter and have no legal objections to it.

FFF:JGR:aw 12/23/82

cc: FFFielding  
JGRoberts  
Subj.  
Chron

THE WHITE HOUSE

WASHINGTON

December 23, 1982

MEMORANDUM FOR RICHARD G. DARMAN  
ASSISTANT TO THE PRESIDENT

FROM: FRED F. FIELDING  
COUNSEL TO THE PRESIDENT

SUBJECT: CAB Decision in Mexicana de  
Aviacion, S.A. - 10 Day Case

We have reviewed the above-referenced CAB decision and have no legal objection to the procedure that was followed with respect to Presidential review of such decisions under 49 U.S.C. § 1461(b).

We also have no legal objection to OMB's recommendation that the President not disapprove this order.

Finally, we have no legal objection to the recommendation of OMB and the Departments of State and Transportation that the President send a letter to the CAB Chairman indicating his decision not to disapprove this order, and recommending that the CAB consider in its investigation the communication from the Mexican government to the State Department on this case. We have not, however, had the opportunity to review the Mexican communication, and do not mean to suggest that it is in any way relevant to CAB deliberations. We have reviewed the proposed letter and have no legal objections to it.

FFF:JGR:aw 12/23/82

cc: FFFielding  
JGRoberts  
Subj.  
Chron

**WHITE HOUSE  
CORRESPONDENCE TRACKING WORKSHEET**

- O - OUTGOING
- H - INTERNAL
- I - INCOMING  
Date Correspondence Received (YY/MM/DD) 1 1

Name of Correspondent: Richard G. Darman

MI Mail Report      User Codes: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

Subject: CAB Decision re: Mexican -- 10  
Drug Case -- due 12/27/82

ROUTE TO: Office/Agency (Staff Name)	ACTION Action Code	Tracking Date YY/MM/DD	DISPOSITION	
			Type of Response	Completion Date YY/MM/DD
<u>W Holland</u>	ORIGINATOR	<u>821223</u>		<u>1 1</u>
<u>W AT 18</u>	<u>D</u>	<u>821223</u>		<u>5 821223</u>
		<u>1 1</u>		<u>1 1</u>
		<u>1 1</u>		<u>1 1</u>
		<u>1 1</u>		<u>1 1</u>

**ACTION CODES:**  
 A - Appropriate Action  
 C - Comment/Recommendation  
 D - Draft Response  
 F - Furnish Fact Sheet to be used as Enclosure

I - Info Copy Only/No Action Necessary  
 R - Direct Reply w/Copy  
 S - For Signature  
 X - Interim Reply

**DISPOSITION CODES:**  
 A - Answered  
 B - Non-Special Referral  
 C - Completed  
 S - Suspended

**FOR OUTGOING CORRESPONDENCE:**  
 Type of Response = Initials of Signer  
 Code = "A"  
 Completion Date = Date of Outgoing

Comments: \_\_\_\_\_

Keep this worksheet attached to the original incoming letter.  
 Send all routing updates to Central Reference (Room 75, OEOB).  
 Always return completed correspondence record to Central Files.  
 Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

## WHITE HOUSE STAFFING MEMORANDUM

IMMEDIATELY

DATE: 12/23/82 ACTION/CONCURRENCE/COMMENT DUE BY: \_\_\_\_\_

SUBJECT: CAB DECISION RE MEXICANA -- 10 DAY CASE -- DUE 12/27/82

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	FULLER	<input type="checkbox"/>	<input type="checkbox"/>
MEESE	<input type="checkbox"/>	<input type="checkbox"/>	GERGEN	<input type="checkbox"/>	<input type="checkbox"/>
BAKER	<input type="checkbox"/>	<input type="checkbox"/>	HARPER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input type="checkbox"/>	<input type="checkbox"/>	JENKINS	<input type="checkbox"/>	<input type="checkbox"/>
STOCKMAN	<input type="checkbox"/>	<input type="checkbox"/>	MURPHY	<input type="checkbox"/>	<input type="checkbox"/>
CLARK	<input type="checkbox"/>	<input type="checkbox"/>	ROLLINS	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/> P	<input type="checkbox"/> SS	WILLIAMSON	<input type="checkbox"/>	<input type="checkbox"/>
DOLE	<input type="checkbox"/>	<input type="checkbox"/>	VON DAMM	<input type="checkbox"/>	<input type="checkbox"/>
DUBERSTEIN	<input type="checkbox"/>	<input type="checkbox"/>	BRADY/SPEAKES	<input type="checkbox"/>	<input type="checkbox"/>
FELDSTEIN	<input type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

Remarks:

May we have your comments on the attached no later than 1:00 p.m. TODAY.  
Thank you.

Richard G. Darman  
Assistant to the President  
(x2702)

Response:



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

DEC 23 1982

ACTION

MEMORANDUM FOR: ASSISTANT TO THE PRESIDENT  
AND DEPUTY TO THE CHIEF OF STAFF

SUBJECT: Civil Aeronautics Board 10-Day Decision:  
Mexicana de Aviacion, S. A.  
Dockets 41082, 41113

You will find attached a memorandum for the President about the above 10-day international aviation case. The interested executive agencies have indicated that they have no objection to the proposed order. The Departments of State and Transportation, with OMB concurrence, recommend mentioning in the letter from the President to the Chairman an exchange between the U.S. and Mexican governments regarding this order.

The Board's decision becomes final unless the President disapproves the order on or before December 27, 1982.

/s/ A. G. Anderson  
Annelise Anderson  
Associate Director for  
Economics and Government

Attachments:

Memorandum to the President  
CAB letter of transmittal  
CAB order



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

DEC 23 1982

ACTION

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Civil Aeronautics Board 10-Day Decision:

Mexicana de Aviacion, S. A.

Dockets 41082, 41113

The Civil Aeronautics Board proposes to suspend certain fare revisions of Mexicana de Aviacion, S. A. The Board proposes the action because the Mexican Government has provided only temporary approval of very similar fare adjustments proposed by Western Air Lines. The Mexican Government has required a detailed justification of Western Air Lines' fares before it will grant permanent approval. The CAB proposes that Mexicana de Aviacion also be required to provide justification for its fare revisions before the CAB will approve them.

The Departments of State, Defense, Justice, and Transportation and the National Security Council have no objection to suspending the Mexicana fares.

Since the Board transmitted this order, the Mexican government has attempted to justify its action citing an exchange of diplomatic notes between the United States and Mexico in November, 1977, as the basis for its temporary approval of Western's fares. The CAB, State and Transportation are uncertain whether the justification raised by the Mexicans is valid. In light of this, State, Transportation, and the Office of Management and Budget recommend mentioning in your letter to the Chairman the above diplomatic exchange and recommending that the Board consider it while reviewing these fares.

The Office of Management and Budget recommends that you send the attached letter to the Chairman indicating that you approve the order and mentioning the Mexican communication. The Board's decision will become final unless you disapprove it on or before December 27, 1982.

/s/ A. G. Anderson

Annelise Anderson  
Associate Director for  
Economics and Government

THE WHITE HOUSE

WASHINGTON

Dear Chairman McKinnon:

I have reviewed the Board's Order of December 16, 1982, suspending and investigating U.S.-Mexico tariff revisions proposed by Mexicana de Aviacion, S. A., Dockets 41082 and 41113.

I have decided not to disapprove this order. However, subsequent to the Board's order, the Department of State received a communication from the Mexican government concerning the Western Airlines fares referred to in the Board's Order. I recommend that the Board consider this communication in the investigation of Mexicana de Aviacion's fares instituted by the order and in any subsequent orders issues by the Board.

Sincerely,

The Honorable Dan McKinnon  
Chairman  
Civil Aeronautics Board  
Washington, D.C. 20428



UNITED STATES OF AMERICA  
CIVIL AERONAUTICS BOARD  
WASHINGTON, D.C.

Adopted by the Civil Aeronautics Board  
at its office in Washington, D.C.  
on the 16th day of December, 1982

-----  
U.S.-Mexico fare revisions : Dockets 41082  
proposed by : 41113  
MEXICANA DE AVIACION, S.A. :  
-----

ORDER OF SUSPENSION AND INVESTIGATION

By tariff revisions filed for effectiveness December 30 and 31, 1982, Mexicana de Aviacion, S.A., proposes a number of revisions to its promotional fare structure between points in the western United States and points in Mexico, including introduction of seasonal differentials for advance-purchase excursion (APEX) and individual inclusive-tour (IIT) fares, as well as reductions in other, selected promotional fares. While these revisions result in minor fare increases in a few cases, most affected fares would be reduced by as much as 17 percent.

Western Air Lines, Inc., has filed a complaint against Mexicana's proposal. 1/ Western states that Mexicana's proposed revisions are generally similar to those implemented by Western on September 4, 1982. 2/ Western's fares, however, received only "temporary and conditional" approval for a 60-day period from the Mexican authorities, who have advised Western that application of these fares beyond such period is contingent on the Mexican authorities' review of detailed economic justification which Western must supply. Under these circumstances, Western maintains, the Board should prevent Mexicana from implementing its own proposal until Mexicana has provided the Board with the same detailed justification in support of its proposal as the Government of Mexico expects from Western, and until the Mexican authorities have given unconditional approval to Western's own fares.

We have decided to suspend Mexicana's proposed fare revisions.

The air transport agreement between the United States and Mexico contains specific procedures for notice of dissatisfaction and consultations prior to disapproval of a fare. Without following these procedures the Mexican Government granted only "temporary and conditional" approval of Western's fares.

1/ Docket 41113. In Docket 41082, Western had earlier filed a complaint against Mexicana's special tariff permission application (STPA) requesting implementation of its proposal on less than statutory notice. The Board's staff, however, denied Mexicana's STPA, and we will therefore dismiss the earlier complaint as moot.

2/ Mexicana's proposed fares, however, would undercut those of Western during certain days of the week and periods of the year in most markets.

b Our own approvals of Mexican carriers' fare proposals have always been complete and unconditional, and we expect the Mexican authorities to accord the same treatment to U.S. carriers' proposals b

Furthermore, we understand that Western initially filed its proposal with the Government of Mexico on June 22, 1982. At no time did the Mexican authorities express dissatisfaction to the United States Government over Western's fares, as contemplated by the agreement. In our view, the absence of such notice should represent unconditional approval of Western's fares.

Given these circumstances, we are compelled to suspend Mexicana's proposed fare revisions. Should we receive assurances from the Mexican authorities that they have unconditionally accepted Western's fares, however, we are prepared to vacate our suspension and allow Mexicana to implement its proposal.

ACCORDINGLY, pursuant to sections 102, 204(a), 403, 801 and 1002(j) of the Federal Aviation Act of 1958, as amended:

1. We shall institute an investigation to determine whether the fares and provisions set forth in the attached Appendices A and B, and rules and regulations or practices affecting such fares and provisions, are or will be unjust or unreasonable, unjustly discriminatory, unduly preferential, unduly prejudicial or otherwise unlawful or contrary to the public interest; and if we find them to be unlawful or contrary to the public interest, to act appropriately to prevent the use of such fares, provisions or rules, regulations, or practices;

2. Pending hearing and decision by the Board, we suspend and defer the use of the tariff provisions in the attached Appendix A from December 30, 1982, to and including December 29, 1983, and the attached Appendix B from December 31, 1982, to and including December 30, 1983, unless otherwise ordered by the Board, and shall permit no changes to be made therein during the period of suspension except by order or special permission of the Board;

3. We dismiss the complaint filed by Western Air Lines, Inc., in Docket 41082;

4. We shall submit this order to the President 3/ and, unless disapproved by the President within ten days, it shall become effective December 30, 1982; and

5. We shall file copies of this order in the aforesaid tariff and serve them on Western Air Lines, Inc., Mexicana de Aviacion, S.A., and the Ambassador of Mexico in Washington, D.C.

We shall publish this order in the Federal Register.

By the Civil Aeronautics Board:

PHYLLIS T. KAYLOR  
Secretary

(SEAL)

All Members concurred.

3/ We submitted this order to the President on December 17, 1982.

WESTERN HEMISPHERE PASSENGER FARES  
TARIFF NO. P-NS-5, C.A.B. No. 101, ISSUED BY  
AIR TARIFFS CORPORATION, AGENT

All increases, additions, reductions, and cancellations to fares other than normal economy fares (Y) and night coach normal fares (YN) on the following pages and in the indicated markets:

32nd, 33rd and 34th Revised Page 585 Between Acapulco and ANC/BIL/BOI/BTM/CPR/COS  
32nd, 33rd and 34th Revised Page 586 Between Acapulco and DEN/FAI/GTF/HNL/IDA/LAS/LAX  
51st, 52nd, 53rd and 54th Revised Page 587 Between Acapulco and MFR/MRY/OAK/ONT/PHX/PIH/PDX/RNO  
51st, 52nd, 53rd, and 54th Revised Page 588 Between Acapulco and SMF/SLC/SAN/SFO/SJC/SBA/SEA/GEG/TUS  
6th, 7th and 8th Revised Page 590-A Between Guadalajara and ANC/BIL/BOI  
6th, 7th and 8th Revised Page 590B Between Guadalajara and BTM/CPR/COS  
40th, 41st and 42nd Revised Page 591 Between Guadalajara and DEN/EUG/ACV/FAI  
40th, 41st and 42nd Revised Page 592 Between Guadalajara and GTF/HNL/IDA/LAS  
Original, 1st and 2nd Revised Page 592-A Between Guadalajara and LAX/MFR/MRY  
Original, 1st, and 2nd Revised Page 592-B Between Guadalajara and OAK/PHX  
28th, 29th, and 30th Revised Page 593 Between Guadalajara and PDX/RNO/SMF  
28th, 29th and 30th Revised Page 594 Between Guadalajara and SLC/SAN/SFO/SJO/SEA/GEG  
26th, 27th and 28th Revised Page 595 Between Manzanillo and MRY/OAK/PDX/SJC  
26th, 27th and 28th Revised Page 596 Between Mazatlan and COS  
5th, 6th and 7th Revised Page 600-A Between Mexico City and ANC/BIL/BOI/BTM  
42nd, 43rd and 44th Revised 601 Between Mexico City and CPR/COS/DEN/FAI  
42nd, 43rd and 44th Revised Page 602 Between Mexico City and GTF/HNL/IDA/LAS/LAX  
47th, 48th and 49th Revised Page 603 Between Mexico City and MRY/OAK/ONT/PHX/PIH/PDX  
47th, 48th and 49th Revised Page 604 Between Mexico City and RNO/SMF/SLC/SAN/SFO  
Original, 1st and 2nd Revised Page 604-A Between Mexico City and SJC/SBA/SEA/GEG/TUS  
37th and 38th Revised Page 605 Between Monterrey and LAS  
37th and 38th Revised Page 606 Between Puerto Vallarta and COS  
25th and 26th Revised Page 608 Between Puerto Vallarta and SFO  
23rd and 24th Revised Page 610 Between San Jose del Cabo and OAK/SFO/SJC  
Original, 1st and 2nd Revised Page 610-A Between Zihuatanejo and ANC/BIL/BOI/BTM/CPR/DEN/FAI/GTF/HNL/IDA/LAS/LAX/MFR/MRY/OAK/ONT/PHX

EXPLANATION OF ABBREVIATIONS

ANC = Anchorage, Alaska  
BIL = Billings, Montana  
BOI = Boise, Idaho  
BTM = Butte, Montana  
CPR = Casper, Wyoming  
COS = Colorado Springs, Colorado  
DEN = Denver, Colorado  
EUG = Eugene, Oregon  
ACV = Eureka, California  
FAI = Fairbanks, Alaska  
GTF = Great Falls, Montana  
HNL = Honolulu, Hawaii  
IDA = Idaho Falls, Idaho  
LAS = Las Vegas, Nevada  
LAX = Los Angeles, California  
MFR = Medford, Oregon  
MRY = Monterey, California  
OAK = Oakland, California  
ONT = Ontario, California  
PHX = Phoenix, Arizona  
PIH = Pocatello, Idaho  
PDX = Portland, Oregon  
RNO = Reno, Nevada  
SMF = Sacramento, California  
SLC = Salt Lake City, Utah  
SAN = San Diego, California  
SFO = San Francisco, California  
SJC = San Jose, California  
SBA = Santa Barbara, California  
SEA = Seattle, Washington  
GEG = Spokane, Washington  
TUS = Tucson, Arizona

WESTERN HEMISPHERE PASSENGER FARES  
TARIFF NO. P-NS-5, C.A.B. NO. 101 ISSUED BY  
AIR TARIFFS CORPORATION, AGENT

All additions to fares other than normal economy fares (Y) on the  
1st and 2nd Revised Page 610-B.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

March 8, 1983

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS *JGR*

SUBJECT: Civil Aeronautics Board Decision in  
Capitol Air, Inc. and United Air Lines, Inc.

Richard Darman's office has requested comments by close of business Wednesday, March 9, 1983 on the above-referenced CAB decision involving international aviation, which was submitted for Presidential review as required by § 801(a) of the Federal Aviation Act of 1958, as amended, 49 U.S.C. § 1461(a). Under this section, the President may disapprove, solely on the basis of foreign relations or national defense considerations, CAB actions involving either foreign air carriers or domestic carriers involved in foreign air transportation. If the President wishes to disapprove such CAB actions, he must do so within sixty days of submission (in this case, by March 15).

The order here has been reviewed by the appropriate departments and agencies, following the procedures established by Executive Order No. 11920 (1976). OMB recommends that the President not disapprove, and reports that the NSC and the Departments of State, Defense, Justice and Transportation have not identified any foreign relations or national defense reasons for disapproval. Since these orders involve domestic carriers, judicial review is theoretically available. Hence, the proposed letter from the President to the CAB Chairman prepared by OMB includes the standard sentence designed to preserve availability of judicial review, as contemplated by the Executive Order for cases involving domestic airlines.

The order authorizes Capitol Air and United to serve numerous countries, primarily in Latin America and the Caribbean. The State Department has noted that while no foreign relations or national defense considerations warrant disapproval, it may not be able to designate the airlines as carriers to all of the nations covered by the order. Some of the nations, for example, may not be receptive to new scheduled service. The State Department accordingly has proposed, and all affected Federal agencies and departments have approved, the addition of language to the President's letter noting that foreign policy considerations may prevent

designation of the carriers to provide service to all nations covered by the order. The new language also states that State will consider appropriate means of addressing these concerns while remaining committed to efficient and competitive airline operations. I see no objection to this course of action. It offers a flexible means of addressing foreign policy concerns that do not rise to the level of warranting disapproval of the CAB order, and indeed which could not appropriately be reviewed by the CAB in any event.

Attachment



THE WHITE HOUSE

WASHINGTON

March 8, 1983

MEMORANDUM FOR RICHARD G. DARMAN  
ASSISTANT TO THE PRESIDENT

FROM: FRED F. FIELDING *Orig. signed by FFF*  
COUNSEL TO THE PRESIDENT

SUBJECT: Civil Aeronautics Board Decision in  
Capitol Air, Inc. and United Airlines, Inc.

Our office has reviewed the above-referenced CAB decision and related materials and has no legal objection to the procedure that was followed with respect to Presidential review of such decisions under 49 U.S.C. § 1461(a).

We also have no legal objection to OMB's recommendation that the President not disapprove this order or to the substance of the letter from the President to the CAB Chairman prepared by OMB.

FFF:JGR:aw 3/8/83

cc: FFFielding  
✓ JGRoberts  
Subj.  
Chron

THE WHITE HOUSE

WASHINGTON

March 8, 1983

MEMORANDUM FOR RICHARD G. DARMAN  
ASSISTANT TO THE PRESIDENT

FROM: FRED F. FIELDING  
COUNSEL TO THE PRESIDENT

SUBJECT: Civil Aeronautics Board Decision in  
Capitol Air, Inc. and United Airlines, Inc.

Our office has reviewed the above-referenced CAB decision and related materials and has no legal objection to the procedure that was followed with respect to Presidential review of such decisions under 49 U.S.C. § 1461(a).

We also have no legal objection to OMB's recommendation that the President not disapprove this order or to the substance of the letter from the President to the CAB Chairman prepared by OMB.

FFF:JGR:aw 3/8/83

cc: FFFielding  
JGRoberts  
Subj.  
Chron

CAC07

WHITE HOUSE  
CORRESPONDENCE TRACKING WORKSHEET

- O - OUTGOING
- H - INTERNAL
- I - INCOMING  
Date Correspondence Received (YY/MM/DD) 1 1

Name of Correspondent: Richard G. Dorman

MI Mail Report User Codes: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

Subject: CAB Decision on Capital Air Inc.

ROUTE TO:		ACTION		DISPOSITION	
Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response Code	Completion Date YY/MM/DD
<u>W Holland</u>		ORIGINATOR	<u>83103101</u>		<u>1 1</u>
<u>WAT 18</u>		D	<u>83103101</u>	S	<u>83103109</u>
			<u>1 1</u>		<u>1 1</u>
			<u>1 1</u>		<u>1 1</u>
			<u>1 1</u>		<u>1 1</u>

ACTION CODES:

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure
- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

DISPOSITION CODES:

- A - Answered
- B - Non-Special Referral
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FOR OUTGOING CORRESPONDENCE:

- Type of Response = Initials of Signer
- Code = "A"
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Comments: \_\_\_\_\_

Keep this worksheet attached to the original incoming letter.  
 Send all routing updates to Central Reference (Room 75, OEOB).  
 Always return completed correspondence record to Central Files.  
 Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

11512

## WHITE HOUSE STAFFING MEMORANDUM

DATE: 3/1/83 ACTION/CONCURRENCE/COMMENT DUE BY: 3/9/83

SUBJECT: CAB DECISION ON CAPITOL AIR, INC.

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	GERGEN	<input type="checkbox"/>	<input type="checkbox"/>
MEESE	<input type="checkbox"/>	<input type="checkbox"/>	HARPER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BAKER	<input type="checkbox"/>	<input type="checkbox"/>	JENKINS	<input type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input type="checkbox"/>	<input type="checkbox"/>	MURPHY	<input type="checkbox"/>	<input type="checkbox"/>
STOCKMAN	<input type="checkbox"/>	<input type="checkbox"/>	ROLLINS	<input type="checkbox"/>	<input type="checkbox"/>
CLARK	<input type="checkbox"/>	<input type="checkbox"/>	WHITTLESEY	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/> P	<input type="checkbox"/> SS	WILLIAMSON	<input type="checkbox"/>	<input type="checkbox"/>
DUBERSTEIN	<input type="checkbox"/>	<input type="checkbox"/>	VON DAMM	<input type="checkbox"/>	<input type="checkbox"/>
FELDSTEIN	<input type="checkbox"/>	<input type="checkbox"/>	BRADY/SPEAKES	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input type="checkbox"/>
FULLER	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

Remarks:

Richard G. Darman  
Assistant to the President  
(x2702)

Response:



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

28 FEB 1983

ACTION

MEMORANDUM FOR: ASSISTANT TO THE PRESIDENT  
AND DEPUTY TO THE CHIEF OF STAFF

SUBJECT: Civil Aeronautics Board Decision:  
  
Capitol Air, Inc.  
United Air Lines, Inc.  
Dockets 40623, 40680  
Date Due: March 15, 1983

You will find attached a memorandum for the President about the above international aviation case. The interested executive agencies have reviewed the Board's decision and have no objection to the proposed order.

No foreign policy or national defense reasons for disapproving the Board's order have been identified. The State Department proposes that the President mention in his letter to the Chairman that while he approves the CAB's order authorizing United Air Lines and Capitol Air to serve the many countries listed in the order, the State Department may not be able to designate these airlines as carriers to all of these nations. The Department of Transportation and the Office of Management and Budget concur in State's recommendation. I recommend that the President sign the attached letter to the Chairman which indicates that he does not intend to disapprove the Board's order within the 60 days allowed by statute and mentions the issue raised by the State Department.

Joseph R. Wright, Jr.

Attachments:

Memorandum to the President  
CAB letter of transmittal  
CAB order  
Letter to the Chairman



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

28 FEB 1983

ACTION

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Civil Aeronautics Board Decision:

Capitol Air, Inc.  
United Air Lines, Inc.  
Dockets 40623, 40680  
Date Due: March 15, 1983

The Civil Aeronautics Board proposes to amend and reissue the certificate of Capitol Air, Inc., authorizing the airline to transport persons, property, and mail between the United States and 24 ports, including Barbados, Grenada, St. Kitts, Chile, and Shannon, Ireland. The Board also proposes to amend and reissue the certificate of United Air Lines, Inc., authorizing the airline to transport persons, property, and mail between the U.S. and 16 points, including Barbados, Grenada, and St. Kitts.

The Departments of State, Defense, Justice, and Transportation and the National Security Council have not identified any foreign policy or national defense reasons for disapproving the Board's order. The State Department, however, has proposed that you state in your letter to Chairman McKinnon that while you do not oppose the actions taken in the CAB's order, it is possible that, for foreign policy reasons, these airlines will not be designated by the State Department to provide service to all the countries included in the order. As the attached letter from Deputy Assistant Secretary Scocozza indicates, the State Department is concerned that certain countries will object to additional U.S. airlines providing service in their markets.

The Department of Transportation and the Office of Management and Budget agree with the State Department's recommendation. OMB recommends that you approve the Board's decision by signing the attached letter to the Chairman which indicates that you do not intend to disapprove the Board's order and which mentions the State Department's concern. The letter also states that no national defense or foreign policy reason underlies your action. This will preserve whatever opportunity is available under the statute for judicial review.

Joseph R. Wright, Jr.

Attachments:

Letter from State Department  
CAB letter of transmittal  
CAB order  
Letter to the Chairman

Options and Implementation Actions:

- 1) Approve the Board's order, mention the possibility that State will not designate these airlines to serve all the listed nations and preserve whatever opportunity is available for judicial review (DOS, DOD, DOJ, DOT, NSC, OMB).  
-- Sign the attached letter to the Chairman.
- 2) Approve the Board's order, do not mention the possibility that State will not designate these airlines to serve all the listed nations and do nothing to preserve whatever opportunity is available for judicial review.  
-- Implementation materials to be prepared.
- 3) Disapprove the Board's order.  
-- Implementation materials to be prepared.
- 4) See me.



February 14, 1983

Dear Dr. Anderson:

On January 14, the Civil Aeronautics Board transmitted for Presidential review its proposed Order Amending Certificates of Capital Air, Inc., and United Airlines, Inc. (Dockets 40623 and 40680).

The Department has considered carefully the foreign relations implications of the Board's proposed award of extensive new authority for scheduled service to numerous countries, primarily in the Caribbean and Latin America.

U.S. airlines' ability to exercise these rights will depend on the receptiveness of foreign governments to new scheduled service, except in those cases where bilateral agreements specifically provide for such rights. Clearly, our assertion of the right to introduce new service can have foreign relations ramifications if the foreign government concerned opposes new service by additional U.S. airlines. The Department does not believe, however, that the possible -- essentially unpredictable -- foreign relations complications are an overriding consideration of this Civil Aeronautics Board proposed Order.

The Department of State recommends approval of the Board's proposed order, and is generally prepared to designate airlines to foreign governments when they have specific plans for operations in the near future. The Department wishes to point out, however, that -- given the breadth of this case -- it may, in unusual circumstances, be required to weigh the advisability of specific designations against broader foreign relations considerations.

With this in mind, we would like to suggest that the following statement (or similar language) be incorporated in the President's response to the CAB order. The language has been coordinated with the Department of Transportation.

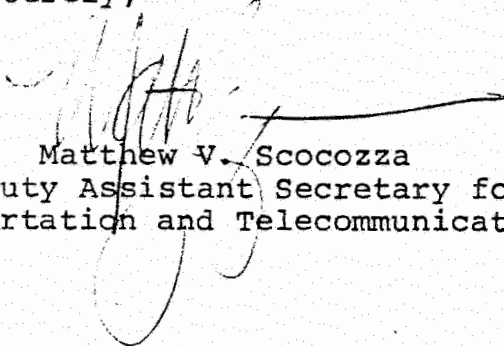
Dr. Annelise Anderson,  
Associate Director for Economics  
and Government,  
Office of Management and Budget,  
Room 246, Old EOB,  
Washington, D.C. 20503.



"In situations involving multiple designation of airlines, the Department of State, with the other interested agencies, will consider appropriate means to address foreign concerns while remaining committed to enhancement of opportunities for efficient and competitive airline operations."

A draft Presidential letter incorporating the suggested language is attached.

Sincerely,

A handwritten signature in dark ink, appearing to read 'M. Scocozza', with a long horizontal line extending to the right from the end of the signature.

Matthew V. Scocozza  
Deputy Assistant Secretary for  
Transportation and Telecommunications

THE WHITE HOUSE

WASHINGTON

Dear Chairman McKinnon:

I have reviewed the order proposed by the Civil Aeronautics Board in the following case:

Capitol Air, Inc.  
United Air Lines, Inc.  
Dockets 40623, 40680

I have decided not to disapprove the Board's order. No foreign policy or national defense reason underlies my action.

The Board's grant of operating authority to U.S. airlines to provide scheduled service to many foreign countries furthers United States international aviation policy by offering the potential for a broader range of competitive services which will benefit the passengers and economies of the United States and of the foreign countries concerned.

While I do not disapprove the Board's order, it is possible that foreign policy concerns will prevent the designation of the airlines to provide service to all countries included in the order. The Department of State, with the other interested agencies, will consider appropriate means to address foreign concerns while remaining committed to enhancement of opportunities for efficient and competitive airline operations.

Sincerely,

The Honorable Dan McKinnon  
Chairman  
Civil Aeronautics Board  
Washington, D.C. 20428

UNITED STATES OF AMERICA  
CIVIL AERONAUTICS BOARD  
WASHINGTON, D.C.

Adopted by the Civil Aeronautics Board  
at its office in Washington, D.C.  
on the 12th day of January, 1983

-----  
Application of :  
CAPITOL AIR, INC. : Docket 40623  
: :  
for issuance or amendment of certificate :  
of public convenience and necessity pursuant :  
to section 401 of the Federal Aviation Act of :  
1958, as amended :  
-----  
Application of :  
UNITED AIR LINES, INC. : Docket 40680  
: :  
for amendment of certificate of public conven- :  
ience and necessity pursuant to section 401 of :  
the Federal Aviation Act of 1958, as amended :  
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ORDER AMENDING CERTIFICATES

On April 16, 1982, Capitol Air, Inc., filed an application in Docket 40623 requesting either issuance of a new certificate of public convenience and necessity or amendment of its existing certificate to permit it to provide scheduled foreign air transportation between a point or points in the United States, on the one hand, and Shannon, Ireland, and numerous points in the Western Hemisphere. On May 11, 1982, United Air Lines, Inc., filed a conforming application in Docket 40680 for amendment of its certificate of public convenience and necessity for Route 57 to enable it to provide scheduled foreign air transportation between U.S. points and many of the foreign points requested by Capitol. <sup>1/</sup> United requested that

1/ The foreign points requested by Capitol and United are as follows:

REQUESTED BY BOTH

Antigua and Barbuda  
Aruba  
Bahama Islands  
Barbados  
Curacao  
Dominican Republic  
Grenada  
Guadeloupe  
Haiti  
Jamaica  
Martinique  
St. Kitts  
St. Maarten  
Trinidad and Tobago

CAPITOL ONLY

Belize  
Chile  
El Salvador  
Guatemala  
Guyana  
Honduras  
Nicaragua  
Panama  
Shannon, Ireland

the two applications be considered contemporaneously. Each applicant also asked that these routes be integrated with current route authority, where applicable.

In support of their applications, both parties state that the foreign points they seek have been the subject of Board grants of multiple permissive authority; that an award in this case would be consistent with our policy of maximizing competition through the grant of multiple awards; that an award will give the carriers greater flexibility to meet changing market demand; that they are fit, willing, and able to perform the proposed services; and that an Energy Impact Statement under Part 313 will not be needed.

Order 82-7-56, July 14, 1982, announced our determination to consider these applications contemporaneously and to process them by nonoral hearing procedures.

No answers or objections to either application or to Order 82-7-56 have been received.

We have decided to proceed to a final decision and grant these applications, with one exception. We have decided to deny Capitol's request to serve Panama. For the reasons stated in Order 82-9-60, we are not persuaded that we should authorize additional entry to Panama at this time. We find that grant of all other authority requested is consistent with the public convenience and necessity. The authority requested by Capitol and United involving those countries that have entered into bilateral aviation agreements with the United States conforms with these agreements. Considerations of comity and reciprocity govern our relations with the countries which have no bilateral aviation agreement with the United States. We know of no reason why these countries would object to the grant of authority requested.

The United States-Netherlands Antilles Air Transport Agreement provides for the multiple designation of U.S. carriers for service between points in both countries. The Agreement is modified by a Memorandum of Understanding, signed January 22, 1980, which, inter alia, imposes a temporary limit on the number of U.S. carriers that may provide single-plane service between Miami/Ft. Lauderdale and the Netherlands Antilles. Although our government has designated the maximum number of carriers permitted by the MOU, the MOU further provides that beginning on April 1, 1983, the United States may designate any number of carriers to provide single-plane service in those markets.<sup>2/</sup> In keeping with our policy of making prompt and full use of our bilateral aviation rights, we will grant United's request for authority between points in the United States, including Miami/Ft. Lauderdale, and the Netherlands Antilles. The Miami/Ft. Lauderdale authority shall be effective on April 1, 1983.

We have previously found that grant of scheduled authority between the United States and each of the points under consideration here (with the exception of Panama) is consistent with the public convenience and necessity.<sup>3/</sup> The factors which supported these determinations continue to be valid and

<sup>2/</sup> Specifically, the MOU states that it "will remain in effect for no more than three years from the Agreement's entry into force. In no case will these provisions remain in effect beyond March 31, 1983, ..." (Section II. F.). Since the Agreement has never entered into force, the March 31, 1983 date is controlling.

warrant approval of both Capitol's and United's application to serve these points.<sup>4/</sup> Moreover, a standard condition in each of the applicant's certificates requires it to conduct operations in accordance with all treaties and agreements between the United States and other countries. Accordingly, we find that grant of the requested authority is consistent with the public convenience and necessity.

We will reissue amended certificates to Capitol and United and will allow each to integrate its authority on a geographic basis.<sup>5/</sup> Grant of new, broadly described route authority in these multiple entry markets will give Capitol and United greater flexibility to tailor services to demand quickly and without further action on our part that could delay the institution of new services. The carriers will have additional operating flexibility and may carry local traffic between and among U.S. points named on each segment of their certificates authorizing them to engage in foreign air transportation.<sup>6/</sup> Capitol and United will thus be able to offer substantial new benefits to the travelling and shipping public.

We further find, on the basis of officially noticeable data, that Capitol and United are citizens of the United States and are fit, willing, and able to perform properly the air transportation being authorized by this order and to conform to the requirements of the Act and our regulations.<sup>7/</sup>

We have reviewed the operating and fuel submission data submitted by the applicants and have concluded that the proposed service would not trigger the standards for an environmental assessment set forth in our Regulations.<sup>8/</sup> Capitol estimates a net annual increase in its fuel consumption as a result of the proposed service at approximately 9.5 million gallons; United estimates a 9.7 million gallon net annual increase. Therefore, the estimated fuel consumption of the applicants, taken together, exceeds the threshold standard for identifying a "major regulatory action" of 10 million gallons under the Energy Policy and Conservation Act of 1975. Nevertheless, we conclude that our awards are consistent with the Act. Any additional fuel consumption resulting from the new services will be justified by the overall public benefits in the form of improved and more efficient service.

4/ We will not grant Capitol any U.S.-Netherlands Antilles authority, since it already holds such authority. See Order 82-3-125. We will, however, modify its certificate to reflect the fact that its existing restriction on Miami single-plane service expires on March 31, 1983. See footnote 2.

5/ See Order 81-11-83. We will place Capitol's new certificate authority, excepting Shannon, Ireland, in its existing segment #3 (U.S.-Netherlands Antilles), and add Shannon to its U.S.-Europe authority in segment #1. We will also combine United's new authority with its existing U.S.-Chile route (granted by Order 82-8-19).

6/ See Order 81-8-115, June 19, 1981.

7/ Officially noticeable data consist of facts contained in certain documents listed in Rule 24(m) of our Procedural Regulations.

8/ 14 C.F.R. 312.10.

ACCORDINGLY,

1. We amend and reissue the certificate of Capitol Air, Inc., for Route 191-F, last issued by Order 82-3-144, as attached;

2. We amend and reissue the certificate of United Air Lines, Inc., for Route 57, last issued by Order 81-12-160, as attached;

3. To the extent not granted, we deny the applications of Capitol Air in Docket 40623 and of United in Docket 40680;

4. The authority granted in paragraphs 1 and 2 shall become effective under section 801(a) of the Federal Aviation Act of 1958, as amended, on the 61st day after submission of this order to the President, unless he disapproves the order, or upon the date of receipt of advice from the President that he does not intend to disapprove the Board's order, whichever occurs earlier; 10/ and

5. We will serve a copy of this order on Capitol Air, Inc., United Air Lines, Inc., the Ambassadors of Antigua and Barbuda, the Bahama Islands, Barbados, Belize, Chile, Dominican Republic, El Salvador, Grenada, Guadeloupe, Guatemala, Guyana, Haiti, Honduras, Ireland, Jamaica, Martinique, Nicaragua, Panama, St. Kitts, St. Maarten, and Trinidad and Tobago in Washington, D.C., and on the Departments of State and Transportation.

By the Civil Aeronautics Board:

PHYLLIS T. KAYLOR  
Secretary

(SEAL)

All Members concurred.

10/ This order was submitted to the President on JAN 14 1983  
The 61st day is MAR 13 1983

DRAFT



UNITED STATES OF AMERICA  
CIVIL AERONAUTICS BOARD  
WASHINGTON, D.C.

-----  
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY  
(as amended and reissued)

for Route 191-F  
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CAPITOL AIR, INC.

is authorized, subject to the following provisions, the provisions of Title IV of the Federal Aviation Act of 1958, as amended, and the orders, rules, and regulations issued thereunder, to engage in foreign air transportation of persons, property and mail, as follows:

1. Between a point or points in the United States and Shannon, Ireland and Athens, Greece, and a point or points in Belgium, the Netherlands, Luxembourg, the Federal Republic of Germany, Switzerland, Bahrain, Egypt, Kuwait, Oman, Qatar, and the United Arab Emirates.
2. Between a point or points in the United States, and a point or points in Taiwan and Hong Kong.
3. Between a point or points in the United States and a point or points in Antigua and Barbuda, Aruba, Bahama Islands, Barbados, Belize, Chile, Curacao, Dominican Republic, El Salvador, Grenada, Guadeloupe, Guatemala, Guyana, Haiti, Honduras, Jamaica, Martinique, Nicaragua, St. Kitts, St. Maarten, and Trinidad and Tobago.

The authority is subject to the following terms, conditions, and limitations:

- (1) The holder shall at all times conduct its operations in accordance with all treaties and agreements between the United States and other countries, and the exercise of the privileges granted by this certificate is subject to compliance with such treaties and agreements and with any orders of the Board issued under, or for the purpose of requiring compliance with, such treaties and agreements.
- (2) The holder may continue to serve regularly any named point through the airport it last used regularly to serve that point before the effective date of this certificate. Upon compliance with procedures prescribed by the Board, the holder may, in addition, regularly serve a named point through any convenient airport.
- (3) The exercise of the authority granted here is subject to the holder's first obtaining from the appropriate foreign government such operating rights as may be necessary.

(4) The authority granted here is permissive. The holder may reduce or terminate service upon compliance with the provisions of section 401(j) of the Act, and all orders and regulations issued by the Board under that section.

(5) The holder's authority to engage in the transportation of mail is limited to carriage on a nonsubsidy basis, i.e., on a service mail rate to be paid entirely by the Postmaster General.

(6) The holder may carry local traffic between and among U.S. points on flights operating over any segment on this certificate.

(7) The holder shall not operate single-plane service between Miami/Ft. Lauderdale, Florida, and the Netherlands Antilles. This condition shall expire on March 31, 1983.

The exercise of the privileges granted by this certificate is subject to any other reasonable terms, conditions and limitations that the Board may from time to time prescribe in the public interest.

This certificate contains authority in effect on Provided, however, that its continuing effectiveness is subject to timely payment by the holder of such license fees as the Board may prescribe.

The Civil Aeronautics Board has directed its Secretary to execute this certificate and to affix the Board's seal on January 12, 1983.

PHYLLIS T. KAYLOR  
Secretary

(SEAL)



UNITED STATES OF AMERICA  
CIVIL AERONAUTICS BOARD  
WASHINGTON, D.C.

-----  
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY  
(as amended and reissued)

for Route 57  
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UNITED AIR LINES, INC.

is authorized, subject to the provisions set forth, the provisions of Title IV of the Federal Aviation Act of 1958, as amended, and the orders, rules, and regulations issued under it, to engage in foreign air transportation of persons, property and mail, as follows:

1. Between the terminal point Chicago-Rockford, IL, and the intermediate point Seattle, WA and the terminal point Vancouver, Canada.
2. Between the terminal point Chicago-Rockford, IL and the terminal point Toronto, Canada.
3. Between the coterminal points Seattle, WA, and Portland, OR and the coterminal points Tokyo and Osaka, Japan.
4. Between the terminal point Los Angeles, CA and the coterminal points Mazatlan and Puerto Vallarta, Mexico.
5. Between a point or points in the United States and Athens, Greece, Tel Aviv, Israel, and a point or points in Belgium, The Netherlands, the Federal Republic of Germany, Switzerland, Jordan and Egypt.
6. Between a point or points in the United States and a point or points in Korea, Taiwan, Hong Kong, Thailand and Singapore.
7. Between a point or points in the United States to a point or points in Chile.
8. Between a point or points in the United States and a point or points in Antigua and Barbuda, Aruba, the Bahama Islands, Barbados, Chile, Curacao, Dominican Republic, Grenada, Guadeloupe, Haiti, Jamaica, Martinique, St. Kitts, St. Maarten, and Trinidad and Tobago.

The service authorized is subject to the following terms, conditions, and limitations:

(1) The holder shall at all times conduct its operations in accordance with all treaties and agreements between the United States and other countries, and the exercise of the privileges granted by this certificate is subject to compliance with such treaties and agreements and with any orders of the Board issued under them or for the purpose of requiring compliance with them.

(2) The authority granted here is permissive. The holder may reduce or terminate service upon compliance with the provisions of section 401(j) of the Act, and all orders and regulations issued by the Board under that section.

(3) The holder may continue to serve regularly any named point through the airport last regularly used by the holder to serve such point prior to the effective date of this certificate. Upon compliance with procedures prescribed by the Board, the holder may, in addition, regularly serve a named point through any convenient airport as provided by agreements between the United States and other countries.

(4) The holder is authorized to carry local traffic between and among U.S. points named within each segment of this certificate on flights in foreign air transportation.

(5) The exercise of the authority granted shall be subject to the holder's first obtaining from the appropriate foreign governments such operating rights as may be necessary.

(6) The holder's authority to engage in the transportation of mail is limited to the carriage of mail on a nonsubsidy basis, i.e., on a service mail rate to be paid entirely by the Postmaster General.

(7) The holder's authority to provide service over segment 3 is conditioned upon the following:

(a) The holder shall provide service at tariffs no higher than those which are stipulated in Table A attached to the holder's certificate for Route 57, as issued by Order 78-10-42. However, the holder may request modifications of these tariffs in accordance with the rules and procedures prescribed for tariff modifications.

(b) The holder's authority shall continue in effect for seven years from the date that it institutes service under the terms of paragraph (a) above, and it may be renewed at the Board's discretion, without a further hearing.

(8) The authority to operate between Los Angeles and Mazatlan and Puerto Vallarta over segment 4 shall not become effective until the Board issues an order suspending or deleting the authority of Pacific Southwest Airlines to operate between these points; if the authority does become effective, it shall expire on September 21, 1984.

(9) The holder shall not operate single-plane service between Miami/ Ft. Lauderdale, FL, on the one hand, and Aruba, Curacao, or St. Maarten, Netherlands Antilles, on the other hand. This condition shall expire on March 31, 1983.

(10) The holder may serve a point or points in the places named in Segment #7 of this certificate via other existing route segments in this certificate; provided, that such service is conducted in accordance with all treaties and agreements between the United States and other countries.

The exercise of the privileges granted by this certificate is subject to any other reasonable terms, conditions and limitations that the Board may prescribe in the public interest.

This certificate shall be effective on Provided, however, that its continuing effectiveness is subject to timely payment by the holder of such license fees as the Board may prescribe.

The Civil Aeronautics Board has directed its Secretary to execute this certificate and to affix the Board's seal on January 12, 1983.

PHYLLIS T. KAYLOR  
Secretary

(SEAL)