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International Aviation Decisions (1 of 10)

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WASHINGTON

March 7, 1985

MEMORANDUM FOR DAVID L. CHEW

STAFF SECRETARY

FROM:

JOHN G. ROBERTS

ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT:

CAB Decision: Action Air Cargo Corp.

and Ten Other Air Carriers

Our office has reviewed the above-referenced CAB decision, issued before the CAB terminated operations, 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 Secretary of Transportation prepared by OMB.

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WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

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Keep this worksheet attached to the original incoming letter.

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WHITE HOUSE STAFFING MEMORANDUM

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OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

MAR 6 1985

MEMORANDUM FOR THE PRESIDENT

SUBJECT:

Civil Aeronautics Board Decision:

Action Air Cargo Corporation and ten other air carriers Docket 42663 Date due: April 8, 1985

Prior to its sunset on January 1, 1985, the Civil Aeronautics Board (CAB) proposed the following action with regard to the above international aviation case:

-- Revoke the authority of eleven United States airlines to engage foreign air transportation because of the airlines' non-compliance with certain Board requirements. None of the affected airlines objected to the proposed order.

Because the Department of Transportation has assumed the responsibility for processing international aviation decisions previously made by the Board, the attached letter is addressed to the Secretary of Transportation. 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 order in whole or in part.

The Office of Management and Budget recommends that you approve the Board's decision by signing the attached letter to the Secretary which indicates that you do not intend to disapprove the Board's order within the 60 days allowed by statute for your review. 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.

Original signed by Gonstance Horner

Constance Horner
Associate Director
Economics and Government

Attachments:

CAB letter of transmittal CAB order Letter to the Secretary

Options and Implementation Actions:

- () 1) Approve the Board's order and preserve whatever opportunity is available for judicial review (DOS, DOD, DOJ, DOT, NSC, OMB).
 -- Sign the attached letter to the Secretary.
- () 2) Approve the Board's order 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.

Office of Assistant Secretary

400 Seventh St., S.W. Washington, D.C. 20590 February 5, 1985

Office of the Secretary of Transportation

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

I transmit for your consideration under section 801(a) of the Federal Aviation Act of 1958, as amended by the Airline Deregulation Act of 1978, a proposed order adopted by the Civil Aeronautics Board prior to its sunset which would revoke the certificates of public convenience and necessity issued to Action Air Cargo Corporation, Air New England, Inc., American Eagle Airlines, Inc., Flight Transportation Corporation, Holiday Airways, Inc., Intercontinental Airways, Inc., International Air Associates, Inc., Jet Executive International, Peninsular Air Transport, Inc., Sun Land Airlines, Inc., and U.S. Aircoach, The order will revoke the certificates issued to those carriers authorizing the operation of foreign air transportation and adopt the tentative decision of the Civil Aeronautics Board in its Order to Show Cause 84-11-113 (enclosed) unless you disapprove it within 60 days of this transmittal. For your information, I am also enclosing the Board's Order 84-12-101, which finalized the tentative findings and conclusions set forth in Order 84-11-113 and revoked the domestic 401 and 418 certificates of these and several other carriers.

If you should decide earlier that you will not disapprove, please advise the Department to that effect; this will allow the earlier issuance of the order.

We are submitting the proposed decision to you before publication under the provisions of section 801(a) of the Federal Aviation Act of 1958. In accordance with Executive Order 11920, however, we plan to release all unclassified portions of the decision on or after the sixth day following this transmittal unless notified by your Assistant for National Security Affairs.

Matter V Scocozza Assistant Secretary

for Policy and International Affairs

Enclosures

WASHINGTON

Dear Madam Secretary:

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

Action Air Cargo Corporation and ten other air carriers Docket 42663

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

Sincerely,

The Honorable Elizabeth Dole Secretary of Transportation Washington, D.C. 20590

WASHINGTON

March 20, 1985

MEMORANDUM FOR DAVID L. CHEW

STAFF SECRETARY

FROM:

JOHN G. ROBERTS

ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT:

DOT International Aviation Decision: Lone Star Certificate Amendment and Transfer

Our office has reviewed the above-referenced Department of Transportation International Aviation decision, 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 Secretary of Transportation prepared by OMB. ~

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

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3/22/85

WHITE HOUSE STAFFING MEMORANDUM

ACTION/CONCURRENCE/COMMENT DUE BY:

DATE: 3/20/85

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OFFICE OF THE PRESIDENT OFFICE OF MANAGEMENT AND BUDGET WASHINGTON, D.C. 20503 MAR 1 9 1985

ACTION

MEMORANDUM FOR THE PRESIDENT

SUBJECT:

Department of Transportation International Aviation Decision:

Lone Star Certificate Amendment and Transfer Case Docket 40962 Date due: April 7, 1985

The Department of Transportation (DOT) proposes to take the following action with regard to the above international aviation case:

-- Amend the authority of Lone Star Airways, Inc., from its current foreign charter authority to foreign scheduled and charter authority. The proposed order also transfers this new authority from Lone Star Airways to Lone Star Overseas, Inc., a companion corporation.

The Departments of State, Defense, and Justice, and the National Security Council have not identified any foreign policy or national defense reasons for disapproving the order in whole or in part.

The Office of Management and Budget (OMB) recommends that you approve DOT's decision by signing the attached letter to the Secretary which indicates that you do not intend to disapprove DOT's order within the 60 days allowed by statute for your review. 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.

Original signed by Constance Horner

Constance Horner
Associate Director
Economics and Government

Attachments:

DOT letter of transmittal DOT order Letter to the Secretary

Options and Implementation Actions:

- () 1) Approve DOT's order and preserve whatever opportunity is available for judicial review (DOS, DOD, DOJ, NSC, OMB).
 -- Sign the attached letter to the Secretary.
- () 2) Approve DOT's order and do nothing to preserve whatever opportunity is available for judicial review.
 -- Implementation materials to be prepared.
- () 3) Disapprove DOT's order.-- Implementation materials to be prepared.
- () 4) See me.

Dear Madam Secretary:

I have reviewed the order proposed by the Department of Transportation in the following case:

Lone Star Certificate Amendment and Transfer Case Docket 40962

I have decided not to disapprove the proposed order. No foreign relations or national defense reason underlies my actions.

Sincerely,

The Honorable Elizabeth Dole Secretary of Transportation Washington, D.C. 20590

FOR OFFICIAL USE ONLY



U.S. Department of Transportation

Office of the Secretary of Transportation

Office of Assistant Secretary

400 Seventh St., S.W. Washington, D.C. 20590

FEB 4 1985

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

I transmit the Department's proposed Order in the Lone Star Certificate Amendment and Transfer Case, Docket 40962, for your consideration under section 801(a) of the Federal Aviation Act of 1958, as amended by the Airline Deregulation Act of 1978. The Order will, unless you disapprove it within 60 days of this transmittal, amend the scheduled foreign air transportation certificate of Lone Star Airways and transfer it to Lone Star Overseas. It will also cancel the now redundant foreign charter certificate of Lone Star Airways.

If you should decide earlier that you will not disapprove, please advise us to that effect; this will allow us to issue the order earlier.

We are submitting the proposed decision to you before publication under the provisions of section 801(a) of the Federal Aviation Act of 1958. In accordance with Executive Order 11920, however, we plan to release all unclassified portions of the decision on or after the sixth day following this transmittal unless notified by your Assistant for National Security Affairs.

Respectfully yours,

MATTHEW W. SOOCOZZA Assistant Secretary

for Policy and International Affairs

Enclosures

FOR OFFICIAL USE ONLY

WASHINGTON

April 8, 1985

MEMORANDUM FOR DAVID L. CHEW

STAFF SECRETARY

FROM:

JOHN G. ROBERTS

ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT:

DOT International Aviation Decisions: Houston-London Case and Tampa-Yucatan

Service Case

Our office has reviewed the above-referenced Department of Transportation International Aviation decisions, 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 these orders or to the substance of the letter from the President to the Secretary of Transportation prepared by OMB.

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

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WASHINGTON

May 6, 1985

MEMORANDUM FOR DAVID L. CHEW

STAFF SECRETARY

FROM:

JOHN G. ROBERTS

ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT:

Department of Transportation 10-Day International Aviation Decision:

Air Canada/Docket 43096

We have reviewed the above-referenced Department of Transportation international aviation 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.

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

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Send all routing updates to Central Reference (Room 75, OEOB).

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WHITE HOUSE STAFFING MEMORANDUM

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EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

MAY 0'3 1985

ACTION

MEMORANDUM FOR: STAFF SECRETARY

AND DEPUTY ASSISTANT TO THE PRESIDENT

SUBJECT:

Department of Transportation <u>10-Day</u>
International Aviation Decision:

Air Canada Docket 43096

Attached is a memorandum for the President about the above 10-day international aviation decision. The interested executive agencies have not identified any foreign policy or national defense reason for disapproving the order.

The Department's decision becomes final unless the President disapproves the order on or before May 11, 1985.

David A. Stockman

David A. Stockman Director

Attachments:

Memorandum to the President DOT Letter of Transmittal DOT Order



EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Department of Transportation 10-Day International Aviation Decision:

Air Canada Docket 43096

The proposed Department of Transportation (DOT) order prevents coach fare increases requested by Air Canada from going into effect until May 14, 1986. A suspension of Air Canada's proposed fares will allow the Department adequate time to investigate the increases and make a final decision regarding the fares.

Authority for the order comes from the Federal Aviation Act, which allows DOT to suspend proposed fares if they are higher than established ceilings and if the carrier does not provide sufficient justification for exceeding the ceilings. DOT has determined that this order meets both conditions.

The Departments of State, Defense, and Justice and the National Security Council have not identified any foreign policy or national defense reason for disapproving the order in whole or in part.

The Office of Management and Budget recommends that you take no action and allow DOT's order to go into effect. The order becomes final unless you disapprove it on or before May 11, 1985.

David A. Stockman David A. Stockman Director

Attachments:

DOT Letter of Transmittal DOT Order

Options and Implementation Actions:

- () 1) Approve DOT's order by taking no action. (DOS, DOD, DOJ, NSC, OMB).
- () 2) Disapprove DOT's order. Implementation materials to be prepared.
- () 3) See me.



FOR OFFICIAL USE ONLY

Office of Assistant Secretary

400 Seventh St., S.W. Washington, D.C. 20590

MAY 1 1985

Office of the Secretary of Transportation

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

I enclose for your review copies of a Department order suspending U.S.—Canada coach fare increases proposed by Air Canada. Our recommendation of suspension is based on the fact that Air Canada's proposed levels exceed the Department's regulatory ceilings, i.e., the Standard Foreign Fare Level plus ten percent upward fare flexibility. The SFFL consists of base fares as of October 1, 1979, as adjusted every 60 days to account for cost changes. Under the International Air Transportation Competition Act, a statutory no—suspend zone extends from five percent above to 50 percent below such adjusted fare levels, and we allow an additional five percent upward flexibility in U.S.—Canada markets as a matter of regulatory discretion. While the Department is willing to allow carriers to exceed the ceilings upon a showing of sufficient justification, Air Canada has failed to do so in this case.

The order institutes an investigation into the lawfulness of Air Canada's fares under section 1002(j) of the Federal Aviation Act of 1958, and suspends them for a period of three hundred sixty-five days pending a hearing and final decision by the Department. Under the Federal Aviation Act of 1958, the Department's order is final unless you disapprove it not later than ten days following its submission by the Department.

No action is necessary if you do not wish to disapprove this order. If you should decide earlier that you will not disapprove the order, please advise us to that effect; this will allow us to issue the order earlier.

We are submitting the proposed decision to you before publication under the provisions of section 801(b) of the Federal Aviation Act of 1958. In accordance with Executive Order 11920, however, we plan to release all unclassified portions of the decision on or after the sixth day following this transmittal unless notified by your Assistant for National Security Affairs.

ully yours,

ATTHEW V SCOOTER

for Policy and International Affairs

Enclosures

FOR OFFICIAL USE ONLY

UNITED STATES OF AMERICA DEPARTMENT OF TRANSPORTATION OFFICE OF THE SECRETARY WASHINGTON, D.C.

Issued by the Department of Transportation on the 1st day of May, 1985

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ORDER OF SUSPENSION AND INVESTIGATION

By tariff revisions filed for effectiveness May 14, 1985, Air Canada proposes three percent increases in most of its U.S.-Canada fares. In the absence of justification in support of its tariff revisions, we have decided to suspend and investigate Air Canada's proposed coach fare increases.

Our regulatory ceilings for U.S.-Canada coach fares are based on the Standard Foreign Fare Level (SFFL) plus ten percent upward fare flexibility, 1/ with SFFL base levels determined by the higher of either actual fares in effect on October 1, 1979, or the levels produced by the Standard Industry Fare Level (SIFL) mileage formula in force on that date. 2/ These ceilings are not rigid, however; we are prepared to allow carriers to exceed them upon a showing of sufficient justification.

Air Canada's filing proposes coach fares above our ceilings in 18 of its gateway-to-gateway markets, 3/ and the carrier has furnished no economic justification in support of its proposal. Under these circumstances, we have decided to investigate the lawfulness of Air Canada's proposed coach

1/ As in other international markets, we generally allow U.S.-Canada carriers complete discretion in pricing their premium and promotional fares. Furthermore, we limit the application of our U.S.-Canada regulatory ceilings to gateway-to-gateway markets only.

2/ See Civil Aeronautics Board Order 83-4-47, April 8, 1983.
3/ See Appendix A. We would also note that Air Canada's coach fare increases since October 1979 have not been limited by the current SFFL factor. The alternative use of the SIFL mileage formula produces higher SFFL base levels than actual October 1979 tariff levels would otherwise dictate in most of the markets at issue. The carrier's current coach levels have also benefitted from earlier, higher SFFL factors and (in some markets) previous, justified increases beyond our ceilings. As a result of these factors, Air Canada's current coach fares are 39 to 67 percent above October 1979 levels whereas the SFFL cost index reflects aggregate cost increases since October 1979 of only about 21 percent.

fare increases, and to suspend them pending completion of the investigation. We shall submit this order to the President pursuant to Section 801(b) of the Federal Aviation Act of 1958, as amended. 4/

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 Appendix 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 completion of the investigation and decision by the Department, we suspend and defer the use of the tariff provisions in the attached Appendix B from May 14, 1985, to and including May 13, 1986, unless otherwise ordered by the Department, and shall permit no changes to be made therein during the period of suspension except by order or special permission of the Department;
- 3. We shall submit this order to the President 5/ and, unless disapproved by the President within ten days, it shall become effective May 14, 1985; and
- 4. We shall file copies of this order in the aforesaid tariff and serve them on Air Canada and the Ambassador of Canada in Washington, D.C.

By:

MATTHEW V. SCOCOZZA
Assistant Secretary for Policy
and International Affairs

(SEAL)

5/ We submitted this order to the President on May 1, 1985.

^{4/} Section 1002(j) of the Act authorizes the Department to take this action in the circumstances presented. Section 801(b) of the Act states that the Department shall submit any order suspending a fare or proposed fare in foreign air transportation pursuant to section 1002(j) to the President.

AIR CANADA 'S PROPOSED COACH FARE INCREASES (WO)

				SFI	FL PARAMET	ERS
	PRESENT	PROPOSED	INCR.	BASE	SFFL 1/	CEILING 2/
CHICAGO-CALGARY	\$241	\$248	2.9%	\$173	\$209	\$230
LOS ANGELES-CALGARY	211	217	2.8	145	175	192
NEW YORK-CALGARY	317	327	3.2	218	263	289
SAN FRANCISCO-CALGARY	184	190	3.3	128	154	170
LOS ANGELES-EDMONTON	219	226	3.2	159	192	211
SAN FRANCISCO-EDMONTON	199	205	3.0	141	170	187
BOSTON-HALIFAX	121	125	3.3	71	86	94
CHICAGO-MONTREAL	169	174	3.0	110	133	146
NEW YORK-MONTREAL	103	106	2.9	63	76	84
BOSTON-ST. JOHN	102	105	2.9	65	78	86
BOSTON-TORONTO	111	114	2.7	75	90	100
CHICAGO-TORONTO	120	124	3.3	73	88	97
DALLAS-TORONIO	208	214	2.9	146	176	194
LOS ANGELES-TORONTO	331	341	3.0	231	279	307
NEW YORK-TORONTO	108	111	2.8	67	81	89
SAN FRANCISCO-TORONTO	340	350	2.9	238	287	316
CHICAGO-WINNIPEG	152	157	3.3	101	122	134
BOSTON-YARMOUTH	92	9 5	3.3	57	69	76

Reflects April 1, 1985, SFFL cost index of 1.2066. SFFL plus ten percent upward fare flexibility.

TARIFF C.A.B. NO. 409 ISSUED BY AIRLINE TARIFF PUBLISHING COMPANY, AGENT

The propoosed "Y" (economy) one way increases between points listed below:

BETWEEN Boston	AND Halifax	APPEARING ON PAGE 68th Revised Page 27
Boston	Saint John N.B.	68th Revised Page 28
Boston	Toronto/Hamilton	45th Revised Page 28-A
Boston	Yarmouth	45th Revised Page 28-B
Calgary	Chicago	129th Revised Page 29
Calgary	Los Angeles	85th Revised Page 30-A
Calgary	New York	129th revised Page 30 and 85th Revised Page 30-A
Calgary	San Francisco	85th Revised Page 30-B
Chicago	Montreal	74th Revised Page 37
Chicago	Toronto/Hamilton	74th Revised Page 38
Chicago	Winnipeg	61st Revised Page 39
Dallas/Ft. Worth	Toronto/Hamilton	64th Revised Page 42
Edmonton	Los Angeles	120th Revised Page 44 and 128th Revised Page 45
Edmonton	San Francisco	128th Revised Page 46
Los Angeles	Toronto/Hamilton	52nd Revised Page 66-B
Montreal	New York	92nd Revised Page 72
New York	Toronto/Hamilton	66th Revised Page 76
San Francisco	Toronto/Hamilton	88th Revised Page 89

WASHINGTON

May 13, 1985

MEMORANDUM FOR DAVID L. CHEW

STAFF SECRETARY

FROM:

JOHN G. ROBERTS

ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT:

Department of Transportation 10-Day

International Aviation Decision:

U.S. - Egypt Fares

We have reviewed the above-referenced Department of Transportation international aviation 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.

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WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

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WHITE HOUSE STAFFING MEMORANDUM

ATE:5/13/85	ACTION/CONCURR	ENCE/CO	OMMENT DUE BY:	3:00 P.M. TO	OMOR:	ROW
DOT 10-DAY	INTERNATIONAL	. AVIA	TION DECISION:	U.SEGYPT	FAR	ES
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OFFICE OF THE PRESIDENT OFFICE OF MANAGEMENT AND BUDGET WASHINGTON, D.C. 20503

MAY 13 1985

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Department of Transportation 10-Day International Aviation Decision:

U.S.-Egypt fares proposed by EgyptAir Docket 43108 Date due: May 16, 1985

This proposed Department of Transportation (DOT) order prevents low promotional fares, requested by EgyptAir, from going into effect for one year.

DOT's order is a reciprocal response to Egyptian aeronautical authorities which have unilaterally restricted aviation traffic rights of a U.S. air carrier, Trans World Airlines (TWA). DOT does not want to approve fares that would be of competitive benefit to EgyptAir while TWA operates to Egypt under undue restrictions.

The Departments of State, Defense, and Justice and the National Security Council have not identified any foreign policy or national defense reason for disapproving the order in whole or in part.

The Office of Management and Budget recommends that you take no action and allow DOT's order to go into effect. The order becomes final unless you disapprove it on or before May 16, 1985.

Original signed by Constance Horner

Constance Horner
Associate Director
Economics and Government

Attachments:

DOT Letter of Transmittal DOT Order

Options and Implementation Actions:

- () 1) Approve DOT's order by taking no action. (DOS, DOD, DOJ, NSC, OMB).
- () 2) Disapprove DOT's order. Implementation materials to be prepared.
- () 3) See me.

FOR OFFICIAL USE ONLY



U.S. Department of Transportation

Office of the Secretary of Transportation

Office of Assistant Secretary

400 Seventh St., S.W. Washington, D.C. 20590

MAY 6 1985

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

I enclose for your review copies of a Department order suspending U.S.Egypt introductory and standby fares proposed by EgyptAir. Our
recommendation of suspension is based on the fact that the Government of
Egypt has refused to approve schedules and the exercise of fifth freedom
operating rights of Trans World Airlines. TWA's rights, which the Egyptian
Government has unilaterally and improperly restricted, are provided for in
the Air Transport Services Agreement between the United States and Egypt.

The order institutes an investigation into the lawfulness of EgyptAir's fares under section 1002(j) of the Federal Aviation Act of 1958, and suspends them for a period of three hundred sixty-five days pending a hearing and final decision by the Department. Under the Federal Aviation Act of 1958, the Department's order is final unless you disapprove it not later than ten days following its submission by the Department.

No action is necessary if you do not wish to disapprove this order. If you should decide earlier that you will not disapprove the order, please advise us to that effect; this will allow us to issue the order earlier.

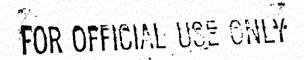
We are submitting the proposed decision to you before publication under the provisions of section 801(b) of the Federal Aviation Act of 1958. In accordance with Executive Order 11920, however, we plan to release all unclassified portions of the decision on or after the sixth day following this transmittal unless notified by your Assistant for National Security Affairs.

Respectfully yours,

MATTHEW V. SCOCOZZA Assistant Secretary

for Policy and International Affairs

Enclosures



UNITED STATES OF AMERICA DEPARTMENT OF TRANSPORTATION OFFICE OF THE SECRETARY WASHINGTON, D.C.

Issued by the Department of Transportation on the 6th day of May, 1985

fares proposed		
EGYPTAIR		Docket 43108

ORDER OF SUSPENSION AND INVESTIGATION

By tariff revisions filed for effectiveness May 18, 1985, EgyptAir proposes inaugural flight and standby fares between New York and Cairo. We have decided to suspend and investigate EgyptAir's proposed fares.

EgyptAir proposes a New York-Cairo inaugural flight fare of \$565 roundtrip through November 15, 1985, and a New York-Cairo standby fare of \$600 roundtrip through September 15, 1985. The inaugural flight fare, which is subject to a minimum/maximum stay period of 4/90 days and a 7-day advance purchase requirement, is between \$334 and \$415 lower than the lowest promotional fares of Trans World Airlines. EgyptAir's standby fare, with a 90-day maximum stay, is \$299 to \$380 below TWA's lowest fares.

Ordinarily we would be inclined to approve reduced promotional fares like those EgyptAir proposes here for its new service. However, the Egyptian aeronautical authorities approved TWA's summer schedules only until May 31 (instead of until the end of the summer season in October), refused traffic rights between Cairo and Bombay, and continued to restrict traffic rights between Rome/Athens and Cairo. TWA's rights are provided for in the Air Transport Services Agreement between the United States and Egypt. The unilateral and restrictive actions of the Egyptian authorities have significantly impaired the rights and competitive opportunities of the U.S. carrier. In these circumstances the Department is not prepared to approve tariffs of direct competitive benefit to EgyptAir while TWA's problems remain unresolved.

Therefore, we have decided to investigate the lawfulness of EgyptAir's proposed inaugural and standby fares, and to suspend them pending completion of the investigation. We shall submit this order to the President pursuant to Section 801(b) of the Federal Aviation Act of 1958, as amended. 1/

^{1/} Section 1002(j) of the Act authorizes the Department to take this action in the circumstances presented. Section 801(b) of the Act states that the Department shall submit any order suspending a fare or proposed fare in foreign air transportation pursuant to section 1002(j) to the President.

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 Appendix, 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 completion of the investigation and decision by the Department, we suspend and defer the use of the tariff provisions in the attached Appendix from May 18, 1985, to and including May 17, 1986, unless otherwise ordered by the Department, and shall permit no changes to be made therein during the period of suspension except by order or special permission of the Department;
- We shall submit this order to the President 2/ and, unless disapproved by the President within ten days, it shall become effective May 18, 1985; and
- 4. We shall file copies of this order in the aforesaid tariff and serve them on EgyptAir and the Ambassador of Egypt in Washington, D.C.

By:

MATTHEW V. SCOCOZZA
Assistant Secretary for Policy
and International Affairs

(SEAL)

^{2/} We submitted this order to the President on May 6, 1985.

Transatlantic Passenger Fares Tariff

No. A-2, C.A.B. No. 102

Issued by Official Airline Guides, Inc., Agent

On 9th Revised Page 226-B: Rule 316

On Original Page 226-I: Rule 322

On Original and 1st Revised Page 1350-K:

The fares designated "YIG" and "YU" Between New York City and Cairo, Egypt.

WASHINGTON

May 13, 1985

MEMORANDUM FOR DAVID L. CHEW

STAFF SECRETARY

FROM:

JOHN G. ROBERTS

ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT:

DOT International Aviation Decision:

Miami -- London

Our office has reviewed the above-referenced Department of Transportation International Aviation decision, 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 Secretary of Transportation prepared by OMB.

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May 15, 1985

WHITE HOUSE STAFFING MEMORANDUM

ACTION/CONCURRENCE/COMMENT DUE BY:

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WASHINGTON

May 16, 1985

MEMORANDUM FOR DAVID L. CHEW

STAFF SECRETARY

FROM:

JOHN G. ROBERTS

ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT:

DOT International Aviation Decisions:

Jet East, Inc. and Pegasus Airlines, Inc.

Our office has reviewed the above-referenced Department of Transportation International Aviation decisions, 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 these orders or to the substance of the letter from the President to the Secretary of Transportation prepared by OMB.

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

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