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**Collection:** Roberts, John G.: Files  
**Folder Title:** JGR/Pan Am United Pacific Route  
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THE WHITE HOUSE

WASHINGTON

January 8, 1986

Dear Nancy:

Thank you for your letter on aviation negotiations with Japan to substitute United for Pan Am on Pacific route designations. In that letter you urged that the Administration not agree to concessions to obtain Japanese agreement to the designation of a new United States carrier.

As you know, negotiations are proceeding with the Japanese, and, as you suspected might be the case, it appears that the Japanese are attempting to obtain concessions in exchange for agreeing to the new designation. While I cannot comment on the specifics of the negotiations, it is in fact our policy to resist such concessions, and our negotiators are doing everything possible to accomplish the new designation in a timely fashion without adverse consequences to the United States. I understand that you have been in touch with some of the officials involved. Please be assured that they appreciate the concerns expressed in your letter.

With all best wishes,

Sincerely,

Orig. signed by FFF

Fred F. Fielding  
Counsel to the President

Ms. Nancy Clark Reynolds  
Wexler, Reynolds, Harrison & Schule, Inc.  
1317 F Street, N.W., Suite 600  
Washington, D.C. 20004

FFF:JGR:aea 1/8/86  
bcc: FFFielding/JGRoberts/Subj/Chron

THE WHITE HOUSE

WASHINGTON

January 8, 1986

MEMORANDUM FOR FRED F. FIELDING

FROM:

JOHN G. ROBERTS 

SUBJECT:

Pan Am/United Pacific Route

Nancy Reynolds has written concerning the pending negotiations with the Japanese to obtain their agreement for United to replace Pan Am on routes into Japan. As you know, the Department of Transportation approved, and the President did not disapprove, the transfer of Pan Am's Pacific routes to United. United must now replace Pan Am as a designated U.S. carrier in our bilateral aviation agreements with Japan and the other Pacific destinations. Under our bilateral agreement with Japan, the U.S. has the right to designate the carriers to land in Japan -- replacing Pan Am with United should be pro forma. As Reynolds points out in her letter, however, the Japanese have exploited such occasions in the past to obtain unilateral concessions in other areas. Reynolds urges the Administration to resist any such efforts in this case. Reynolds attached a copy of an earlier letter to the President from ten Senators, making the same point.

I have been trying to determine what happened to the response to the letter from the Senators before fashioning a reply to Reynolds. The incoming was staffed to USTR for response, but apparently was lost in the system between State and USTR. Only now are State and USTR preparing a reply.

According to the responsible officials at USTR and State, what Reynolds and the Senators suspected would happen has in fact occurred: the Japanese are seeking concessions before approving the substitution of United for Pan Am. Our negotiators are taking the course urged by Reynolds, and resisting any concessions. Reynolds has contacted the USTR officials directly. A story on this problem appeared in today's Post federal page (attached).

The attached reply for Reynolds notes that it is the Administration's policy to resist any concessions.

Attachment

*CA005*

**WHITE HOUSE  
CORRESPONDENCE TRACKING WORKSHEET**

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

Name of Correspondent: Nancy Clark Reynolds

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

Subject: Pan Am / United Pacific Route

ROUTE TO:		ACTION	DISPOSITION		
Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Completion Date YY/MM/DD
<u>W Holland</u>		ORIGINATOR	<u>851/2102</u> <sup>WS</sup>		<u>1/1</u>
		Referral Note:			
<u>WAT18</u>		<u>D</u>	<u>851/2103</u> <sup>WS</sup>		<u>5851/21/3</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
- 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, OEOP).  
Always return completed correspondence record to Central Files.  
Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

70 J14

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ANNE WEXLER  
NANCY CLARK REYNOLDS  
GAIL HARRISON  
ROBERT M. SCHULE

SUITE 600  
1317 F STREET, NORTHWEST  
WASHINGTON, D. C. 20004  
(202) 638-2121

November 27, 1985

369065 *cu*

The Honorable Fred F. Fielding  
Counsel to the President  
The White House  
Washington, D.C. 20500

Dear Fred:

As you know, the President approved the Pan American/United Pacific route transfer yesterday. Now the United States must seek the agreement of Japan for the transaction to be completed.

We have talked about the unfortunate history of previous aviation negotiations with Japan. In fact, that history is already beginning to repeat itself. We understand that Japan has indicated it wishes to open new aviation issues with the United States before it agrees to accept United's designation. This could be the beginning of still more concessions to Japan.

I thought you would be interested in the enclosed letter from several Senators that expresses our concerns quite well. It seems to me that in response to this letter, the President could set forth a policy that would give guidance to the negotiators which, in turn, would help assure there will be no adverse consequences to the United States in the negotiations. I wonder if you agree?

In light of previous experience, it is particularly important that there be a prohibition against any informal agreement to accept the designation in exchange for future rights for Japan. This is the most likely course of events and can be just as damaging as an outright deal.

As always, I am grateful for the time and attention you have given me on this issue.

Sincerely yours,



Nancy Clark Reynolds

Enclosure

BOE PACKWOOD, OREGON, CHAIRMAN

BOB DOLE, KANSAS  
WILLIAM V. ROTH, JR., DELAWARE  
JOHN C. DANFORTH, MISSOURI  
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# United States Senate

COMMITTEE ON FINANCE  
WASHINGTON, DC 20510

WILLIAM DIEFENDERFER, CHIEF OF STAFF  
MICHAEL STERN, MINORITY STAFF DIRECTOR

November 12, 1985

The Honorable Ronald Reagan  
The White House  
Washington, D.C. 20500

Dear Mr. President:

You have before you for review a decision by the Secretary of Transportation to approve the transfer of Pan American's Pacific route system to United Airlines.

Approval of this transaction will require the United States to send a diplomatic note to Japan and other Asian nations designating United Airlines to replace Pan American on the Pacific routes.

If previous U.S.-Japan aviation relations are any guide to the future, Japan will demand concessions from the United States before it accepts the new designation, despite the fact that the United States has always claimed the absolute right to name which U.S. airlines will serve the Pacific routes. Japan has a long history of making such demands in identical circumstances. In each case, the U.S. has agreed to concessions that have benefited Japanese carriers and harmed U.S. flag airlines that were not parties to the transaction. This pattern simply must not be repeated.

It is our emphatic view that under no circumstances should this private transaction between United and Pan American be allowed to harm the current rights and future opportunities of other U.S. carriers in the Pacific.

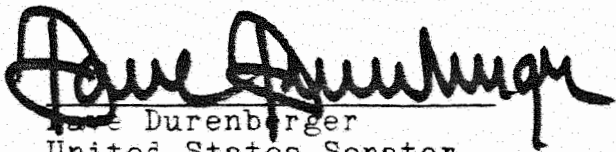
Therefore, if you determine that this transaction should be approved, we urge you to require an absolutely vital condition--that in negotiating the change in designation of air carriers, the United States will agree to no concessions that grant additional rights for Japanese air carriers or that will impose any restrictions on U.S. airlines not parties to the United/Pan American agreement. In addition, such a condition should expressly prohibit any informal understanding or agreement that future concessions will be granted in return.

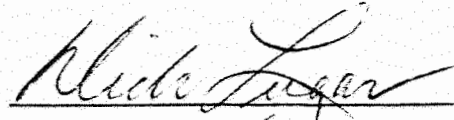
The President  
November 12, 1985  
Page Two

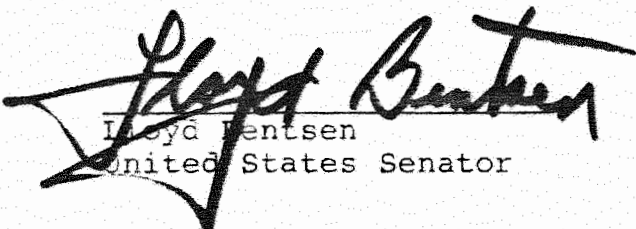
In our view, the United States negotiators will be on firm ground if they have direct instructions from you that they can make no concessions. There is no reason whatsoever that any other airlines or any other United States businesses should have to give something up in order to have the transaction approved by Japan or any other country.


We would appreciate your personal assurance that there will be no concessions in any negotiations that follow your decision.

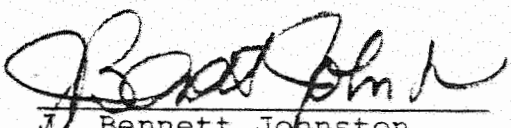
Sincerely,

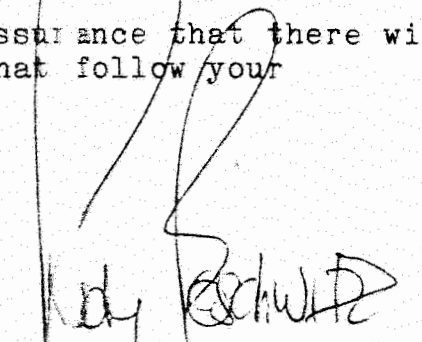
  
Dan Durenberger  
United States Senator

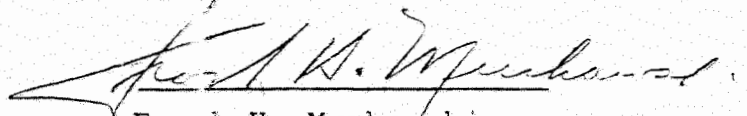
  
Richard G. Lugar  
United States Senator

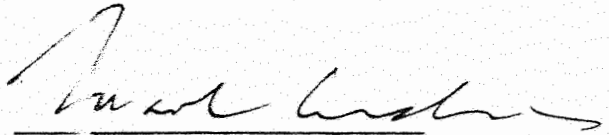
  
Lloyd Bentsen  
United States Senator

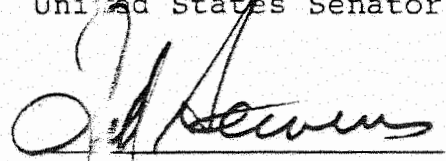
  
Wendell H. Ford  
United States Senator

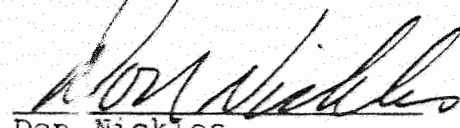
  
Bennett Johnston  
United States Senator

  
Rudy Boschwitz  
United States Senator

  
Frank H. Murkowski  
United States Senator

  
Mark Andrews  
United States Senator

  
Ted Stevens  
United States Senator

  
Don Nickles  
United States Senator