

CHAPTER III

INTER-GOVERNMENTAL ACTIVITIES

General

Charter flights, go-now-pay-later travel plans, higher incomes, increased publicity, expanded air services and lower fares were just some of the combined factors which contributed to the annual increases in international travel during the years 1963-1968. Also during this period, U.S. flag operations expanded to additional points in foreign lands while at the same time foreign carriers increased their operations to the United States. It was also during this time that the United States established itself as the number one host country in the world.

Passenger Movements

The number of air passengers, arrivals and departures moving between the United States and overseas destinations (excluding United States-Canada traffic and certain other categories of movement of traffic) increased from 6,905,000 in fiscal year 1964 to 13,400,000 at the end of fiscal 1968. During this time span, the number of passengers carried by U.S. air carriers increased from 3,440,000 in 1964 to approximately 7,289,000 in 1968. Also during this time, the U.S. flag carriers' share of the total traffic continued to increase annually. U.S. carriers accounted for 54.5 percent of the total arrivals and departures during 1968.

Increase in Foreign Flag Service

In fiscal year 1964 there were in force 101 foreign air carrier permits granted under §402. The carriers represented 53 countries.

At the end of fiscal 1968 there were in force 137 foreign air carrier permits representing 50 countries. The carriers include scheduled air carriers, all-cargo carriers specializing in charter operations, foreign freight forwarders, and Canadian air taxi companies. At the end of fiscal 1968, these 47 foreign air carriers--representing almost as many countries--were providing scheduled services to 20 U.S. points. These cities are: Anchorage, Boston, Chicago, Cleveland, Corpus Christi, Dallas, Detroit, Honolulu, Houston, Los Angeles, Miami, New Orleans, New York, Philadelphia, San Antonio, San Francisco, Seattle, Tampa, Washington, and West Palm Beach.

President Johnson during this period also approved the C.A.B.'s recommendation in the Foreign Air Carrier Service to Alaska Case.

Five foreign air carriers were granted three-year authorizations to permit stopover privileges in Alaska to their passengers on polar flights between European points and Japan. The carriers given this permission are Air France, Japan Air Lines, KLM Royal Dutch Airlines, Lufthansa, and Scandinavian Airlines System (SAS).

Increase in U.S. Flag Service

Twenty U.S. carriers, including two all-cargo airlines, were engaged in scheduled international air transportation as of June 30, 1964. Altogether, U.S. carriers were serving 127 foreign points in more than 90 different countries, colonies, and dependencies. As of June 30, 1968 there were still twenty U.S. air carriers operating internationally. Collectively, they served a total of 167 points in 119 countries throughout the world.

Bilateral Affairs

Civil air transportation between the United States and other countries is provided and regulated for the most part under bilateral air transport agreements. Under the Federal Aviation Act, the negotiation of these agreements is the primary responsibility of the Department of State, carried out in practice in consultation with the Civil Aeronautics Board.

In performing its advisory role, the Board, in consultation with the United States air transport industry and on the basis of extensive economic studies, makes recommendations to the Department on the air routes and rights to be exchanged with foreign governments, and the policies to govern the operations over the routes. Board representatives participate in the negotiations as members of the U.S. delegation.

The bilateral agreements provide for an exchange of operating rights in which each country is afforded equivalent access to the market place of the other. Under the liberal principles embodied in most of our air agreements the designated carriers of each country are free, subject to the terms of the agreement, to promote the market places of the two countries as they see fit and to operate the frequencies and capacity deemed desirable.

Two of the chief causes of negotiations and consultations are demands of foreign governments for new or additional route rights to and beyond the United States, and for the imposition of unilateral restrictions on air transport capacity, usually in the interest of protecting the national carrier.

In the area of our bilateral aviation relationships the following activities are of interest.

1964. The United States and Italy agreed to submit to arbitration the Italian contention that the U.S.-Italy Air Agreement did not cover cargo services. An Agreement with the United Arab Republic, renegotiated in 1963, was approved and signed. It defined a U.A.R. route to the United States. The Agreement with New Zealand was amended to update several articles of the 1946 Agreement and to revise the route exchange to provide for a New Zealand route to Los Angeles to be operated both via the Society Islands or Honolulu and via the Coral route in the South Pacific, including American Samoa. New understandings were also reached on interpretation of the Agreement. As a result of consultations at the request of India, the U.S.-India Agreement was amended to bring into effect immediately the Bermuda capacity principles which, by agreement in 1962, were to have been held in abeyance until 1965.

1965 The arbitration of the United States-Italy dispute was decided in favor of the United States. Also in this year four European airlines and Japan Air Lines were authorized to provide stopover services at Anchorage on their polar flights between Europe and Japan.

In the bilateral field, negotiations were held with Japan in Tokyo resulting in the amendment of the Route Annex of the Air Agreement, under which Japan gave up certain route rights in the United States in return for receiving rights via San Francisco to New York and beyond to Europe and for granting United States rights to serve Osaka.

1965 (continued)

Also the United States and Mexico amended the Air Agreement to provide for extensive route realignments and to reach further understanding on the capacity principles of the Agreement. The talks had been preceded by a study, prepared by the Board and disseminated in Mexico, elaborating on the advantages of liberal aviation principles in the promotion of tourism and the resultant benefits to the national economy.

1966 New agreements and amendments to existing agreements were effected with a number of countries. The most important of these were:

1) Our first Air Agreement with Austria was concluded to provide a route for U.S. services to Vienna and beyond and for separate Austrian routes to New York and to Washington;

2) The United States Agreements with the three Scandinavian countries were amended to provide for SAS services on a polar route to Seattle and U.S. carrier services to Bergen, Norway and Gothenburg, Sweden;

3) Following many years of unsuccessful attempts to modernize the Air Agreement with the United Kingdom, negotiations held in Washington resulted in agreement affecting U.S. and U.K. routes in all parts of the world and in a reaffirmation of the Bermuda principles espoused originally in the U.S.-U.K. Agreement negotiated at Bermuda in 1946;

4) The Agreement with Peru was amended to provide for a Peruvian route to Los Angeles.

Following several unsuccessful attempts by the U.S. and Italy over the years to agree on amendment of the Air Agreement, Italy denounced the Agreement for effectiveness in 1967.

Lengthy negotiations in Nairobi with East Africa for an air agreement were recessed without agreement having been reached.

1967 In the bilateral area the most significant event was the signing of an Air Transport Agreement between the U.S.S.R. and the United States. Provision for an exchange of air services had been made in the 1950s in a Cultural Exchange Agreement between the two countries, and in 1961 lengthy negotiations resulted in the initialling by delegations of an air agreement. The agreement was not signed at the time, however, because of certain political problems having arisen.

Our Agreement with Panama was amended to provide for a Panamanian route to include both New York and Miami. Of particular interest were the negotiations in Djakarta which resulted in an Agreement providing for the exchange of routes between Indonesia and the United States and, significantly, understanding reached on the liberal principles embodied in the capacity provisions of the Agreement.

1968 Negotiations which had taken place in Prague in 1967 were continued in Washington in 1968 and ad referendum agreement reached on the text of an agreement and an exchange of routes. As of August 21, 1968, Czechoslovakia had not ratified the Agreement. The U.S.-South Africa Agreement was amended to clarify and further delineate the route exchange to provide specifically, among other things, for a South African route to New York via South America. Negotiations with Brazil resulted, among other things, in the United States acquiring route rights to

South Africa via Rio de Janeiro. Also, negotiations with Greece resulted in amendment of the Air Agreement to give Greece route rights to Chicago and to clarify the U.S. right to operate beyond Greece to East and South Africa. Negotiations with Senegal were held in two sessions (Oct.-Nov. 1967 and Jan.-Feb. 1968) seeking to establish an air agreement. Senegal is one of the 12 countries party to the Treaty of Yaounde which provides for an airline consortium, Air Afrique, to serve as the flag carrier of each party. Since the Senegal talks were the first to involve an "Air Afrique country," they were viewed as the forerunner of similar negotiations with others of the 12 consortium nations. The discussions did not produce final agreement, but it is anticipated that further talks will take place.

Multilateral Activities

The Fifteenth Session of the ICAO Assembly was held in Montreal, Canada, June 19 to July 17, 1965. One of the important developments of this Assembly was the strong trend toward expanded economic activity with greater emphasis on ICAO's advisory role in the economic field.

Another significant multilateral conference was convened in Addis Ababa, Ethiopia in November 1964. This was a joint ICAO/ECA (Economic Commission for Africa) conference on African air transport. This was the first conference related to air transport matters in the African region. The conference recommended that consideration be given to the establishment of a permanent civil aviation organization comparable to the European Civil Aviation Conference (ECAC); and agreement that ECA should take steps to provide for extensive studies on the possibility of developing African tourism, with non-African governments being

requested to cooperate in this effort.

The outstanding multilateral activity of this four-year period was the ICAO conference in Montreal on charges for airports and route air navigation facilities. Some of the various facets of user charges that the conference discussed included: (1) principles and factors in determining airport costs allocable to international civil aviation; (2) charges for international general aviation; (3) standardization of charging methods; (4) passenger service charges; (5) development of revenues from concessions, rental of premises, and free zones; and (6) consultation with aircraft operators on any new or revised charges.

Other Activities

From time to time the CAB undertakes comprehensive studies with the objective of determining courses of action with respect to major problem areas in the international field or finding new approaches to long-standing problems. In 1964, this phase of the CAB's activities included a study concerned with accelerated development of the international air freight; a regional study of South America designed to provide a broad integrated approach to the air transport problems confronting the United States in that area. The Board also conducted studies on tourism in Mexico and the Philippines as well as studies on aviation problems and air passenger markets in those areas. Other activities in the field of international aviation included a study of aviation relations with the United Kingdom (undertaken during 1965),

and a study of a regional analysis of U.S. air transport relations, operations and problems in the Far East with special emphasis on seven countries: Burma, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam. In addition, a study was made analyzing Tourism and the United States - Far East and Pacific Air Passenger Market. The study considered the basic dimensions of the international tourism industry, essentially the volume of spending by international visitors and the U.S. visitor portion, the economic significance of international visitor spending, in particular to developing countries; the distribution and extent of U.S. visitor spending in the Far East and the Pacific; and the adverse effect which restrictions on air service have on international tourism development.

In another area of special activity, the Board participated with the Federal Aviation Administration of the Department of Transportation in a survey of air transport resources in the Democratic Republic of the Congo. This survey has not been completed. The project and survey was sponsored by the Agency for International Development in cooperation with the Government of the Democratic Republic of the Congo. Other joint activities with AID consisted of a field survey in Bolivia to determine the need for further assistance of AID to Lloyd Aereo Boliviano (LAB), examined from the standpoint of economic, safe operations (undertaken in FY 1966) and a survey of the airports of the Philippines to determine further assistance to that Government by AID (completed in FY 1967).