

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

Agreements Adopted by the Traffic
Conferences of the International Air
Transport Association

Docket OST-99-

APPLICATION FOR APPROVAL OF AGREEMENTS
BY THE
INTERNATIONAL AIR TRANSPORT ASSOCIATION

21 July 1999

Communications with respect to
this document should be sent to:

David M. O'Connor
Director, External Relations - United States
International Air Transport Association
1776 K St. N.W. Suite 400
Washington, D.C. 20006

(202) 293-9292

Summary	DOCKET: OST-99-	DOT ORDER: pending
---------	------------------------	---------------------------

Date: 3 August 1999

Filing fee/IATA Acct: \$61 – 956/3946-99

US/UST involved: No

End of Government Filing Period: 27 August 1999

Intended effective date: **1 September 1999**

Agreement: **PTC COMP 0488** dated 30 July 1999

Composite Expedited Resolution 002p

(Amends Resolution 016a which does **not** apply in USA/US Territories)

(Extract of Minutes and Summary included)

APPLICATION FOR APPROVAL OF AGREEMENT

Pursuant to statements submitted by Member airlines of the International Air Transport Association (IATA), the undersigned has been constituted to be their attorney-in-fact for filing with the Department of Transportation copies of agreements adopted by the IATA Traffic Conferences.

On their behalf, and pursuant to Sections 41308 and 41309 of Title 49 of the United States Code and Parts 303.03, 303.05 and 303.30(c) of Title 14 of the Code of Federal Regulations, I am filing with the Department this application for approval of an IATA agreement.

This agreement and related factual and explanatory material and documentation required by 14 C.F.R. 303.31 and Department and Civil Aeronautics Board (CAB) precedent are contained in the IATA Traffic Conference documentation summarized above.

This agreement arises from the continuing process of Tariff Coordinating Conferences and was developed in the context of prior Department and CAB rulings addressing related resolutions which reflected regulatory and market conditions then in effect. Thus, the present agreement should be viewed as part of a dynamic process of IATA Member airline adjustment to governmental and economic factors.

On previous occasions, the Department has found such agreements to be consistent with the public interest when they do not result in fares or rates that are unlawful or injurious to competition in the markets at issue. Approval of the present agreement would not yield fares or rates that are unlawful or injurious to competition. Moreover, approval of this agreement, which reflects compromises among the differing economic and social philosophies of the many nations whose airlines are parties, will advance the public interest in maintaining good aviation relations with other countries.

We request early approval by the Department of the foregoing agreement, pursuant to 49 U.S.C. 41309, and the grant of full antitrust immunity, pursuant to 49 U.S.C. 41308.

The conferral of full antitrust immunity would be in the public interest and necessary for the transaction to proceed. This agreement is a product of the IATA Tariff Coordinating Conferences which the Department found to be anticompetitive but nevertheless approved and immunized in Order 85-5-32 (May 6, 1985) on foreign policy and comity grounds because such action is necessary to achieve the serious transportation need of maintaining good aviation relations with other countries and these benefits are not obtainable by reasonably available means having materially less anticompetitive effects.

This agreement concerns fares or rates only between non-U.S. points and thus has at most indirect application in foreign air transportation. The U.S. authorities have recognized (e.g., Order 79-8-194, August 30, 1979) that the interests of sovereign nations in the conditions governing air transportation between them greatly exceed any that the U.S. might have by reason of U.S. airline, citizen or shipper participation. This agreement is not adverse to the public interest and should be granted full immunity.

Respectfully submitted:

David M. O'Connor
Director, External Relations - United States
International Air Transport Association
Attorney-in-fact

CERTIFICATE OF SERVICE

A copy of this application or a summary notice thereof has been served by first class or priority mail on the following persons:

Chief, Transportation, Energy
& Agriculture Section
Antitrust Division
Department of Justice
Washington D.C. 20530

Donald L. Pevsner
1765 East Riviera Drive
Merritt Island, FL 32952
(upon request)

David M. O'Connor

3 August 1999
Date Served



International Air Transport Association

IATA Centre, Route de l'Aéroport 33
P.O. Box 416
CH-1215 Geneva 15 Airport
Switzerland

30 July 1999

M E M O R A N D U M

PTC COMP 0488

TO: Members Participating in Tariff Coordinating Conferences (SP-0335)

FROM: Director, Tariff Services

SUBJECT: Composite Meeting of Passenger Tariff Coordinating Conferences
Montreal, 19-23 July 1999
Composite Expedited Resolution 002p
Intended Effective Date: 1 September 1999

Attached is Expedited Resolution 016a which was adopted at the above meeting for an intended effective date of 1 September.

The filing period for the attached Resolution ends **27 August 1999**. Members are reminded of their obligations under Resolutions 001 and 006 to advise this office by the end of the filing period whether approval by their Government authorities is required and, if so, to accomplish the necessary filing formalities. The effective date will be declared in accordance with Resolutions 001 and 006, when all the known necessary Government approvals have been received.

Rodney D. Gill
Assistant Director
Industry Tariff Affairs

RESOLUTION FINALLY ADOPTED AT

**COMPOSITE MEETING OF
PASSENGER TARIFF COORDINATING CONFERENCES**

MONTREAL, 19-23 JULY 1999

EXPEDITED EFFECTIVE DATE: 1 SEPTEMBER 1999

Filing Period: 20 August 1999 - 27 August 1999

RESO	TITLE	PAGE
002p	Special Amending Resolution	1

EXPEDITED

SPECIAL AMENDING RESOLUTION

PTC1(59)002p				New
PTC2(97)002p				
PTC3(63)002p				
PTC12(128)002p				
PTC23(91)002p				
PTC31(88)002p				
PTC123(100)002p				
Filing Period	Begins:	20 August 1999	Intended Effectiveness:	1 September 1999
	Ends:	27 August 1999	Expiry:	Indefinite
				Type: B

RESOLVED that,

- 1) notwithstanding Resolution 016a, for transportation sold in Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama the rate of commission shall be 6% of the applicable fares
- 2) Resolution 016a does not apply in Hong Kong SAR and New Zealand

- 1 US-based TC Members were prohibited by their authorities from participating in discussions on commission and they were therefore not present for this part of the agenda.

RESOLUTION 002p - SPECIAL AMENDING RESOLUTION

New Zealand

- 2 Against the background of a major route out of New Zealand having already been removed, a Member required that New Zealand be removed in total from the area of application of Resolution 016a. There was no objection and Resolution 002p reflected that Resolution 016a would not apply in New Zealand.

Hong Kong SAR

- 3 With a limited number of TC Members in South East Asia, one Member found themselves at a competitive disadvantage and required that Resolution 016a no longer apply in Hong Kong SAR. In the absence of any opposition, this amendment was reflected in Resolution 002p.

Central America and Panama

- 4 A Member proposed to reduce the commission paid to IATA accredited agents in Central America and Panama to 7%. The actual 9% commission had been established decades ago based on different components or services offered by agencies: providing product information, quoting fares, booking, ticketing, and steering business, to mention some.
- 5 With the technological advances in the last decades the selling of airline tickets had been simplified and, with electronic ticketing available, the time an agency spent in such tasks had been reduced. The lower agent compensation moved in the direction the travel industry is taking, e.g. US railway companies and US and European airlines.
- 6 At the request of the Member, the proposal was amended to a rate of commission of 6% for transportation sold in Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama. This was agreed and included in Resolution 002p.

Adoption of Resolution

- 7 In the absence of opposition, the Resolution was adopted for effect 1 September 1999.

SUMMARY

RESOLUTION 002p - SPECIAL AMENDING RESOLUTION

The changes represent agreement to proposals to cancel the application of Resolution 016a in Hong Kong and New Zealand and to change the level from 9% to 6% in Central America, Panama.

