**The original documents are located in Box 20, folder "1975/01/03 S3481 International Air Transportation Fair Competitive Practices Act of 1974" of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.**

APPROVED
JAN 3 - 1975

ACTION

THE WHITE HOUSE

WASHINGTON

Last Day: January 4

Posted 1/4/75

To Archives 1/6/75

January 1, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: KEN COLE

SUBJECT: Enrolled Bill S. 3481
International Air Transportation Fair Competitive Practices Act of 1974

Attached for your consideration is S. 3481, sponsored by Senators Cannon, Cotton and Magnuson, which:

-- Provides for Federal agency review and action on discriminatory or unfair international air transportation practices or user charges;

-- requires the CAB to establish compensatory air mail transportation rates;

-- promotes the use of U.S. flag air carriers in international transportation;

-- requires ticket agents to charge the currently effective tariff for air transportation; and

-- prohibits rebates by air freight shippers.

OMB recommends approval and provides additional background information in its enrolled bill report (Tab A).

Max Friedersdorf and Phil Areeda both recommend approval.

RECOMMENDATION

That you sign S. 3481 (Tab B).

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

DEC 26 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 3481 - International Air Transportation Fair Competitive Practices Act of 1974
Sponsors - Sen. Cannon (D) Nevada, Sen. Cotton (R) New Hampshire and Sen. Magnuson (D) Washington

Last Day for Action

January 4, 1975

Purpose

Provides for Federal agency review and action on discriminatory or unfair international air transportation practices or user charges; requires the CAB to establish compensatory air mail transportation rates; promotes the use of U.S. flag air carriers in international transportation; requires ticket agents to charge the currently effective tariff for air transportation; and prohibits rebates by air freight shippers.

Agency Recommendations

| | |
|---|---|
| Office of Management and Budget | Approval |
| Department of Transportation | Approval (Signing statement attached) |
| Department of State | Approval |
| Civil Aeronautics Board | No objection |
| U. S. Postal Service | No objection |
| Department of Justice | Defers to other agencies |
| Department of the Treasury | No objection (Informally) |
| Council on International Economic Policy | Approval |

Discussion

S. 3481 would direct various Federal agencies, including Treasury, State, DOT, and the Civil Aeronautics Board, to review discriminatory and unfair competitive practices to which U.S. air carriers are subjected and to work to eliminate those practices, including requesting new authorizing legislation where necessary. It would require an annual report from the CAB to the Congress on these actions.

The bill would also direct the Secretary of Transportation (1) to determine whether user charges at foreign points unreasonably exceed comparable charges for furnishing such airport and airway property in the U.S. or are otherwise discriminatory; and if so, (2) to negotiate with the country concerned to reduce its charges and in the absence of such reduction to impose compensatory charges with prior approval of the Secretary of State on the air carriers of the country concerned. It will be difficult to implement this section because it is extremely difficult to determine what charges are "comparable" since different forms of airport ownership and management apply in the different countries. In addition, under the Chicago Convention, the U.S. may retaliate for discriminatory charges, but not for merely excessive charges which are not discriminatorily applied. Accordingly we could be accused of unjustified discrimination. In letters to the Senate and House Commerce Committees, State pointed out that this could set a precedent which could invite retaliation by other countries. However, in its views letter on the enrolled bill, State indicates that the bill refers to "unreasonably" excessive charges and that in view of this, "we would expect that in practice U.S. interpretation and implementation of these provisions would be consistent with our treaty obligations inasmuch as such retaliatory measures as might be necessary would be applied in all cases where discrimination had been shown."

The bill would require the CAB to act expeditiously on proposed changes in the rates for transportation of mail by U.S. flag international carriers. It would require that in establishing mail rates for U.S. flag carriers, the CAB consider (1) the rates for transporting mail established by the international Universal Postal Union (UPU); (2) all of the ratemaking elements employed by the UPU in fixing its airmail rates; and (3) the competitive disadvantage to U.S. flag carriers resulting from foreign carriers receiving UPU rates. This bill would require the CAB to reexamine the temporary rates it established in early November 1974, in light of the requirements of these provisions.

The mail rates provisions are a vast improvement over the House-passed version of the bill, which would have required that U.S. carriers receive the same rate as the UPU rates, which are excessively high and unrelated to costs. Currently, only about two percent of U.S. mail moves at the UPU rates, when no other carriage is available. The UPU rate if applied to all U.S. carriers would be inflationary and contain elements of a subsidy. The U.S. Postal Service estimated that the application of UPU rates would cost over $95 million per year and would raise the international airmail rate from 21 and 26 cents to 27 and 35 cents per half ounce. It is estimated that Pan American would have received about 40 percent and TWA about 20 percent of that increase, since they carry the largest volume of mail.

The bill would also encourage private citizens to use U.S. carriers in all travel between the U.S. and other countries and would require that all U.S. federally financed travel between the U.S. and other countries or between two points outside the U.S. be on U.S. carriers if possible. This would apply to contractors, subcontractors, and international agencies using U.S. funds notwithstanding earlier State Department concerns with the applicability to international agencies. Because international agencies are often forbidden by their charters from tying their purchases to a particular country, the State Department asked, in letters to the Senate and House Commerce Committees, that international agencies be exempted. In its views letter on the enrolled bill State did not object to this provision.

The bill would extend the Federal Aviation Act to require ticket agents as well as air carriers to observe currently effective tariffs and charges for air transportation. Currently, the prohibition against charging other than current rates applies only to domestic and foreign air carriers, and not to ticket agents. This provision would also authorize the CAB to inspect all records of air carriers and ticket agents. As a practical matter, this may encourage foreign entities to keep their records abroad, beyond the CAB's authority.

The bill would also generally prohibit the solicitation or acceptance of rebates respecting shipping rates and other practices resulting in paying other than the current tariffs. Current law forbids air carriers from such practices.

In its views letter on the enrolled bill, the CIEP comments and recommends as follows:

> "S. 3481 is basically an unnecessary and unsatisfactory bill which will provide little financial relief for US international carriers and cause a number of problems in its implementation. These problems are not, however, so great that I would urge a veto.
>
> "Therefore, given the fact that the bill (1) has strong labor support, (2) would be tangible evidence of Administration support of our international carriers, and (3) no longer mandates UPU rates, I recommend the President sign S. 3481."

We concur in these comments and, accordingly, recommend your approval of the bill.

Wilfred H. Rommel

Wilfred H. Rommel
Assistant Director for
Legislative Reference

Enclosures

THE GENERAL COUNSEL OF THE TREASURY

WASHINGTON, D.C. 20220

DEC 24 1974

Director, Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Attention: Assistant Director for Legislative Reference

Sir:

Your office has asked for the views of this Department on the enrolled enactment of S. 3481, "To amend the Federal Aviation Act of 1958 to deal with discriminatory and unfair competitive practices in international air transportation, and for other purposes."

Section 2 of the enrolled enactment would require the Department of State, the Department of the Treasury, the Department of Transportation, the Civil Aeronautics Board and other agencies to keep under review all forms of discrimination or unfair competitive practices to which United States air carriers are subject in providing foreign air transportation services and each would be required to take appropriate action within its jurisdiction to eliminate such forms of discrimination or unfair competitive practices found to exist.

Section 3 would provide that if the Secretary of Transportation determines that excessive or discriminatory charges are being made for the use of foreign airport property or airway property, the Secretary of State (in collaboration with the Civil Aeronautics Board) shall undertake negotiations to reduce charges which are excessive or eliminate charges which are discriminatory. If, within a reasonable time, the charges are not reduced or eliminated by negotiation, the Secretary of the Treasury would be required (with approval of the Secretary of State) to impose charges on the air carrier or carriers of the foreign country concerned. Amounts collected by reason of such charges would be paid into an account established by the Secretary of the Treasury for the purpose of compensating United States air carriers for excessive or discriminatory charges paid by them to the foreign countries involved.

Section 5 of the enrolled enactment would encourage travel to and from the United States on United States carriers and would require that transportation of government-financed passengers and property be on United States carriers.

The Department would have no objection to a recommendation that the enrolled enactment be approved by the President insofar as sections 2, 3 and 5 are concerned.

Sincerely yours,

Edwin D. Adler

General Counsel

THE WHITE HOUSE

ACTION MEMORANDUM WASHINGTON LOG NO.: 864

Date: December 28, 1974 Time: 10:00 a.m.

FOR ACTION: Mike Duval ok Ross
Phil Areeda ok DM+SS
Max Friedersdorf ok - omit statement
Paul Theis ok

cc (for information): Warren Hendriks
Jerry Jones

FROM THE STAFF SECRETARY

DUE: Date: Monday, December 30 Time: 1:00 p.m.

SUBJECT:

Enrolled Bill S. 3481 - International Air Transportation Fair Competitive Practices Act of 1974

ACTION REQUESTED:

____ For Necessary Action
____ For Your Recommendations
____ Prepare Agenda and Brief
____ Draft Reply
XX For Your Comments
____ Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

THE WHITE HOUSE

ACTION MEMORANDUM WASHINGTON LOG NO.: 864

Date: December 28, 1974 Time: 10:00 a.m.

FOR ACTION: Mike Duval
Phil Areeda
Max Friedersdorf
Paul Theis

cc (for information): Warren Hendriks
Jerry Jones

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____ For Your Comments
____ For Your Recommendations
____ Draft Reply
____ Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

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Warren K. Hendriks
For the President

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR: WARREN HENDRIKS

FROM: MAX L. FRIEDERSDORF

SUBJECT: Action Memorandum - Log No. 864
Enrolled Bill S. 3481

The Office of Legislative Affairs concurs in the attached proposal and has no additional recommendations.

Attachment

sent to Mike 12/30

THE WHITE HOUSE

ACTION MEMORANDUM WASHINGTON LOG NO.: 864

Date: December 28, 1974 Time: 10:00 a.m.

FOR ACTION: Mike Duval
Phil Areeda
Max Friedersdorf
Paul Theis

cc (for information): Warren Hendriks
Jerry Jones

FROM THE STAFF SECRETARY

---

DUE: Date: Monday, December 30 Time: 1:00 p.m.

---

SUBJECT:

Enrolled Bill S. 3481 - International Air Transportation Fair Competitive Practices Act of 1974

ACTION REQUESTED:

____ For Necessary Action ____ For Your Recommendations

____ Prepare Agenda and Brief ____ Draft Reply

____ For Your Comments ____ Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

1) Sign the bill
2) Omit the signing statement because
- It suggests we consider this to be good legislation, which we don't
- It may be understood to commit the President to all aspects of DoT's "Action Plan" when there are significant inter-agency disagreement.

O/C

P. Areeda



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks
For the President

THE WHITE HOUSE

ACTION MEMORANDUM WASHINGTON LOG NO.: 864

Date: December 28, 1974 Time: 10:00 a.m.

FOR ACTION: Mike Duval
Phil Areeda
Max Friedersdorf
Paul Theis 12/30/74

cc (for information): Warren Hendriks
Jerry Jones
ok/JR

FROM THE STAFF SECRETARY

---

DUE: Date: Monday, December 30 Time: 1:00 p.m.

---

SUBJECT:

Enrolled Bill S. 3481 - International Air Transportation Fair Competitive Practices Act of 1974

ACTION REQUESTED:

____ For Necessary Action ____ For Your Recommendations

____ Prepare Agenda and Brief ____ Draft Reply

____ For Your Comments ____ Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks
For the President

# DRAFT STATEMENT

Remarks of President Ford upon signing S. 3481

I take great pleasure in signing S. 3481, the International Air Transportation Fair Competitive Practices Act. This act symbolizes Congressional support of the Administration's Federal Action Plan to improve the economic viability of U. S. flag international air service. The Bill also signifies that the executive and legislative branches of the Federal Government are determined to improve the competitive opportunities of U. S. flag international air carriers. I am particularly pleased that the Bill omits Federal subsidies, either direct or indirect.

OFFICE OF THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

GENERAL COUNSEL

December 20, 1974

Honorable Roy L. Ash
Director, Office of Management and Budget
Washington, D. C. 20503

Dear Mr. Ash:

You have asked for our comments on S. 3481, an enrolled bill

> "To amend the Federal Aviation Act of 1958 to deal with discriminatory and unfair competitive practices in international air transportation, and for other purposes."

Section 2 of the enrolled bill requires the Civil Aeronautics Board to report annually to Congress on the actions that have been taken to eliminate discrimination and unfair competitive practices faced by United States carriers in foreign air transportation. We would have preferred that the Department of State, rather than the CAB, be made responsible for the report to Congress.

Section 3 of the enrolled bill requires the Department of State to report to the Secretary of Transportation negative results of negotiations to eliminate discrimination with respect to charges made to air carriers by foreign countries. The Secretary of Transportation would then be required to determine the amount and certify the payment of compensating charges equal to such excessive discriminatory charges to the air carriers involved. Such compensatory charges would, with the approval of the Secretary of State, be imposed on the foreign air carriers of the country concerned by the Secretary of the Treasury. Amounts so collected would be used to compensate United States air carriers for excessive or discriminatory charges paid by them to the foreign countries involved.

We have a number of reservations concerning the provision establishing a fund for compensating U.S. air carriers. First, we would hope that the problem of excessive and discriminatory charges could be handled successfully by the Secretary of State through the negotiations conducted

with the foreign countries involved. Secondly, failing success in that area, we would prefer to look to action on the part of the CAB under Part 213 of their Economic Regulations. Finally, we are concerned that any attempt to retaliate against "excessive" charges imposed on our carriers by foreign countries might be inconsistent with our international obligations.

We are gratified to see that Section 4 of the bill does not require the payment of Universal Postal Union (UPU) rates. The provisions on rates for transportation of U. S. mail in foreign air transportation now in Section 4 are in general accord with our earlier recommendations to the Congress.

We support Section 5 of the bill (Transportation of Government-Financed Passengers and Property) as well as Section 6 of the bill (Promotion of Travel on United States Carriers in Foreign Air Transportation). These provisions are in general accord with our Action Plan to aid United States flag international carriers without subsidy.

Sections 7 and 8 require the observance of tariffs by ticket agents and prohibit solicitation or acceptance of rebates by shippers of air freight. The existing law applies only to air carriers and foreign carriers. Should this increased coverage prove to be insufficient, it is our intention to submit additional legislation as may be necessary.

While there are some provisions in the enrolled bill which are not in accord with our earlier recommendations, the provision which would have made the bill unacceptable--payment of UPU rates--is not in the legislation. The enrolled bill is now supportive of and is generally consistent with the Administration's Federal Action Plan. We, therefore, recommend that the President sign the enrolled bill. We have enclosed a draft statement for use by the President upon signing S. 3481.

Sincerely,

Rodney E. Eyster
General Counsel

Enclosure

DRAFT STATEMENT

Remarks of President Ford upon signing S. 3481

I take great pleasure in signing the International Air Transportation Fair Competitive Practices Act because it symbolizes Congressional support of the objectives of the Administration's Federal Action Plan to improve the economic viability of all scheduled and charter U. S. flag international air service. The Bill also signifies that all branches of the Federal Government are determined to improve the competitive opportunities of U. S. flag international air carriers. I am particularly pleased that the Bill omits Federal subsidies, either direct or indirect.

DEPARTMENT OF STATE

Washington, D.C. 20520

DEC 20 1974

Honorable Roy L. Ash
Director, Office of
Management and Budget
Washington, D. C. 20503

Dear Mr. Ash:

In response to your request of December 19, our views and recommendations on enrolled bill S.3481 are as follows:

This legislation was initiated at the instance of Pan American and TWA. While its objectives are consistent with the Administration's Seven-Point Program to help improve the financial condition of US carriers, Section 3 could involve the United States Government in actions inconsistent with international agreements and could have some adverse effects on the long-run position of the US carriers the bill is intended to help. While we remain opposed to the provisions of Section 3 in their present form, we would not, in the light of other positive aspects of the legislation, recommend veto.

Section 2 of this legislation contains a declaration of policy and a request for an annual report by the Civil Aeronautics Board on discrimination and unfair competitive practices to which US flag air carriers are subject in foreign air transportation.

Section 3 requires the Secretary of Transportation to survey foreign charges for airports and airways and if he determines that such charges "unreasonably exceed comparable charges for furnishing such airport property or airway property in the United States or are otherwise discriminatory," this Department in collaboration with the CAB is required to seek reduction of the charges or elimination of the discrimination through negotiations. If these are unsuccessful, compensating charges are to be imposed on the carriers of the foreign government concerned and these amounts paid to the US carriers who were required to pay excessive or discriminatory charges.

In the case of discriminatory charges, this provision reinforces our current policy. However, insofar as charges which are simply excessive are concerned, there could be a problem, since the International Civil Aviation Convention (Chicago 1946) and our individual bilateral air transport agreements forbid discrimination among carriers of different nations in respect to airport charges. Thus this legislation could well stimulate the allegation that the United States proposed to create an unjustified discrimination. In response we would point out that the legislation does not apply simply to excessive charges, but to "unreasonably" excessive charges, which we believe is properly interpreted to mean discriminatory charges. This view is substantiated by the language of Section 3 where it refers to unreasonably excessive charges or charges which "are otherwise discriminatory." Thus, we would expect that in practice U.S. interpretation and implementation of these provisions would be consistent with our treaty obligations inasmuch as such retaliatory measures as might be necessary would be applied in all cases where discrimination had been shown.

Section 4 requires the Secretary of State to oppose any present or proposed Universal Postal Union rates which are higher than fair and reasonable rates. We support this provision. However, we would note that an opportunity to challenge the existing Universal Postal Union rates will not occur until 1979.

Section 5 requires the use of U.S. carriers where a payment is by the United States Government or with funds granted by the United States Government. It also applies this requirement where the United States Government furnishes transportation without reimbursement to foreign nations or international agencies or other international organizations. This provision addresses one of the objectives of the Administration's Seven-Point Program.

Section 6 adds to the international travel act of 1961, the additional objective to "encourage to the maximum extent feasible travel to and from the United States on U.S. carriers." This is another item in

the Administration's Seven-Point Program. Although we have received protests from the British, French and the International Chamber of Commerce against this aspect of the Seven Point Program, it is our view that this objective can be carried out consistently with our obligations and in such a way as to help assure that U.S. carriers receive a fair competitive share of the international traffic serving the United States.

For these reasons we recommend approval of this legislation.

Sincerely,

Linwood Holton
Assistant Secretary
for Congressional Relations

CIVIL AERONAUTICS BOARD

WASHINGTON, D.C. 20428

IN REPLY REFER TO: B-30-39

December 23, 1974

Honorable Roy L. Ash
Director, Office of Management
and Budget
Washington, D. C. 20503

Dear Mr. Ash:

As your staff was advised earlier today, the Board does not object to S.3481, as adopted by the Congress on December 19, 1974, being signed by the President into law.

While the Act may present various problems of administration, particularly in respect to section 3 ("International User Charges"), it is the Board's view that the Act will have a net beneficial impact.

Sincerely,

Thomas J. Heye
General Counsel

LAW DEPARTMENT
Washington, DC 20260

Dear Mr. Rommel:

This responds to your request for the views of the Postal Service with respect to the enrolled bill:

S. 3481, the "International Air Transportation Fair Competitive Practices Act of 1974."

1. Purpose of Legislation. The interest of the Postal Service in this legislation centers on section 4. That section requires the Secretary of State and the Postmaster General to take whatever actions are appropriate to attempt to assure that the rates paid for the transportation of mail pursuant to the Universal Postal Union shall not be higher than fair and reasonable rates for such services. The section also requires the Civil Aeronautics Board to act expeditiously on pending changes in international mail transportation rates and, in fixing such rates, to take into consideration UPU rates and related matters.

2. Position of the Postal Service. On June 24, 1974 the Postal Service filed the attached report opposing an earlier version of section 4 of the bill which would have required the Postal Service to pay the same international mail rates to U.S. flag carriers that it pays to foreign air

carriers. During the course of the consideration of the bill the section opposed by the Postal Service was eliminated and the present text of section 4 was inserted as a compromise. Accordingly, the Postal Service no longer has any reason to object to the enactment of the legislation.

3. Timing.

We have no recommendation to make as to when the measure should be signed.

4. Costs or Savings.

At this time it is not possible to predict whether section 4 will result in any additional costs or savings to the Postal Service.

5. Recommendation of Presidential Action.

The Postal Service does not object to Presidential approval of S. 3481.

Sincerely,

W. Allen Sanders

W. Allen Sanders
Assistant General Counsel
Legislative Division

Attachment:

Postal Service report to Chairman Staggers dated June 24, 1974.

Mr. W.H. Rommel
Assistant Director
Legislative Reference
Office of Management
and Budget
Washington, D.C. 20503

LAW DEPARTMENT
Washington, DC 20260

June 24, 1974

Dear Mr. Chairman:

This responds to your request for the views of the Postal Service on H.R. 14266, legislation to amend the Federal Aviation Act of 1958 (the Act).

Section 4 of the bill would amend subsection (h) of section 406 of the Act (49 U.S.C. 1376) to add the requirement that the Civil Aeronautics Board fix rates no lower for transportation of non-military mail by a U.S. flag carrier between the United States and a foreign country than the rates payable by the Postal Service to a foreign air carrier transporting mail between the same two countries. Since this measure proposes an unwarranted subsidy to air carriers to be paid by the Postal Service, the Postal Service opposes its enactment.

The international rates which section 4 would require the Postal Service to pay, as a minimum, to U.S. carriers over international routes are Universal Postal Union rates fixed for political and operational reasons at levels sharply higher than can be justified for payment by the United States to U.S. flag carriers. First of all, the UPU rates reflect principally the mean level of projected unit operating costs submitted to the International Air Transport Association by member airlines. Since most members are high-cost, short-haul carriers, often operated to "show the flag" with high redundancy in employment as a matter of national policy, the mean figure generated by this system bears little relation to the costs of the relatively efficient long-haul U.S. carriers. In addition, the reliability of cost projections submitted to the international organization is questionable compared to that of the actual cost figures required for submission before CAB rate proceedings, which can be

tested through cross-examination if a hearing is conducted or by comparison to disclosure reports on public file. A second factor in the UPU rate -- a series of arbitrary percentage surcharges for priority service, special handling, development of air service, and value of service -- makes the rate even less responsive to the actual costs of U.S. carriers. The resulting distortion in the rate structure is apparent from a comparison of the CAB-fixed airmail rate, which varies from a low of $0.288 per ton-mile in the Pacific area to a high of $0.325 in the Latin American area, with the UPU airmail rate to be introduced this summer for letters and cards of $1.90 per comparable mileage standard.

To require the CAB ~~to fix international rates at least~~ as high as the UPU rates would be a drastic departure from the principles now applicable to the setting of rates by the Board for the carriage of mail by air. Section 406(a) of the Act, 49 U.S.C. 1376(a), requires above all that such rates be fair and reasonable. The idea that postal ratepayers should subsidize the airlines through the rates set by the Board was rejected over 20 years ago. Reorganization Plan No. 10 of 1953, 67 Stat. 644; Act §406(c), 49 U.S.C. 1376(c). Protection of the air transportation industry is important; but such protection should not be provided at the expense of the Postal Service which has extremely difficult problems of its own to solve.

The subsidy proposed by section 4 would not serve in any way the stated purposes of this legislation to deal with discrimination and unfair competition in international air transportation. Section 406(h) of the Act already requires the Postmaster General to see that he pays no higher rate to a foreign air carrier than the rate the foreign country pays to U.S. flag carriers. Since the UPU rates are inordinately high, the Postal Service uses foreign flag carriers only where U.S. flag service is non-existent or infrequent. For example, in fiscal year 1973, U.S. flag carriers provided international transportation for non-military United States mail totaling 110,628,000 ton-miles, compared to 1,397,000 ton-miles provided by foreign flag carriers. To require the United States to pay its own carriers the UPU rates just because the United States is required by international agreement to pay those inflated rates in the relatively few situations where foreign flag service is used, and even though other countries are required to reciprocate, would tend in no way to encourage the UPU rates to be set at a proper level and would result only in a windfall to the airlines.

For the reasons stated, the Postal Service urges that section 4 of this bill be deleted if the bill is to be favorably considered.

Sincerely,

W. Allen Sanders

W. Allen Sanders
Assistant General Counsel
Legislative Division

Honorable Harley O. Staggers
Chairman, Committee on Interstate
and Foreign Commerce
House of Representatives
Washington, D.C. 20515

ASSISTANT ATTORNEY GENERAL
LEGISLATIVE AFFAIRS

# Department of Justice
Washington, D.C. 20530

DEC 23 1974

Honorable Roy L. Ash
Director, Office of Management
and Budget
Washington, D.C. 20503

Dear Mr. Ash:

In compliance with your request, I have examined a facsimile of the enrolled bill (S. 3481), "To amend the Federal Aviation Act of 1958 to deal with discriminatory and unfair competitive practices in international air transportation, and for other purposes".

The bill would direct Government agencies, specifically the Departments of State, Treasury, and Transportation, the Civil Aeronautics Board, and the Postal Service, to review the different forms of discrimination and unfair competitive practices to which U.S. air carriers are subject and to act to eliminate such practices. It would set up machinery to deal with such specific practices as unfair or discriminatory airport and airway user charges and inequitable payments for the international transportation of mail; it would require the preferred use of U.S. flag carriers when performing service to be paid from U.S. Government funds; and it would further direct the encouragement of travel to and from the United States on U.S. flag carriers by the Department of Commerce. These provisions would be effected through amendments to the International Aviation Facilities Act (49 U.S.C. 1151-1160), the Federal Aviation act of 1958 (49 U.S.C. 1376, 1501-1513) and the International Travel Act of 1961 (22 U.S.C. 2122).

Since the avowed purpose of the bill is to strengthen the authority of the named agencies to deal with various unfair practices of foreign governments and foreign air carriers, the amendments would be necessary to confer such authority because at present the referenced statutes do not contain the specific requirements which are in S. 3481.

The Department of Justice defers to the interested agencies named in S. 3481 as to recommendations for Executive action.

Sincerely,

W. Vincent Rakestraw
Assistant Attorney General

COUNCIL ON INTERNATIONAL ECONOMIC POLICY
WASHINGTON, D.C. 20500

December 23, 1974

MEMORANDUM

FOR: W. H. ROMMEL

FROM: W. D. EBERLE

SUBJECT: CIEP Comments on Enrolled Bill S 3481 (The International Air Transportation Fair Competitive Practices Act of 1974)

This is in response to your request for CIEP views on S 3481.

General Comments

S 3481 is basically an unnecessary and unsatisfactory bill which will provide little financial relief for US international carriers and cause a number of problems in its implementation. These problems are not, however, so great that I would urge a veto.

Therefore, given the fact that the bill (1) has strong labor support, (2) would be tangible evidence of Administration support of our international carriers, and (3) no longer mandates UPU rates, I recommend the President sign S 3481.

Specific Comments

Section 3 - User Charges. By using a test of "unreasonable excess" over comparable US charges, the bill may (as the State Department has noted) violate Section 15 of the Chicago Convention. In addition, such test neglects the main problems with many foreign user charges -- i.e. they are not cost based and often involve cross subsidization in that international flights are used to subsidize domestic flights.

The use of the "unreasonable excess" test could mean that the US would be required to retaliate against higher foreign charges even though they were cost based. To avoid such a result, one would need to argue that an excess was not "unreasonable" if it was cost based; and the legislative history does not seem to suggest such an interpretation.

Section 4 - Mail Rates. The Section 4(2) requirements that the US (1) take appropriate action to ensure UPU rates not "higher than fair and reasonable rates for such service" and (2) oppose present UPU rates will provide no near term relief for our carriers. The next UPU rate setting will not take place for 2-3 years and there is no assurance that the US view would prevail. Furthermore, opposition to present UPU rates provides no meaningful financial relief to US carriers and does not reduce the alleged competitive advantage obtained by foreign carriers when their governments pay them UPU rates.

The Section 4(3) provisions no longer mandate UPU rates for US carriers -- thus removing the major Administration objection to the bill. It merely requires the CAB to "take into account" UPU ratemaking elements (e.g. value of service and development of service). This still leaves the CAB with considerable discretion, and there is apt to be controversy over the precise application of the mandate.

Section 5 and 6. These sections are unnecessary to accomplish the intended results as (1) GSA regulations already require USG personnel and USG financed contractors to use US carriers and (2) the Administration has already instituted a "Fly US Program".

Section 7. Section 7(b) amends the existing Federal Aviation Act to extend CAB inspection powers to foreign carriers. This may create problems when CAB officials seek access to records and documents of foreign carriers located outside the US. We may expect carrier resistance (and possible diplomatic protests) similar to those encountered in 1960 when the Federal Maritime Commission tried to collect documents from foreign shippers pursuant to Section 21 of the Shipping Act of 1916. The grounds for such resistance (or protest) would be that the US does not have jurisdiction over documents, records, etc. outside the US.

Sections 7 and 8. Sections 7 and 8 are, perhaps, the most useful provisions of the bill in that they clear up a dispute over the type of rebates that are illegal which has been handicapping Justice Department efforts to prosecute foreign air carriers for illegal discounting and rebating.

To Norma Hubble
12-26-74
7:00 p.m.

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

DEC 26 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 3481 - International Air Transportation Fair Competitive Practices Act of 1974
Sponsors - Sen. Cannon (D) Nevada, Sen. Cotton (R) New Hampshire and Sen. Magnuson (D) Washington

Last Day for Action

January 4, 1975

Purpose

Provides for Federal agency review and action on discriminatory or unfair international air transportation practices or user charges; requires the CAB to establish compensatory air mail transportation rates; promotes the use of U.S. flag air carriers in international transportation; requires ticket agents to charge the currently effective tariff for air transportation; and prohibits rebates by air freight shippers.

Agency Recommendations

| | |
|---|---|
| Office of Management and Budget | Approval |
| Department of Transportation | Approval (Signing statement attached) |
| Department of State | Approval |
| Civil Aeronautics Board | No objection |
| U. S. Postal Service | No objection |
| Department of Justice | Defers to other agencies |
| Department of the Treasury | No objection (Informally) |
| Council on International Economic Policy | Approval |

93D CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 93-1475

# INTERNATIONAL AIR TRANSPORTATION FAIR COMPETITIVE PRACTICES ACT OF 1974

NOVEMBER 19, 1974.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. STAGGERS, from the Committee on Interstate and Foreign Commerce, submitted the following

## REPORT

together with

## DISSENTING VIEWS

[To accompany H.R. 14266]

The Committee on Interstate and Foreign Commerce, to whom was referred the bill (H.R. 14266) to amend the Federal Aviation Act of 1958 to deal with discriminatory and unfair competitive practices in international air transportation, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments, as they appear in the reported bill, are as follows:

1. On the first page, line 6, strike out "Declaration of Policy" and insert in lieu thereof "Discriminatory and Unfair Competitive Practices".

2. On page 3, beginning in line 6, strike out "section 11 as section 12" and insert in lieu thereof "sections 11 and 12 as sections 12 and 13, respectively,".

3. On page 4, strike out line 16 and all that follows down through line 5 on page 6, and insert in lieu thereof the following:

RATES FOR TRANSPORTATION OF UNITED STATES MAIL IN FOREIGN AIR TRANSPORTATION

SEC. 4. Subsection (h) of section 406 of the Federal Aviation Act of 1958 (49 U.S.C. 1376) is amended by inserting "(1)" immediately after "(h)", and by adding at the end thereof the following new paragraphs:

"(2) The Secretary of State and the Postmaster General each shall take all necessary and appropriate actions to

assure that the rates paid for the transportation of mail pursuant to the Universal Postal Union Convention shall not be higher than the actual cost of transportation of the mail (including a reasonable rate of return on investment). The Secretary of State and the Postmaster General shall oppose any present or proposed Universal Postal Union rates which are higher than the actual costs of the transportation.

"(3) The Civil Aeronautics Board shall act expeditiously on any proposed changes in rates for the transportation of mail by aircraft in foreign or overseas air transportation. Pending final action on any rate proposals contained in Civil Aeronautics Board docket 26487, the Board shall, by December 31, 1974, establish temporary rates based on the best available estimates of the actual cost of transporting the mail, including, but not limited to, the cost of fuel and a reasonable rate of return on investment. In establishing rates under this paragraph the Board shall take into consideration rates paid on the date of the enactment of this paragraph for transportation of mail pursuant to the Universal Postal Union Convention as ratified by the United States Government.".

4. On page 7, line 11, immediately after "Sec. 5." insert "(a)".

5. On page 7, line 12, strike out "1501–1513" and insert in lieu thereof "1501 and the following".

6. On page 7, line 13, strike out "the addition of the" and insert in lieu thereof "adding at the end thereof the".

7. On page 7, strike out lines 15 and 16 and insert in lieu thereof "'Transportation of Government-Financed Passengers and Property".

8. On page 7, line 19, strike out "1114" and insert in lieu thereof "1117".

9. On page 8, immediately after line 22, insert the following:

(b) That portion of the table of contents contained in the first section of the Federal Aviation Act of 1958 which appears under the center heading "TITLE XI—MISCELLANEOUS" is amended by adding at the end thereof the following new item:

"SEC. 1117. TRANSPORTATION OF GOVERNMENT-FINANCED PASSENGERS AND PROPERTY.".

10. On page 9, immediately after line 12, insert the following:

OBSERVANCE OF TARIFFS BY TICKET AGENTS

SEC. 7. (a) The first sentence of section 403(b) of the Federal Aviation Act of 1958 (49 U.S.C. 1373(b)), relating to observance of tariffs and prohibition against rebating, is amended to read as follows: "No air carrier or foreign air carrier or any ticket agent shall charge or demand or collect or receive a greater or less or different compensation for air transportation, or for any service in connection therewith, than the rates, fares, and charges specified in then currently effective tariffs of such air carrier or foreign air carrier; and no air carrier or foreign air carrier or ticket agent shall, in any manner or by any device, directly or indirectly, or



through any agent or broker, or otherwise, refund or remit any portion of the rates, fares, or charge so specified, or extend to any person any privileges or facilities, with respect to matters required by the Board to be specified in such tariffs, except those specified therein.".

(b) The first sentence of section 407(e) of such Act (49 U.S.C. 1377(e)), relating to inspection of accounts and property, is amended to read as follows: "The Board shall at all times have access to all lands, buildings, and equipment of any air carrier or foreign air carrier and to all accounts, records, and memorandums, including all documents, papers, and correspondence, now or hereafter existing, and kept or required to be kept by air carriers, foreign air carriers, or ticket agents and it may employ special agents or auditors, who shall have authority under the orders of the Board to inspect and examine any and all such lands, buildings, equipment, accounts, records, and memorandums.".

COMMITTEE AMENDMENTS

The committee amendments described above make only two substantive changes in the proposed legislation.

First, the Committee Amendment numbered (3) deleted from the original bill Sec. 4 which provided that all rates paid to U.S. carriers for the carriage of international air mail shall be at the Universal Postal Union (UPU) rate. In place of this provision the Committee inserted language which would require the appropriate authorities to oppose any present or proposed UPU rate which is higher than the actual cost of the transportation and would require the CAB to act quickly on any pending change with respect to the mail rates it has set for our international carriers. Pending such action the CAB must establish temporary rates based on all costs and including a reasonable rate of return. The CAB must consider the UPU rates before approval of any new rates.

Second, the committee amendment numbered 10 amends section 403(b) of the Federal Aviation Act, relating to observance of tariffs and prohibiting rebating, to require ticket agents to observe currently effective tariffs and to prohibit rebating by ticket agents.

PURPOSE

The purpose of H.R. 14266 is to deal specifically with several of the major problems that U.S. air carriers operating in foreign air transportation encounter in their competition with foreign air carriers.

First, the bill provides relief to U.S. air carriers operating in international air transportation from discriminatory and unfair competitive practices to which these carriers have been subjected in their competition with foreign air carriers.

Second, the bill requires expeditious action on any proposed changes in rates for transportation of mail by our international carriers and mandates that any UPU rates which are higher than the actual cost of transportation be opposed by the Secretary of State and the Postmaster General.

Third, the bill encourages travel to and from the U.S. on U.S. carriers and requires that transportation of government-financed passengers and property be on U.S. carriers.

Fourth, the bill specifically precludes any ticket agent from charging or collecting a compensation for air transportation which is different from the currently effective tariff for such transportation.

### HEARINGS

The Subcommittee on Transportation and Aeronautics held hearings on H.R. 13824, H.R. 14266, H.R. 14355, H.R. 14394, H.R. 14627, H.R. 14970 and H. Res. 1405 on June 25, 26, July 10, 11 and October 9, 1974.

### COMMITTEE ACTION

On October 9, 1974, the Subcommittee on Transportation and Aeronautics considered the various legislative proposals included in the hearing record and decided to report H.R. 14266. The Subcommittee action was unanimous.

On October 10, 1974, the Committee on Interstate and Foreign Commerce considered H.R. 14266 and by voice vote, ordered the bill reported with two amendments.

### COST ESTIMATE

The Committee estimates that no additional costs to the Federal Government need be incurred by the provisions of H.R. 14266, and makes no specific recommendation for authorization of appropriations.

### BACKGROUND AND NEED

American flag carriers are experiencing severe financial problems in their overseas operations. The Committee recognizes that a major cause of these problems is the substantial increase that has occurred in the price of jet fuel which has risen from a price of approximately 13¢ per gallon in October of 1973 to the present price of 33¢ per gallon.

The Committee feels, however, that the current crisis resulting from the rapid acceleration of fuel prices is only part of the reason our international carriers are having economic problems. These problems are really more deep-seated, and are in great part, the result of difficulties that U.S. carriers in international air transport have been experiencing for a long period of time. These difficulties are directly related to the actions of foreign governments with respect to air travel between their countries and the United States. Simply put, many friendly nations discriminate against our carriers.

H.R. 14266 is a response to this long-term situation and specifically is addressed to what the Committee feels to be the most serious matters affecting our international air transport system. These matters include the discriminatory practices by foreign countries against our carriers, inadequate compensation for carriage of mail, underutilization of U.S. carriers by the U.S. government and citizens in travel to and from the U.S., and the ticketing practices of many travel agents.

## SECTION-BY-SECTION ANALYSIS

### SHORT TITLE

Section 1 provides that this legislation may be cited as the "International Air Transportation Fair Competitive Practices Act of 1974".



### DISCRIMINATORY AND UNFAIR COMPETITIVE PRACTICES

Subsection (a) of section 2 directs the CAB, and the Departments of State, Treasury, and Transportation, and other Federl agencies, to oversee and take appropriate action within their respective jurisdictions for the purpose of eliminating discriminatory or unfair competitive practices to which United States air carriers are subjected in providing foreign air transportation.

Subsection (b) of section 2 provides that when a Government department or agency finds that it does not have adequate authority to deal with any such discriminatory or unfair competitive practice such department or agency shall request from the Congress appropriate legislative authority.

Subsection (c) of section 2 requires that an annual report concerning such discriminatory or unfair competitive practices be provided to the Congress by the CAB.

The Committee notes that discriminatory and unfair competitive practices are prevalent in many of the 85 countries in which our air carriers operate. These practices include the uneven application of national taxes, delays and considerable paperwork requirements imposed on U.S. carriers in currency conversions, preferences for the local carrier in accessibility to airport facilities and services, and denial to U.S. carriers of domestic connecting space within the foreign country.

It is expected by the Committee that the responsible authorities in the U.S. Government act most vigorously to determine where these practices exist and take all possible actions to eliminate the problem.

### INTERNATIONAL USER CHARGES

Section 3 of H.R. 14266 adds a new section 11 to the International Aviation Facilities Act which provides that, if the Secretary of Transportation determines that excessive or discriminatory charges are being made for the use of foreign airport property or airway property, the Secretary of State (in collaboration with the CAB) shall undertake negotiations to reduce charges which are excessive or eliminate charges which are discriminatory.

If, within a reasonable time, the charges are not reduced or eliminated by negotiation, the Secretary of the Treasury shall impose (with the approval of the Secretary of State) charges on the air carrier or carriers of the foreign country concerned. Such charges shall be in an amount determined by the Secretary of Transportation to equal the amount of the charges imposed by such foreign country, which are excessive or discriminatory.

Amounts collected by reason of such charges shall be paid into an account established by the Secretary of the Treasury for the purpose of compensating United States air carriers for excessive or discriminatory charges paid by them to the foreign countries involved.

Evidence was presented to the Committee of several types of unreasonable or discriminatory user charge practices. These practices include efforts to recover costs of all support systems for air transportation from only the international users of such systems, discriminatory assessment of such charges, and imposition of charges that are above the level of reasonableness for the service rendered.

## RATES FOR TRANSPORTATION OF U.S. MAIL IN FOREIGN AIR TRANSPORTATION

Section 4 amends section 406(h) of the Federal Aviation Act of 1958 by adding two new paragraphs.

The new paragraph (2) directs the Secretary of State and the Postmaster General to take all necessary and appropriate actions to limit the rates paid for the transportation of mail pursuant to the Universal Postal Union Convention to the actual costs of such transportation (including a reasonable rate of return on investment). The Secretary of State and the Postmaster General are also directed to oppose any present or proposed UPU rates that exceed such costs of transportation.

The new paragraph (3) added to section 406(h) requires the CAB to act expeditiously on any proposed changes in rates for foreign or overseas air transportation of mail. The C.A.B. is also required by December 31, 1974, to establish temporary rates pending final action on any rate proposals contained in C.A.B. docket 26487. Such temporary rates are to be based on the best available estimates of the costs, including fuel costs and a reasonable rate of return on investment, for the transportation of the mail. The current rates for transporting mail pursuant to the Universal Postal Union Convention (as ratified by the United States) must be considered by the C.A.B. in the establishment of rates under this paragraph.

In dealing with the problems of mail rates, the Committee was faced with a situation in which two different rates are paid to carriers of U.S. international mail.

First, there is the rate for the carriage of international air mail world-wide set by the Universal Postal Union (UPU), an international body of 145 nations that has been in existence since 1874. This is the rate which is paid by the U.S. Postal Service to foreign air carriers carrying U.S. mail from the U.S. to foreign countries.

The UPU Convention provides that every five years a UPU Congress will meet to make any necessary changes in the basic agreement. The most recent of these meetings was in May of 1974 in Lausanne, Switzerland, and the next one is scheduled for 1979 in Rio de Janeiro, Brazil. The presently applicable UPU mail rate was last modified at the Tokyo Congress in 1969. (See Appendix A) Article 65 of the Protocol signed at this Congress provided that the maximum rate that could be charged would be an amount equal to $1.73 per ton mile for carriage of letters and $.577 per ton mile for other mail. The Convention signed at the Lausanne Congress earlier this year did not modify this rate structure although the United States and some other countries attempted to get it lowered.

The second of the two rates paid to carriers of U.S. international mail is the rate set by the CAB pursuant to Sec. 406 of the Federal Aviation Act to be paid to U.S. carriers for the carriage of our international mail.

There is a substantial difference between these rates. The CAB rate is only 30 to 33¢ per ton mile compared to the $1.73 and 58¢ UPU rates for letter and other mail respectively. In attempting to deal with this difference, the Committee decided to reach a compromise. It was felt on the one hand that the UPU rate was too high and was in excess



of the reasonable costs of mail carriage. Therefore the Committee rejected the original provisions of H.R. 14266 which would have provided that our carriers receive the UPU rate for all mail hauled, including U.S. mail. Alternatively, the Committee felt that the CAB had set the mail rates for U.S. mail hauled by our international carriers at too low a point to accurately reflect the cost of carriage.

Sec. 4 is structured so as to require action that will result in the lowering of the UPU rate internationally, while also achieving an increase in the CAB-set mail rate. The new paragraph (2) that was added to Sec. 406(h) of the Federal Aviation Act by the Committee action on H.R. 14266 reflects the displeasure of the members with these excessively high UPU rates. It is the Committee's intent that the Secretary of State and the Postmaster General use all means at their disposal to get the rates changed to more accurately reflect costs. Such means include steps to attempt to obtain the necessary bilateral arrangements with foreign countries to charge less than the UPU maximum on mail carriage between the U.S. and such countries, and steps to promulgate as soon as possible before 1979 a modification, through the mechanism set out in Articles 118 and 119 of the UPU General Regulations of the basic, UPU rate. (See Appendix B).

The new paragraph (3) added to Sec. 406(h) would require the CAB to act expeditiously on any proposed changes in the international mail rate now paid to U.S. carriers by the U.S. Postal Service. In establishing any new rate, the CAB must take into consideration the fact that present UPU rates being paid worldwide are substantially higher than the rates the U.S. Postal Service pays to our carriers.

The Committee is aware that on November 11, the CAB established (Order 74–11–47) a temporary mail rate to be paid to U.S. international carriers for the purpose of covering various increased costs including the increased price of fuel. The Committee amendment would require the CAB to reevaluate by December 31 this temporary rate to insure that it meets the requirements for such a rate set forth in the new paragraph (3) added to Sec. 406(h), particularly the mandate that the rates paid pursuant to the UPU Convention be taken into consideration by the CAB in the establishment of new international mail rates.

## TRANSPORTATION OF GOVERNMENT-FINANCED PASSENGERS AND PROPERTY

Subsection (a) of section 5 adds a new section 1117 to the Federal Aviation Act of 1958 which provides that when foreign air transportation of persons or property is paid for or furnished by the United States Government, the appropriate agencies shall take necessary steps to assure that such air transportation is furnished by United States air carriers authorized to perform such transportation under the Act. Expenditures from appropriated funds for foreign air transportation not meeting such requirements shall be disallowed by the Comptroller General unless satisfactory proof of necessity is shown.

Subsection (b) of section 5 amends the table of contents of the Act to reflect the addition of section 1117.

The Committee recognizes that many foreign governments require use of their carriers for official government transportation and often for transportation required by organizations or businesses in which the government has an interest. This latter category is quite large

because of the fact that many of these governments are heavily involved in the commercial and industrial activities of their countries; in communist nations, of course, such involvement is virtually total. As a result, business and government traffic originating abroad is dominated by foreign carriers. Section 5 will counterbalance some of the disparity by insuring that, to the extent service is available, U.S. government financed traffic is transported by U.S. carriers.

### PROMOTION OF FOREIGN TRAVEL ON U.S. CARRIERS

Section 6 of the reported bill amends section 2 of the International Travel Act of 1961 to provide for the promotion by the Secretary of Commerce of travel to and from the United States on carriers of the United States.

The Department of Commerce has stated that in 1973 only 47% of the Americans flying scheduled flights to Europe flew on U.S. airlines. According to the Department, if the U.S. carriers' share of these passengers had been 50%, their added revenues would have amounted to $28 million.

It is evident that travel to and from the United States is a major part of the world tourist industry, and it is essential that the U.S. government do all that it can to assist our carriers in securing a fair and solid share of this market.

### OBSERVANCE OF TARIFFS BY TICKET AGENTS

Subsection (a) of section 7 prohibits ticket agents from charging or receiving compensation for air transportation (or related services) other than in amounts specified under currently effective tariffs. In addition, ticket agents are prohibited from giving rebates, refunds, etc., except as provided in the tariffs.

Subsection (b) of this section provides the CAB with access to the records, accounts, and papers of travel agents.

Presently under section 403(b) of the Federal Aviation Act, the prohibition on such actions lies only against air carriers or foreign carriers, and in the case of rebates and refunds, also against agents and brokers of such carriers.

Additionally, unders section 407(e), the CAB has authority to enter and to inspect both the facilities and the records of air carriers.

The Committee amendment extends to ticket agents the prohibition on charging other than tariff rates and refunding or rebating. Ticket agents are defined in existing law (Sec. 101(35) of the Federal Aviation Act, 49 U.S.C. 1301(35)) as persons other than air carriers who sell or arrange air transportation. The Committee amendment makes such agents subject to the C.A.B. authority to have access to and inspect records.

## CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

### INTERNATIONAL AVIATION FACILITIES ACT

* * * * * * *

*SEC. 11. The Secretary of Transportation shall survey the charges made to air carriers by foreign governments or other foreign entities for the use of airport property or airway property in foreign air transportation. If the Secretary of Transportation determines at any time that such charges unreasonably exceed comparable charges for furnishing such airport property or airway property in the United States or are otherwise discriminatory, he shall submit a report on such cases promptly to the Secretary of State and the Civil Aeronautics Board, and the Secretary of State, in collaboration with the Civil Aeronautics Board, shall promptly undertake negotiations with the foreign country involved to reduce such charges or eliminate such discriminations. If within a reasonable period such charges are not reduced or such discriminations eliminated through negotiations, the Secretary of State shall promptly report such instances to the Secretary of Transportation who shall determine compensating charges equal to such excessive or discriminatory charges. Such compensating charges shall, with the approval of the Secretary of State, be imposed on the foreign air carrier or carriers of the country concerned by the Secretary of the Treasury as a condition to acceptance of the general declaration at the time of landing or takeoff of aircraft of such foreign air carrier or carriers. The amounts so collected shall accrue to an account established for that purpose by the Secretary of the Treasury. Payments shall be made from that account to air carriers in such amounts as shall be certified by the Secretary of Transportation in accordance with such regulations as he shall adopt to compensate such air carriers for excessive or discriminatory charges paid by them to the foreign countries involved.*

### UTILIZATION OF FACILITIES AND SERVICES OF OTHER GOVERNMENT AGENCIES

SEC. [11] *12.* The Administrator and the Chief of the Weather Bureau are authorized and directed, in carrying out the provisions of this Act, insofar as they find it practicable, to arrange for the use of appropriate facilities or services of other United States Government agencies, and to reimburse any such agency for such service out of funds appropriated to the Federal Aviation Agency or the Weather Bureau, as the case may be, to the end that personnel and facilities of existing

United States Government agencies shall be utilized to the fullest possible advantage and not be unnecessarily duplicated. Any agency of the United States Government receiving any such request is hereby authorized to furnish such facilities or to perform such services.

AUTHORIZATION FOR APPROPRIATIONS

SEC. [12] *13*. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

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# FEDERAL AVIATION ACT OF 1958

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## TITLE IV—AIR CARRIER ECONOMIC REGULATION

### TARIFFS OF AIR CARRIERS

FILING OF TARIFFS REQUIRED

SEC. 403. (a) * * *

OBSERVANCE OF TARIFFS; REBATING PROHIBITED

(b) No air carrier or foreign air carrier *or any ticket agent* shall charge or demand or collect or receive a greater or less or different compensation for air transportation, or for any service in connection therewith, than the rates, fares, and charges specified in [its] *then* currently effective tariffs *of such air carrier or foreign air carrier*; and no air carrier or foreign air carrier *or ticket agent* shall, in any manner or by any device, directly or indirectly, or through any agent or broker, or otherwise, refund or remit any portion of the rates, fares, or charges



so specified, or extend to any person any privileges or facilities, with respect to matters required by the Board to be specified in such tariffs, except those specified therein. Nothing in this Act shall prohibit such air carriers or foreign air carriers, under such terms and conditions as the Board may prescribe, from issuing or interchanging tickets or passes for free or reduced-rate transportation to their directors, officers, and employees (including retired directors, officers, and employees who are receiving retirement benefits from any air carrier or foreign air carrier), the parents and immediate families of such officers and employees, and the immediate families of such directors; widows, widowers, and minor children of employees who have died as a direct result of personal injury sustained while in the performance of duty in the service of such air carrier or foreign air carrier; witnesses and attorneys attending any legal investigation in which any such air carrier is interested; persons injured in aircraft accidents and physicians and nurses attending such persons; immediate families, including parents, of persons injured or killed in aircraft accidents where the object is to transport such persons in connection with such accident; and any person or property with the object of providing relief in cases of general epidemic, pestilence, or other calamitous visitation; and, in the case of overseas or foreign air transportation, to such other persons and under such other circumstances as the Board may by regulations prescribe. Any air carrier or foreign air carrier, under such terms and conditions as the Board may prescribe, may grant reduced-rate transportation to ministers of religion on a space-available basis.

### RATES FOR TRANSPORTATION OF MAIL

AUTHORITY TO FIX RATES

SEC. 406. (a) * * *

* * * * * * *

PAYMENTS TO FOREIGN AIR CARRIERS

(h) (*1*) In any case where air transportation is performed between the United States and any foreign country, both by aircraft owned or operated by one or more air carriers holding a certificate under this title and by aircraft owned or operated by one or more foreign air carriers, the Postmaster General shall not pay to or for the account of any such foreign air carrier a rate of compensation for transporting mail by aircraft between the United States and such foreign country, which, in his opinion, will result (over such reasonable period as the Postmaster General may determine, taking account of exchange fluctuations and other factors) in such foreign air carrier receiving a higher rate of compensation for transporting such mail than such foreign country pays to air carriers for transporting its mail by aircraft between such foreign country and the United States, or receiving a higher rate of compensation for transporting such mail than a rate determined by the Postmaster General to be comparable to the rate such foreign country pays to air carriers for transporting its mail by aircraft between such foreign country and intermediate country on the route of such air carrier between such foreign country and the United States.

*(2) The Secretary of State and the Postmaster General each shall take all necessary and appropriate actions to assure that the rates paid for the transportation of mail pursuant to the Universal Postal Union Convention shall not be higher than the actual cost of transportation of the mail (including a reasonable rate of return on investment). The Secretary of State and the Postmaster General shall oppose any present or proposed Universal Postal Union rates which are higher than the actual costs of the transportation.*

*(3) The Civil Aeronautics Board shall act expeditiously on any proposed changes in rates for the transportation of mail by aircraft in foreign or overseas air transportation. Pending final action on any rate proposals contained in Civil Aeronautics Board docket 26487 the Board shall by December 31, 1974, establish temporary rates based on the best available estimates of the actual cost of transporting the mail, including but not limited to the cost of fuel and a reasonable rate of return on investment. In establishing rates under this paragraph the Board shall take into consideration rates paid on the date of the enactment of this paragraph for transportation of mail pursuant to the Universal Postal Union Convention as ratified by the United States Government.*

ACCOUNTS, RECORDS, AND REPORTS

FILING OF REPORTS

SEC. 407. (a) * * *

* * * * * * *

INSPECTION OF ACCOUNTS AND PROPERTY

(e) The Board shall at all times have access to all lands, buildings, and equipment of any carrier *or foreign carrier* and to all accounts, records, and [memoranda] *memorandums*, including all documents, papers, and correspondence, now or hereafter existing, and kept or required to be kept by air carriers[;] *foreign air carriers, or ticket agents* and it may employ special agents or auditors, who shall have authority under the orders of the Board to inspect and examine any and all such lands, buildings, equipment, accounts, records, and [memoranda] *memorandums*. The provisions of this section shall apply, to the extent found by the Board to be reasonably necessary for the administration of this Act, to persons having control over any air carrier, or affiliated with any air carrier within the meaning of section 5(8) of the Interstate Commerce Act, as amended.

* * * * * * *

## TITLE XI—MISCELLANEOUS

* * * * * * *

*TRANSPORTATION OF GOVERNMENT-FINANCED PASSENGERS AND PROPERTY*

*SEC. 1117. Whenever any executive department or other agency or instrumentality of the United States shall procure, contract for, or otherwise obtain for its own account or in furtherance of the purposes or pursuant to the terms of any contract, agreement, or other special arrangement made or entered into under which payment is made by the United States or payment is made from funds appropriated, owned, controlled, granted, or conditionally granted or utilized by or otherwise established*



*for the account of the United States, or shall furnish to or for the account of any foreign nation, or any international agency, or other organization, of whatever nationality, without provisions for reimbursement, any transportation of persons (and their personal effects) or property by air between a place in the United States and a place outside thereof or between two places both of which are outside the United States, the appropriate agency or agencies shall take such steps as may be necessary to assure that such transportation is provided by air carriers holding certificates under section 401 of this Act to the extent authorized by such certificates or by regulations or exemption of the Civil Aeronautics Board and to the extent service by such carriers is available. The Comptroller General of the United States shall disallow any expenditure from appropriated funds for payment for such personnel or cargo transportation on an air carrier not holding a certificate under section 401 of this Act in the absence of satisfactory proof of the necessity therefor. Nothing in this section shall prevent the application to such traffic of the antidiscrimination provisions of this Act.*

* * * * * * *

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## SECTION 2 OF THE INTERNATIONAL TRAVEL ACT OF 1961

SEC. 2. In order to carry out the purpose of this Act the Secretary of Commerce (hereafter in this Act referred to as the "Secretary") shall—

(1) develop, plan, and carry out a comprehensive program designed to stimulate and encourage travel to the United States by residents of foreign countries for the purpose of study, culture, recreation, business, and other activities as a means of promoting friendly understanding and good will among peoples of foreign countries and of the United States;

(2) encourage the development of tourist facilities, low cost unit tours, and other arrangements within the United States for meeting the requirements of foreign visitors;

(3) foster and encourage the widest possible distribution of the benefits of travel at the cheapest rates between foreign countries and the United States consistent with sound economic principles;

(4) encourage the simplification, reduction, or elimination of barriers to travel, and the facilitation of international travel generally;

(5) collect, publish, and provide for the exchange of statistics and technical information, including schedules of meetings, fairs, and other attractions, relating to international travel and tourism[.];

*(6) encourage to the maximum extent feasible travel to and from the United States on United States carriers.*

## AGENCY COMMENTS

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
*Washington, D.C., August 6, 1974.*

Hon. HARLEY O. STAGGERS,
*Chairman, Committee on Interstate and Foreign Commerce, House of Representatives, Rayburn House Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in reply to your request for the views of the Office of Management and Budget on H.R. 14266, a bill "To amend the Federal tAviation Act of 1958 to deal with discriminatory and unfair competi ive practices in international air transportation, and for other purp°ses."

For the reasons stated in the report sent to you by the Department of State, the Office of Management and Budget recommends against enactment of H.R. 14266.

Sincerely,

WILFRED H. ROMMEL,
*Assistant Director for Legislative Reference.*

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DEPARTMENT OF STATE,
*Washington, D.C., May 1, 1974.*

Hon. HARLEY O. STAGGERS,
*Chairman, Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: The Department has received your letter of April 23, 1974, enclosing for comment copies of H.R. 14266, to amend the Federal Aviation Act of 1958 to deal with discriminatory and unfair competitive practices in international air transportation, and for other purposes.

This will be given careful consideration and a report on H.R. 14266 will be forwarded to you as soon as possible.

Sincerely,

LINWOOD HOLTON,
*Assistant Secretary for Congressional Relations.*

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DEPARTMENT OF STATE,
*Washington, D.C., Aug. 13, 1974.*

Hon. HARLEY O. STAGGERS,
*Chairman, Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: Secretary Kissinger has asked me to reply to your letter of April 23 requesting the Department of State's comments on H.R. 14266, "A bill to amend the Federal Aviation Act of 1958 to

deal with discriminatory and unfair competitive practices in international air transportation, and for other purposes."

The Department has no objection to Section 2 or 6 on foreign policy grounds.

Section 3 directs the Secretary of Transportation (1) to determine whether user charges at foreign points "unreasonably exceed comparable charges for furnishing such airport property and airway property in the U.S. or are otherwise discriminatory" and if so, (2) to impose compensatory charges with prior approval of the Secretary of State on the air carriers of the country concerned, if after negotiations with the country concerned its charges are not reduced. We see the following problems with this section.

We note that that portion of this section which directs the Secretary of Transportation to impose a compensatory charge on foreign carriers where their respective countries impose user charges on U.S. flag carriers which "unreasonably exceed comparable charges" in the U.S., is violative of Article 15 of the Chicago Convention to which the U.S. is a party. That article provides inter alia; "Any charges that may be imposed or permitted to be imposed by a contracting state for the use of such airports and air navigation facilities by the aircraft of any other contracting state shall not be higher. . . . (b) as to aircraft engaged in scheduled international air services than those paid by its national aircraft engaged in similar international air services". However, to the extent that the proposed retaliatory charges would be imposed in response to discriminatory, as opposed to merely "excessive" charges by foreign governments against U.S. carriers, there would be no violation of the Chicago Convention since the discriminatory charge by one party to the agreement, under generally recognized principles of international law, could be considered a breach of the Convention and therefore grounds for retaliation by the other contracting parties against the party in breach. For this reason, the Department believes that the language of this section would have to be amended to avoid the implication that retaliation could be invoked for merely non-discriminatory but excessive user charges.

In addition to the legal objections noted above, we believe the following points militate against application of compensatory charges for merely "excessive" user charges at foreign points:

(1) Different forms of airport ownership and management within our own country (e.g. National/Dulles v. New York/JFK), and differences in property values and tax systems would make the task of devising national norms for user charges difficult, if not impossible. Also, it should be noted that the types of user charges vary considerably from country to country. For instance, in some countries relatively high fees are imposed for parking, lighting and hangars with only a nominal landing charge, while in other countries the reverse is true. For this reason, it would be extremely difficult to determine what are "comparable charges" for purposes of the proposed section of the Bill.

(2) The proposed surcharge for "excessive user charges" could set a precedent which, if emulated by other governments, could redound to the possible detriment of U.S. carriers from resulting conflicts among differing standards and surcharges.

Finally, to the extent this section prescribes retaliatory user charges for discriminatory user charges against U.S. carriers, we agree in principle with the basic intent of the Bill. However, we draw your attention to a Notice of Proposed Rule Making (NPRM) issued by the CAB May 7, 1974, which would strengthen Section 213 of the CAB's Economic Regulations. We believe that this proposal would permit us to deal more effectively with foreign government discriminatory practices. The Board's proposal has the additional advantage that it would cover a wide variety of discriminatory practices other than user charges. The NPRM would have a more immediate impact on foreign governments, as stated in the explanatory note to the NPRM, by "giving this government the same control over foreign air carriers' schedules as the governments of those carriers possess over U.S. flag carrier schedules." In brief, the Department of State is of the opinion that the Board's NPRM will be more effective in carrying out the "Bermuda principles" which call for "fair and equal opportunity" for air carriers covered by our bilateral agreements.



The Department of State has also been active in working within the framework of ICAO to improve and refine its principles on user charges. To assist the CAB in developing regulations for countering discriminatory practices by foreign governments, we recently surveyed our major foreign posts to obtain the latest information on direct and indirect forms of assistance provided by foreign governments to their flag carriers, including discriminatory user charges.

With respect to Section 4 of the Bill, we note that by virtue of U.S. membership in the Universal Postal Union, the U.S. Postal Service is obliged to conform its rates and payment procedures in regard to the conveyance of international air mail by U.S. and non-U.S. air carriers with the general provisions annexed to the Universal Postal Convention. Insofar as the Bill is consistent with such provisions and not detrimental to the delivery, on a timely basis, of mail dispatched to and from the U.S., we would support the proposed amendment to subsection (h) of Section 406 of the Federal Aviation Act of 1958 to the effect that the USPS should not pay to or for the account of any foreign air carrier a rate of compensation for the transport of U.S. mail in excess of that paid to U.S. or non-U.S. carriers by such foreign postal administrations for similar service.

The proposal to further amend the aforementioned section by requiring the CAP to establish a rate of compensation for the transport of U.S. mail no lower than the rate payable by the USPS to or for the account of non-U.S. carriers for the transport of mail to the U.S. raises the issue of how compensation to U.S. carriers ought to be computed. The CAB has established procedures and criteria for examining rate questions of this kind, and we would not wish to suggest application of a particular criterion which might, in turn, have an effect on both the cost of international air mail service and other rate matters until such potential consequences were fully studied.

Broadly construed, Section 5 of the proposed Bill would require that in all transactions between the U.S. Government and private parties (contractors and subcontractors) or international agencies involving the transfer of U.S. funds which are used to purchase air transportation services, steps be taken, whenever feasible, to assure utilization of U.S. carriers. This broad interpretation of the provisions of this section would create problems especially with respect to transactions with international agencies which, in some cases, are precluded by their Articles of Agreement from tying their purchases to a particular country. Moreover, we foresee considerable difficulty in

enforcing these provisions with respect to subcontractors and their assignees. A narrower construction of this section would require all U.S. agencies contracting directly for air transportation to use the services of U.S. carriers unless forced by necessity to do otherwise. We believe that such a legislation is unnecessary in view of existing executive regulations which already require utilization of U.S. air carriers whenever practicable.

The Office of Management and Budget advises that from the standpoint of the Administration's program, there is no objection to the submission of this report.

Cordially,

LINWOOD HOLTON,
*Assistant Secretary for Congressional Relations.*

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CIVIL AERONAUTICS BOARD,
*Washington, D.C., October 2, 1974.*

Hon. HARLEY O. STAGGERS,
*Chairman, Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: On September 30 the Board received a copy of the Department of Transportation's proposals regarding amendments to S. 3481 and H.R. 14266. This letter is to express the Board's opposition to the Department's proposals. In our judgment, as set out in more detail below, some of the Department's proposals are unneeded while others would be detrimental to the U.S. international air transportation system and the public it serves.

THE DEPARTMENT'S AIR CARRIER REORGANIZATION PROPOSAL

The Department of Transportation proposes a scheme for restructuring and reorganizing international air carriers pursuant to "a simplified and expedited procedure." Pursuant to the DOT plan, reorganizations (including transfers of routes, mergers, suspensions, etc.) would be presented initially to the Secretary of Transportation. He, in turn, would, within 30 days, certify them to the Board for decision—without the constraints of usual administrative procedures. Board decision would be required within 60 days, followed by final decision by the President no more than 10 days later.

The Civil Aeronautics Board urges rejection of the DOT proposal. To the extent that the Department's proposal rests on the assumption that the economic conditions of various U.S. flag carriers can be improved through an adjustment in their route structures, the Civil Aeronautics Board is in agreement in principle. In addition, it may well be that improvements could also be effected by the merger of two or more carriers or by the transfer of routes or operating divisions from one carrier to another. However, the drastic modification of existing procedures that DOT would employ to effect such changes is unwarranted by the circumstances and unwise.

In the first place, the Board can act with considerable expedition under the Federal Aviation Act in its present form where the exigencies of the circumstances so warrant. See *Toolco-Northeast Control Case*, 34 CAB 583 (1961), *aff'd. National Airlines* v. *C.A.B.*, *306* F.2d 753 (CADC 1962) (six weeks after the application was filed, the Board



approved an acquisition of control stemming from the grant of emergency financial assistance to a failing carrier); see also *Marine Space Enclosures* v. *F.M.C.*, 429 F.2d 577 (CADC 1969), *American Airlines and Trans Caribbean Airlines*, Orders 70–4–43, 70–2–108. The Department's proposal not only fails to recognize this ability of the Board to act as quickly as circumstances require, it would create an additional procedural step that would have to be concluded largely without the benefit of the nearly 37 years of experience in such matters of the Board and its staff. Moreover the Department's proposal fails to take into account the fact that the Board is itself rapidly bringing to a close a comprehensive investigation for the restructuring of the transatlantic route system. This proceeding, instituted in the fall of 1973, included full hearings before one of the Board's administrative law judges—hearings complying with all applicable legal requirements—and will result in the issuance of a recommended decision in the near future. Similarly, a proceeding involving the international authority—other than transatlantic authority—of U.S. supplemental air carriers is at an even more advanced procedural stage.

Second, the decisions that DOT's proposal would require to be made in a crisis atmosphere could reshape the nation's international air transportation system for years to come, and have important long-term effects on the country's domestic air transportation systems as well. DOT's proposal could too easily result in such decisions having to be made on the basis of incomplete records limited by arbitrary procedural deadlines. As DOT itself has often argued to the Board, in matters involving proposed actions that would substantially affect the air transportation system, a hearing comporting with Administrative Procedure Act standards can be an indispensable tool for ensuring that the action taken is in the public interest.

Third, DOT's proposal has serious legal drawbacks in that it would overturn the procedural safeguards of the Federal Aviation Act and the Administrative Procedure Act which have effectively protected the valuable property interests of the carriers. Not only does this raise questions of fairness, it could eventuate in court proceedings that could lead to longer, rather than shorter, periods in which any given action was accomplished. See, *e.g.*, *Pan American World Airways* v. *C.A.B.*, 392 F. 2d 483 (CADC 1968), *Estep* v. *U.S.*, 327 U.S. 114 (1946).

Last, we do not understand the rationale for an arrangement by which the Department of Transportation would be permitted to interpose itself between the carriers and the public, on the one hand, and the Board, on the other. In this regard, we would note that the Executive Departments, such as DOT can—and do—participate as parties in cases at the Board, and then can—and do—provide counsel to the President in those same cases, to the extent the cases involve international route matters (including mergers of air carriers with international route authority) and thus are subject to the President's approval. In our view that should provide ample opportunity for such departments to participate in decisions involving the nation's airlines.

MAIL RATES

We do not share the judgment implicit in the proposed legislation (relating to section 4 of the bill) that the mail rate procedures established by Congress in the Act have substantially contributed to the short-term operating losses being experienced by some U.S. carriers.

The Board can and does establish temporary mail rates when required by rapid changes in economic circumstances, and those rates are based on actual costs of operations. Recently, in fact, the Board authorized increases in space available mail rates retroactive to May 1973, and indicated its intention to establish temporary rates for the carriage of all international mail to reflect recent increases in fuel cost. This approval will substantially alleviate whatever portion of the economic hardship now being experienced by U.S.-flag carriers which can be traced to mail rate problems.

DISCRIMINATORY USER CHARGES

We fail to see how the proposed modifications of section 3—which would provide for a DOT survey of discriminatory user charges, negotiations with foreign governments by the Department of State (in conjunction with DOT and the Board), and such eventual action pursuant to existing Board regulations as may be necessary—would bring about any practical changes in existing procedures. All of these approaches are currently available. Thus the Board has regulations that (1) provide for reports by airlines to the Board on the kinds of information section 3 would have DOT make surveys about, and (2) specifically authorize the Board to take action against foreign carriers in retaliation for discriminatory action by the carriers' governments. The Department of Transportation, and in fact any interested party, is free to request action at any time against a foreign carrier under that latter regulation.

OTHER MATTERS

We have no serious difficulty with sections 2 and 7 of the bill. We note in respect to section 2, however, that the proposed change, which would substitute the Department of State for the Board as the spokesman for inter-agency activities with respect to discrimination, does not appear to eliminate the Board's responsibility to report annually to the Congress insofar as the Board may take action pursuant to its own responsibilities and functions.

Sincerely,

ROBERT D. TIMM,
*Chairman.*

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CIVIL AERONAUTICS BOARD,
*Washington, D.C., October 9, 1974.*

Hon. HARLEY O. STAGGERS,
*Chairman, Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This letter will reflect the Board's views concerning the modifications in the Department of Transportation's proposals regarding amendments to S. 3481 and H.R. 14266. Those modifications would (a) increase the time in which the Board is permitted to act from 60 days to 100 days and decrease the time in which the Secretary of Transportation may act in certifying a case to the Board from 30 days to 20 days, and (b) add further procedural steps designed to provide additional notice and opportunity for public comment.

The Board continues to oppose the general procedural scheme for the restructure and reorganizing of international air carriers pursuant



to "a simplified and expedited procedure." Although the two changes now proposed by DOT represent a step in the right direction, they will not, in our judgment, meet the fundamental objections which the Board has to the proposal. In the first place, the increase in decision-making time from 60 days to 100 days, although potentially helpful in some cases, continues to emphasize expedition at the expense of substantive review of difficult international issues. As we suggested in our letter of October 2, the time required for processing international cases results from the complexity of the issues and the need for the fullest consideration of the available options rather than any dilatory action on the Board's part. And, indeed, the Board can—and has—responded with expedition when the circumstances necessitated. Secondly, we believe that a requirement of Federal Register publication, comments within 10 days, and a decision by the Secretary within 20 days of publication of the notice, will afford no meaningful opportunity for public comments and review of those comments (as a technical matter, we understand that the Federal Register will not accept for publication notices which require comments in fewer than 15 days).

We would add two further observations. First, we see no need to interpose the Department of Transportation between the carrier-applicants and the Board. Although we appreciate the intent of the legislation to avoid the needless expedition of applications which are not sufficiently meritorious, we believe that the Board's 37 year experience in ordering its own docket justifies the continued submission of such applications directly to the Board. Further, as we read the legislation, no time limit is imposed on the Secretary between the time the application is filed and the time the notice is published in the Federal Register. Second, we fail to see how removal of Board jurisdiction after 100 days will facilitate Presidential review. As we understand the matter, if the Board is unable to finalize its decision within 100 days, the President and his staff would then be required to evaluate, within only 10 days, a wholly undigested administrative record, or reach a decision on the merits on the basis of matters wholly outside the record.

We would emphasize, in conclusion, that the Board is in agreement with the need for prompt and serious consideration of various adjustments in the route authority of U.S.-flag international carriers as a means of improving economic conditions in foreign air transportation. We continue to believe, however, that the drastic modification of existing procedures that DOT would employ to effect such changes is unwarranted by the circumstances, and unwise.

Sincerely,

ROBERT D. TIMM,
*Chairman.*

## APPENDIX A

### Article 65 of the Universal Postal Union Convention

ARTICLE 65

Basic Rates and Calculation of Air Conveyance Dues Relating to Closed Mails

1. The basic rates applicable to the settlement of accounts between administrations in respect of air conveyance shall be fixed per kilogramme of gross weight and per kilometre. These rates, detailed below, shall apply proportionally to fractions of a kilogramme:

(a) for LC items (letters, aerogrammes, postcards, postal money orders, COD money orders, bills for collection, insured letters and boxes, advices of payment, entry and delivery). 3 thousands of a franc at most;

(b) for AO items (items other than LC): 1 thousandth of a franc at most.

2. Air conveyance dues shall be calculated according to, on the one hand, the actual basic rates (fixed within the limits of the basic rates specified in § 1) and the kilometric distances given in the "List of air-mail distances" referred to in Article 201, § 1, (b), of the Detailed Regulations, and, on the other, the gross weight of the mails; no account shall be taken of the weight of *sacs collecteurs*.

3. Where dues are payable for air conveyance in the interior of the country of destination, they shall be fixed in the form of a single rate for each of the two categories, LC and AO. These dues shall be calculated on the basis of the rates prescribed in § 1, and according to the weighted average distances of the sectors flown by international mail on the internal network. The weighted average distance shall be determined in terms of the gross weight of all the air mails arriving at the country of destination, including the mail which is not reforwarded by air in the interior of that country.

4. The sum of the dues referred to in § 3 may not exceed in total the amounts which actually have to be paid for conveyance.

5. The rates for internal and international air conveyance (obtained by multiplying the effective basic rate by the distance), which are used in calculating the dues mentioned in §§ 2 and 3, shall be rounded up or down to the nearest 10 gold centimes according to whether or not the number made up by the figure of hundredths and that of thousandths exceeds 50.

## APPENDIX B

### Articles 118 and 119 of the General Regulations of the Universal Postal Union

ARTICLE 118—PROCEDURE FOR SUBMITTING PROPOSALS BETWEEN CONGRESSES

1. To be eligible for consideration each proposal concerning the Convention or the Agreements submitted by a postal administration between Congresses shall be supported by at least two other administrations. Such proposals shall lapse if the International Bureau does not receive, at the same time, the necessary number of declarations of support.

2. These proposals shall be sent to other postal administrations through the intermediary of the International Bureau.

ARTICLE 119—CONSIDERATION OF PROPOSALS BETWEEN CONGRESSES

1. Every proposal shall be subject to the following procedure: a period of two months shall be allowed to postal administrations of member countries for consideration of the proposal notified by an International Bureau circular and for forwarding their observations, if any, to the Bureau. Amendments shall not be admissible. The replies shall be collected by the International Bureau and communicated to postal administrations with an invitation to vote for or against the proposal. Those which have not sent in their vote within a period of two months shall be considered as abstaining. The aforementioned periods shall be reckoned from the dates of the International Bureau circulars.

2. If the proposal relates to an Agreement, its Detailed Regulations or their Final Protocols, only the postal administrations of member countries which are parties to that Agreement may take part in the procedure described in § 1.

## DISSENTING VIEWS OF JOHN M. MURPHY ON H.R. 14266

This bill, as introduced, contained in Section 4 a requirement that the Civil Aeronautics Board fix international civil air mail rates for U.S. Flag carriers no lower than those paid by the Postmaster General to foreign air carriers for the carriage of U.S. international mail—the so-called UPU rates. This provision would have resulted in substantially increased mail revenues for U.S. Flag carriers. As amended by this Committee, however, that section has been substantially emasculated and will not result in U.S. Flag carriers receiving any additional mail revenues to which they would not otherwise be entitled. Thus, Section 4 of the bill, as amended, gives the appearance of benefiting U.S. Flag carriers without really doing so.

### U.S. FLAG CARRIERS NEED UPU RATES FOR COMPETITIVE EQUALITY

We believe that the arguments presented by those who favored granting UPU rates to U.S. Flag carriers for the carriage of U.S. civil air mail were persuasive. Without UPU rates, U.S. Flag carriers will not have parity with most of their foreign competitors in the revenues which they receive for the carriage of mail. This is because most foreign countries pay their own carriers the UPU rate for carrying their own mail. U.S. Flag carriers do receive the UPU rate from foreign countries for the small amounts of mail that they carry for those countries. For the great bulk of the mail they carry, however, that is U.S. mail, they receive the much lower CAB rates. While foreign carriers carry only a small percentage of U.S. mail, it should be noted that they are paid the UPU rate for carrying even this mail, thus completing the competitive disadvantage under which U.S. Flag carriers operate internationally in the carriage of mail.

The need for U.S. Flag carriers to be given parity in mail rates must be viewed in the broad context of maintaining the competitive position of the United States in world air transportation. This need transcends arguments over the differences between UPU and CAB rates and why one is higher than the other. The fact is that UPU rates do exist, and as long as other countries pay their carriers these higher rates while we do not, the economic opportunity of the United States to share in world air transportation, through its flag carriers, will be impaired by this lack of parity and equality in a major source of revenue.

It is a basic economic fact that U.S. Flag carriers cannot maintain the competitive position of this country in world air transportation unless they receive the *same* pay for the *same* service as their foreign competitors. They *have* this parity in passenger and cargo rates through IATA. They lack it on mail, where rate parity is equally essential.

### UPU RATES DO NOT CONSTITUTE A SUBSIDY

The major argument made by those who oppose removing the above discrimination is that to do so will result in "subsidy" to U.S. Flag carriers and that achieving competitive equality with foreign air

carriers does not justify the payment of "subsidy." Assuming for the sake of argument the validity of this premise it raises the specter of the Postal Service presently subsidizing foreign air carriers since it does pay such carriers the UPU rate, while refusing to subsidize U.S. Flag carriers. The UPU rates (like CAB rates), however, are cost-based compensatory rates. They are fixed by UPU on a world-wide class rate basis for all international airlines. Our review of the cost elements that the UPU rates contain convinces us that these rates are cost-based rates and not subsidy rates. The only non-cost element involved in UPU rates, an allowance for Value of Service is a traditional element in compensatory rate making. The Interstate Commerce Commission has held that "both cost and value of service must be considered as well as all other elements entering into a rate." (22 I.C.C. at 652). The mere fact that the CAB employs a different methodology in fixing rates than does the UPU does not establish that the UPU rates constitute subsidy.

### THE COST OF UPU RATES HAS BEEN EXAGGERATED

There has been some disagreement in the hearings concerning what payment of the UPU rates to U.S. Flag carriers would cost the Postal Service. The Postal Service claims that it would incur added costs of $96.5 million, whereas Pan American states that the cost would be $71.5 million. When correctly viewed, we believe both of these figures to be substantially exaggerated and that the added cost would be no more than $57.5 million.

The disagreement on the question of cost arises from the way the geographic coverage of the present CAB rates is described and from the fact that the UPU rates have been compared to CAB rates which all parties agree are substantially outdated and do not reflect the present cost of carrying the mail—even under the present CAB methodology of computing mail rates. The present CAB domestic rates cover service to Canada and to some points in Mexico, whereas the present CAB international mail rates cover service to certain points in U.S. territories—Wake Island, Guam, American Samoa and the Canal Zone. Since the UPU rates would only apply to service to foreign points, those rates cannot be applied to the volumes of mail carried at the CAB international rates without adjusting those volumes to include mail to foreign points not covered by those rates and to exclude mail to U.S. points covered by those rates. Pan American's lower figure or the cost of UPU rates is derived by excluding mail to certain U.S. territories which was included in the Postal Service's computations and by using the more current mail tonnage figures for fiscal 1974 instead of the fiscal 1973 tonnage used by the Postal Service. Pan American has also increased the base CAB rates by the 13.36 percent fuel surcharge which has been proposed on such rates by the CAB. It is clear that such surcharge, however, does not reflect the full range of cost increases incurred in performing mail services since the present rates were established.

In order to determine the true cost of UPU rates above CAB rates, it would be necessary to know what the CAB rates would be if they were set on present costs. Pan American, in a document filed with the CAB on October 3, 1974, has proposed increased temporary international rates. Based on the level of the rates set forth in that document, the additional cost of UPU rates above CAB rates would only



be approximately $57.5 million. Thus, it is apparent that the Postal Service claim of an additional cost of $96.5 million as a result of UPU rates is grossly exaggerated.

### INTERPRETATION OF UPU PROVISION

The Postal Service questioned whether under the language of Section 4, as originally introduced, rate parity for U.S. Flag carriers might be limited to only those markets in which the Postal Service utilized foreign carriers for the transportation of U.S. mail. It was not the intent of Section 4 to be so limited for the reasons that have been previously set forth. It was the intent of Section 4 that UPU rates would be paid in all cases to U.S. Flag carriers over international routes. In order to alleviate any doubt on this matter, Section 4 should be revised as set forth in Attachment 1 hereto.

### ESTABLISHMENT OF UPU RATES SHOULD NOT AFFECT THE MAIL VOLUMES OF U.S.-FLAG CARRIERS

The Postal Service has stated that if UPU rates are established for U.S. Flag carriers it may divert mail to foreign air carriers offering more convenient schedules since there would no longer be any rate advantage in using U.S. Flag carriers. We do not believe that the establishment of rate parity for U.S. Flag carriers should be the occasion for diversion of mail from them. We are confident that the Postal Service would not thus act to injure not only our own carriers, but our national economy as well by adversely affecting the balance of payments. Since the Postal Service is supported by substantial appropriations by Congress, we are certain that it would not be unmindful of our intent that no substantial shift of mail from U.S. Flag carriers occur as the result of the establishment of UPU rates.

### PAYMENT OF UPU RATES TO ALL U.S.-FLAG CARRIERS

A question was raised during our consideration of this bill whether Section 4 could be revised to preclude the mail rate parity it would provide from being extended to those U.S. Flag carriers which do not appear to need it. We respectfully submit that there should be no problem in extending rate parity (and the UPU rates it would provide) to all U.S. Flag carriers. As previously stated, UPU rates are not subsidy rates, but cost-based compensatory rates, fixed by a 145-nation postal union for applicability to all of the world's international airlines as a class. Like all class rates, they provide an overall fit for the class of carriers as a whole, but fit particular carriers differently than others, which is no reason why they should not be generally applied.

Foreign air carriers all enjoy UPU mail rates as a class, and with the benefit of such rates, they fly alongside all U.S. Flag carriers including those well off and those who are not. There is no equitable reason for denying mail rate parity and UPU rates to any U.S. Flag carrier, considering the prevalence of those rates throughout the world as class rates and the extent to which they are enjoyed by foreign competitors.

Moreover, the bulk of the additional revenue which UPU rates will provide will go to our two principal U.S. Flag carriers that need

it the most, namely, Pan American and TWA. We estimate that approximately 75 percent of the added revenue will go to these two carriers, and the remaining 25 percent will be spread among the other U.S. Flag carriers with none of them receiving a very substantial share of the total.

SECTION 4, AS AMENDED BY THE MAJORITY, PROVIDES NO RELIEF TO U.S.-FLAG CARRIERS

Section 4 of the bill has been emasculated by the amendment made by the majority. As a result of this amendment, U.S. Flag carriers will not receive any additional mail revenues to which they would not otherwise be entitled. In fact, they may end up receiving less revenue than they would if the amended Section were not adopted. This is no way to eliminate the discriminatory mail rates which these carriers now receive.

Section 4 as proposed by the majority first directs the Department of State and the Postal Service to seek lower UPU rates. First of all, this is not a realistic near-term objective since these rates will not be revised until 1979. Secondly, even if the UPU rates are lowered, U.S. Flag carriers would then receive *less* for carrying the mail of foreign countries than they now receive. Amended Section 4 also directs the CAB to act expeditiously to set cost-based mail rates, including a reasonable rate of return on investment. While this provision may possibly promote some greater expedition in CAB actions, it really adds nothing of substance to existing statutory directions to the CAB. The CAB has never contended that it should not set rates on this basis or that they should not be set expeditiously.

The CAB has announced, in a press release accompanying its mail rate order of October 4, 1974, that it does not have the authority to fix UPU rates for U.S. Flag carriers and that

> "The payment of any higher rate by the Postal Service, such as the UPU rate, could only be required by legislation enacted by Congress and signed by the President. Such legislation could relieve the CAB of the duty of setting cost-based mail rates (under CAB standards) and establish the UPU rates for carriage of U.S. mail by U.S. carriers."

With this view by the CAB of its statutory powers, it is imperative that we provide an unambiguous statutory directive to the CAB to pay UPU rates or else we cannot expect that such rates will in fact be established.

(S) John M. Murphy.
JOHN M. MURPHY.

○

S. 3481

# Ninety-third Congress of the United States of America

**AT THE SECOND SESSION**

*Begun and held at the City of Washington on Monday, the twenty-first day of January, one thousand nine hundred and seventy-four*

# An Act

To amend the Federal Aviation Act of 1958 to deal with discriminatory and unfair competitive practices in international air transportation, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

SHORT TITLE

SECTION 1. This Act may be cited as the "International Air Transportation Fair Competitive Practices Act of 1974".

DISCRIMINATORY AND UNFAIR COMPETITIVE PRACTICES

SEC. 2. (a) United States air carriers operating in foreign air transportation perform services of vital importance to the foreign commerce of the United States including its balance of payments, to the Postal Service, and to the national defense. Such carriers have become subject to a variety of discriminatory and unfair competitive practices in their competition with foreign air carriers. The Department of State, the Department of the Treasury, the Department of Transportation, the Civil Aeronautics Board, and other departments or agencies, therefore, each shall keep under review, to the extent of their respective functions, all forms of discrimination or unfair competitive practices to which United States air carriers are subject in providing foreign air transportation services and each shall take all appropriate actions within its jurisdiction to eliminate such forms of discrimination or unfair competitive practices found to exist.

(b) Each of these departments and agencies of Government shall request from Congress such additional legislation as may be deemed necessary at any time it is determined there is inadequate legal authority for dealing with any form of discrimination or unfair competitive practice found to exist.

(c) The Civil Aeronautics Board shall report annually to Congress on the actions that have been taken under subsection (a) and on the continuing program to eliminate discriminations and unfair competitive practices faced by United States carriers in foreign air transportation. The Secretaries of State, Treasury, and Transportation shall furnish to the Civil Aeronautics Board such information as may be necessary to prepare the report required by this subsection.

INTERNATIONAL USER CHARGES

SEC. 3. The International Aviation Facilities Act (49 U.S.C. 1151–1160) is amended by redesignating sections 11 and 12 as sections 12 and 13, respectively, and by inserting immediately after section 10 the following new section:

"SEC. 11. The Secretary of Transportation shall survey the charges made to air carriers by foreign governments or other foreign entities for the use of airport property or airway property in foreign air transportation. If the Secretary of Transportation determines at any time that such charges unreasonably exceed comparable charges for furnishing such airport property or airway property in the United States or are otherwise discriminatory, he shall submit a report on such cases promptly to the Secretary of State and the Civil Aeronautics Board, and the Secretary of State, in collaboration with the Civil Aeronautics Board, shall promptly undertake negotiations with

the foreign country involved to reduce such charges or eliminate such discriminations. If within a reasonable period such charges are not reduced or such discriminations eliminated through negotiations, the Secretary of State shall promptly report such instances to the Secretary of Transportation who shall determine compensating charges equal to such excessive or discriminatory charges. Such compensating charges shall, with the approval of the Secretary of State, be imposed on the foreign air carrier or carriers of the country concerned by the Secretary of the Treasury as a condition to acceptance of the general declaration at the time of landing or takeoff of aircraft of such foreign air carrier or carriers. The amounts so collected shall accrue to an account established for that purpose by the Secretary of the Treasury. Payments shall be made from that account to air carriers in such amounts as shall be certified by the Secretary of Transportation in accordance with such regulations as he shall adopt to compensate such air carriers for excessive or discriminatory charges paid by them to the foreign countries involved.".

RATES FOR TRANSPORTATION OF UNITED STATES MAIL IN FOREIGN AIR TRANSPORTATION

SEC. 4. Subsection (h) of section 406 of the Federal Aviation Act of 1958 (49 U.S.C. 1376) is amended by inserting "(1)" immediately after "(h)", and by adding at the end thereof the following new paragraphs:

"(2) The Secretary of State and the Postmaster General each shall take all necessary and appropriate actions to assure that the rates paid for the transportation of mail pursuant to the Universal Postal Union Convention shall not be higher than fair and reasonable rates for such services. The Secretary of State and the Postmaster General shall oppose any present or proposed Universal Postal Union rates which are higher than such fair and reasonable rates.

"(3) The Civil Aeronautics Board shall act expeditiously on any proposed changes in rates for the transportation of mail by aircraft in foreign air transportation. In establishing such rates, the Board shall take into consideration rates paid for transportation of mail pursuant to the Universal Postal Union Convention as ratified by the United States Government, shall take into account all of the ratemaking elements employed by the Universal Postal Union in fixing its airmail rates, and shall further consider the competitive disadvantage to United States flag air carriers resulting from foreign air carriers receiving Universal Postal Union rates for the carriage of United States mail and the national origin mail of their own countries."

TRANSPORTATION OF GOVERNMENT-FINANCED PASSENGERS AND PROPERTY

SEC. 5. (a) Title XI of the Federal Aviation Act of 1958 (49 U.S.C. 1501 and the following) is amended by adding at the end thereof the following new section:

"TRANSPORTATION OF GOVERNMENT-FINANCED PASSENGERS AND PROPERTY

"SEC. 1117. Whenever any executive department or other agency or instrumentality of the United States shall procure, contract for, or otherwise obtain for its own account or in furtherance of the purposes or pursuant to the terms of any contract, agreement, or other

special arrangement made or entered into under which payment is made by the United States or payment is made from funds appropriated, owned, controlled, granted, or conditionally granted or utilized by or otherwise established for the account of the United States, or shall furnish to or for the account of any foreign nation, or any international agency, or other organization, of whatever nationality, without provisions for reimbursement, any transportation of persons (and their personal effects) or property by air between a place in the United States and a place outside thereof or between two places both of which are outside the United States, the appropriate agency or agencies shall take such steps as may be necessary to assure that such transportation is provided by air carriers holding certificates under section 401 of this Act to the extent authorized by such certificates or by regulations or exemption of the Civil Aeronautics Board and to the extent service by such carriers is available. The Comptroller General of the United States shall disallow any expenditure from appropriated funds for payment for such personnel or cargo transportation on an air carrier not holding a certificate under section 401 of this Act in the absence of satisfactory proof of the necessity therefor. Nothing in this section shall prevent the application to such traffic of the antidiscrimination provisions of this Act.".

(b) That portion of the table of contents contained in the first section of the Federal Aviation Act of 1958 which appears under the center heading "TITLE XI—MISCELLANEOUS" is amended by adding at the end thereof the following new item:

"Sec. 1117. Transportation of Government-financed passengers and property.".

PROMOTION OF TRAVEL ON UNITED STATES CARRIERS IN FOREIGN AIR TRANSPORTATION

SEC. 6. Section 2 of the International Travel Act of 1961 (22 U.S.C. 2122) is amended by striking out the period at the end of paragraph (5) and inserting in lieu thereof a semicolon and by adding at the end thereof the following new paragraph:

(6) encourage to the maximum extent feasible travel to and from the United States on United States carriers.".

OBSERVANCE OF TARIFFS BY TICKET AGENTS

SEC. 7. (a) The first-sentence of section 403(b) of the Federal Aviation Act of 1958 (49 U.S.C. 1373(b)), relating to observance of tariffs and prohibition against rebating, is amended to read as follows: "No air carrier or foreign air carrier or any ticket agent shall charge or demand or collect or receive a greater or less or different compensation for air transportation, or for any service in connection therewith, than the rates, fares, and charges specified in then currently effective tariffs of such air carrier or foreign air carrier; and no air carrier or foreign air carrier or ticket agent shall, in any manner or by any device, directly or indirectly, or through any agent or broker, or otherwise, refund or remit any portion of the rates, fares, or charges so specified, or extend to any person any privileges or facilities, with respect to matters required by the Board to be specified in such tariffs except those specified therein.".

(b) The first sentence of section 407(e) of such Act (49 U.S.C. 1377(e)), relating to inspection of accounts and property, is amended to read as follows: "The Board shall at all times have access to all lands, buildings, and equipment of any air carrier or foreign air carrier and to all accounts, records, and memorandums, including all documents, papers, and correspondence, now or hereafter existing, and kept or required to be kept by air carriers, foreign air carriers, or ticket agents and it may employ special agents or auditors, who shall have authority under the orders of the Board to inspect and examine any and all such lands, buildings, equipment, accounts, records, and memorandums.".

PROHIBITION AGAINST SOLICITATION OR ACCEPTANCE OF REBATES BY SHIPPERS OF AIR FREIGHT

SEC. 8. (a) Section 403(b) of the Federal Aviation Act of 1958 (49 U.S.C. 1373(b)), relating to observance of tariffs and prohibition against rebating, is amended by inserting "(1)" immediately after "(b)" and by adding at the end thereof the following new paragraph:

"(2) No shipper, consignor, consignee, forwarder, broker, or other person, or any director, officer, agent, or employee thereof, shall knowingly pay, directly or indirectly, by any device or means, any greater or less or different compensation for air transportation of property, or for any service in connection therewith, than the rates, fares, and charges specified in currently effective tariffs applicable to such air transportation; and no such person shall, in any manner or by any device, directly or indirectly, through any agent or broker, or otherwise, knowingly solicit, accept, or receive a refund or remittance of any portion of the rates, fares, or charges so specified, or knowingly solicit, accept, or receive any privilege, favor, or facility, with respect to matters required by the Board to be specified in such tariffs, except those specified therein.".

(b) Section 902(d) of such Act (49 U.S.C. 1472(d)), relating to granting rebates, is amended by inserting "(1)" immediately after "(d)" and by adding at the end thereof the following new paragraph:

"(2) Any person who, in any manner or by any device, knowingly and willfully solicits, accepts, or receives a refund or remittance of any portion of the rates, fares, or charges lawfully in effect for the air transportation of property, or for any service in connection therewith, or knowingly solicits, accepts, or receives any privilege, favor, or facility, with respect to matters required by the Board to be specified in currently effective tariffs applicable to the air transportation of property, shall be fined not less than $100, nor more than $5,000, for each offense.".

(c) The subsection heading of subsection (d) of such section 902 is amended to read as follows:

"GRANTING OR RECEIVING REBATES".

(d) That portion of the table of contents contained in the first section of the Federal Aviation Act of 1958 which appears under the side heading

"Sec. 902. Criminal penalties."

is amend by striking out

"(d) Granting rebates."

and inserting in lieu thereof

"(d) Granting or receiving rebates.".

*Speaker of the House of Representatives.*

*Vice President of the United States and*
*President of the Senate.*

December 24, 1974

Dear Mr. Director:

The following bills were received at the White House on December 24th:

S.J. Res. 40
S.J. Res. 133
S.J. Res. 262
S. 251
S. 356
S. 521
S. 544
S. 663
S. 754
S. 1017
S. 1083
S. 1296
S. 1418
S. 2149
S. 2446
S. 2807
S. 2854
S. 2888
S. 2994
S. 3022
S. 3289
S. 3358
S. 3359
S. 3394
S. 3433
S. 3481
S. 3548
S. 3934
S. 3943
S. 3976
S. 4073
S. 4206
H.J. Res. 1178
H.J. Res. 1180
H.R. 421
H.R. 1715
H.R. 1820
H.R. 2208
H.R. 2933
H.R. 3203
H.R. 3339
H.R. 5264
H.R. 5463
H.R. 5773
H.R. 7599
H.R. 7684
H.R. 7767
H.R. 8214
H.R. 8322
H.R. 8591
H.R. 8958
H.R. 8981
H.R. 9182
H.R. 9199
H.R. 9588
H.R. 9654
H.R. 10212
H.R. 10701
H.R. 10710
H.R. 10827
H.R. 11144
H.R. 11273
H.R. 11796
H.R. 11802
H.R. 11847
H.R. 11897
H.R. 12044
H.R. 12113
H.R. 12427
H.R. 12884
H.R. 13022
H.R. 13296
H.R. 13869
H.R. 14449
H.R. 14461
H.R. 14600
H.R. 14689
H.R. 14718
H.R. 15173
H.R. 15223
H.R. 15229
H.R. 15322
H.R. 15977
H.R. 16045
H.R. 16215
H.R. 16596
H.R. 16925
H.R. 17010
H.R. 17045
H.R. 17085
H.R. 17468
H.R. 17558
H.R. 17597
H.R. 17628
H.R. 17655

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable Roy L. Ash
Director
Office of Management and Budget
Washington, D. C.