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STATEMENT OF ROBERT H. BINDER, DEPUTY ASSISTANT SECRETARY FOR POLICY AND INTERNATIONAL AFFAIRS, DEPARTMENT OF TRANSPORTATION, BEFORE THE AVIATION SUBCOMMITTEE OF THE SENATE COMMERCE COMMITTEE ON S.2548, S.2549, AND S.3513 ON TUESDAY, MAY 9, 1972

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to appear before you today to discuss, in general, the problems of the air charter industry, and more particularly, S.2548, S.2549, and S.3513.

S.2548 amends the Federal Aviation Act of 1958 to remove the prohibition against the issuance of a certificate to engage in supplemental air transportation to any applicant holding any other certificate issued by the CAB under section 401(d) of the Act. S.2549 amends the Act to loosen the restrictions on the approval by the CAB of the merger of air carriers and non-air carriers. S.3513 amends the definition section of the Act to include a definition of an inclusive tour charter trip in a way different from existing CAB regulations, to allow supplemental air carriers to expand their operations to include the carriage of mail, and to remove prohibitions against their selling an inclusive tour trip by selling individual tickets directly to members of the public, or through the control of a person authorized by the CAB to make such sales. The bill also amends the Act to allow the CAB

to suspend permits of foreign air carriers whenever it finds that the aeronautical authorities of the foreign country from which they operate have refused to permit, or have imposed unreasonable restrictions on, the performance of foreign air transportation by a U.S. air carrier.

Before I discuss the specifics of these bills, I would like to make some general remarks about the air charter industry. Charter service, of course, is provided both by supplemental air carriers and foreign charter specialists and by scheduled air carriers. Briefly, the ground rules for the provision of charter service by scheduled air carriers are as follows: There are no restrictions on charters between points to which the carrier is certificated to provide scheduled service. Scheduled carriers currently are not authorized to perform inclusive tour charters, but they do have complete flexibility to sell inclusive tours on their scheduled services. These GIT fares, as now sold on an individually ticketed basis, are clearly competitive with existing supplemental ITC authority. Off-route charters, on the other hand, are restricted by CAB regulations.

Supplemental carriers are certificated to operate charters in broad geographical areas. As shown in Table 1, 13 U.S. supplemental carriers are currently certificated for U.S. domestic service, 7 for service in Canada, 4 for Mexico, 8 for Caribbean, 2 for Central and South America, 6 for transatlantic and 3 for transpacific. They may carry more than one group on each flight, however each group must be composed of a minimum of 40 persons.

TABLE 1

Areas of Authority[1/] of the U.S. Supplemental Carriers

May 2, 1972

Area:	Domestic/Hawaii	Canada	Mexico	Caribbean	Central & South America	Transpacific	Transatlantic
Carrier							
Capitol	X			X			X
Interstate Airmotive	X 2/	X					
Johnson	X	X					
McCulloch International	X	X	X				
Modern	X	X	X				
ONA	X			X			X
Purdue	X	X					
Saturn 3/	X			X			X
Southern	X			X		X	
Standard	X	X	X	X			
TIA	X			X	X	X	X
Universal 3/	X	X	X	X			X
World	X			X	X	X	X

1/ Persons and property except for the Transatlantic which is limited to persons only.

2/ Excluding Alaska and Hawaii. Limited authority.

3/ Suspended operations.

The amendments to the Federal Aviation Act in 1962 which authorized the Board to grant certificates to engage in supplemental air transportation were adopted to assure the availability to the traveling public of low-cost transportation in the form of charter services and to develop charter service to provide an effective prod to keep scheduled fares as low as possible. But there are many restrictions on charter operations, some by our CAB (such as the affinity, ITC and off-route charter rules), some by IATA (which apply only to IATA carriers), and further ones by some foreign countries. For example, CAB regulations governing off-route charters provide that these charters may not exceed two percent of the total revenue plane-miles the carrier flew during the preceding fiscal year. Secondly, off-route charters between any two points are limited to eight flights in the same direction during any four-week period and cannot be performed on the same day of the week for two successive weeks. CAB rules preclude any arrangement of off-route charters which will result in a uniform pattern or normal consistency of operations. For carriers with many route points, their on-route charter opportunities between those points are many, and the off-route restrictions are not a significant constraint in those markets. For carriers without route points in certain areas, the off-route restrictions do hinder the development of charter services.

IATA does not permit split charters, i.e., carrying more than one group on a charter flight, nor do they permit chartering aircraft to groups which have more than 50,000 members. Restrictions on charter operations by foreign governments range from the prior approval of each supplemental or scheduled carrier charter, through the ban on ITC's between the U.S. and Denmark, Italy, Norway, Sweden, Finland, Japan or Bermuda to the total ban on charters between the United States and Israel. These varying foreign restrictions on charters are detailed further in Attachment 1.

Despite the restrictions placed on charter operations, there has been a significant growth of international charter operations. In fact, these operations are growing at a faster rate than scheduled operations. For example, the growth of transatlantic international passenger charter operations in 1971 over 1970 amounted to 33 percent. The growth of international scheduled operations over the same period, on the other hand, was 4 percent. Data for 1971 indicates that approximately 9.3 million passengers flew across the North Atlantic of which 2.5 million (or 27 percent) used charter services provided either by supplemental or scheduled carriers. The U.S. supplemental carriers carried 46 percent of this charter traffic.

These figures do not reflect the bulk traffic carried by scheduled carriers on scheduled flights, that is, those passengers moving on GIT, affinity and incentive group fares. Travel of this kind is akin to charter travel. For example, Pan American and TWA carried approximately 558,000 passengers at these group fares in 1971 which amounted to approximately 19% of their total scheduled traffic. This bulk traffic could also be carried on charter services.

The Statement of International Air Transportation Policy approved by the President in 1970 set forth the policy of the Administration vis-a-vis international air charter operations and the role of supplemental carriers in relation to scheduled services as follows:

> "Scheduled services are of vital importance to air transportation and offer services to the public which are not provided by charter services. . . . Accordingly, in any instances where a substantial impairment of scheduled services appears likely, it would be appropriate, where necessary to avoid prejudice to the public interest, to take steps to prevent such impairment.
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> "Charter services by scheduled and supplemental carriers have been useful in holding down fare and rate levels and expanding passenger and cargo markets. . . . Charter services are a most valuable component of the international air transportation system, and they should be encouraged. If it appears that there is likely to be a substantial impairment of charter services, it would be appropriate, where necessary to avoid prejudice to the public interest, to take steps to prevent such impairment."

It is our view that this policy also is appropriate for the domestic area. And this includes that part of the policy statement which observed that "regulatory and promotional policies should give greater recognition to the dimensions, characteristics and needs of the bulk transportation market, as such, and less emphasis to the type of carrier that is serving that market."

With this introduction, let me take up and comment upon the issues raised by the three bills before the Committee.

S. 3513

For the reasons explained below, we support the amendment S. 3513 makes to section 101 of the Federal Aviation Act which defines "inclusive tour charter trip" except for the common control proviso. And except as the bill would authorize the Board to award a mail certificate to a supplemental carrier, we do not support the balance of S. 3513.

The definition of inclusive tour charter trip contained in the bill would define the extent of the Board's authority in this area. The proponents of the bill apparently view this bill as a means of effecting an immediate liberalization in the rules governing the operation of inclusive tour charters. It is our understanding that under existing legislation the Board may now act by regulation to effect changes similar to those proposed in the Bill. But Board adoption of such changes could result in protracted litigation questioning the Board's authority in this area.

The bill before the committee would clarify the Board's statutory authority with respect to inclusive tour charters. We should note that even if S. 3513 is enacted the Board might decide to continue the existing, restrictive ITC regulations. As the Bill reads, the Board could impose "such other requirements not inconsistent herewith as the Board shall by regulation prescribe," and it is not clear what type of regulations would be allowed. We think that enactment of the Bill would, however, be interpreted by the Board as an expression of Congressional interest in more liberal ITC rules. Our comments are therefore directed to the reasons DOT favors liberalization of the ITC rules in principle.

The Department's position with respect to the liberalization of inclusive tour charter rules stems in large part from the views long held by the Department concerning the implementation of the President's Statement on International Air Transportation Policy.

As the Committee is aware, the Department has repeatedly urged that the CAB identify the point at which scheduled services would suffer from substantial impairment within the meaning of the President's policy statement which was approved on June 22, 1970. To this end we have asked the Board to conduct an investigation directed to this issue. On the day after the release of the President's statement, we urged the Board to address the question of impairment so that the Board would be in a position to assess the level of

scheduled services that should be protected. (See motion of the Department to Reopen the Record in the Transatlantic Supplemental Charter Authority Renewal Case, Docket 20569, filed June 23, 1970). The Board denied this motion. Subsequently, in comments filed with the Board in reaction to its advance notice of proposed rulemaking regarding Non-Affinity Charters (Docket 23055, SPDR-22, filed May 10, 1971), we suggested that a certain essential level of scheduled services be identified, so that the Government would have a bench mark against which to react when the level of scheduled service in a market fell to that bench mark or below it. At that time we suggested that the essential level be measured according to the number of passengers using certain normal fares. Using 1968 as an illustrative year, this approach would have identified 22 round trips a day as the essential level of U.S. flag scheduled services across the North Atlantic. (In that year, Pan Am and TWA averaged 37 round trips a day). More recently we have suggested that the nature of scheduled traffic during the low traffic winter months may be some indication of this bench mark. I hasten to say now, as we did then, that neither of these bench marks is intended to serve as any indication of a ceiling or floor for scheduled operations, but its purpose is merely to serve as a flag for government attention to prevent the impairment of scheduled services that is considered to be undesirable.

Once this bench mark is established, any restrictions on charter services should be the minimum necessary to avoid prejudice to that level of scheduled services. And if restrictions are imposed, they should be placed on the charter services provided by scheduled carriers as well as charter specialists.

Of course, the Board could choose any number of ways to address the question of substantial impairment. For domestic application, the Board is now considering the renewal of the ITC authority of domestic supplemental carriers (Docket 23944), and this proceeding could serve as a forum. In a speech I made before the International Aviation Club on February 15, 1972, I suggested another way: that the Board institute a transatlantic route renewal investigation (the temporary authorizations of the scheduled carriers expires in April 1973) as a forum in which meaningful progress could be made in identifying the level of scheduled service that is entitled to protection from substantial impairment.

Unfortunately, the CAB has not undertaken the kind of investigation which we have urged upon them. And in great part because of this fact, we felt motivated recently to join with the State Department in meeting with Canada and certain members of the European Civil Aviation Conference (ECAC) to better explore this question. In part, this meeting was intended to urge the Europeans to delay adoption of a new charter

regulation that was feared to be more restrictive than some existing constraints on charter operations. And in part it was hoped that the Europeans would agree to work with us in identifying the essential levels of scheduled services that governments would be concerned about protecting from the inroads of charter competition, as a basis for constraints on charter operations.

I am pleased to report that our meeting with these representatives of ECAC was successful, and that plans have been laid for a further meeting of working groups next month, in Washington. As a part of the preparation for these meetings, I have asked the representatives of both scheduled and charter carriers to furnish certain statistical information. If the Committee pleases, I will insert in the record at this point the request for information which I have made. I am optimistic that these exchanges of data and views with the Canadians and Europeans will serve to cast some light on the essential level of scheduled services which is of concern to governments on this and the other side of the Atlantic. Naturally, the results of these discussions will be made available to the CAB for such use as they may choose in any formal investigation they may hold, or in connection with participation in formal bilateral negotiations that this country may wish to have with particular foreign countries.

Finally, our reaction to the Board's proposed travel group charter rule led us very recently to urge the Board to defer adoption of their TGC proposal as far as it relates to international travel until the conclusion of these talks with the Europeans; hopefully this fall. And insofar as the domestic application of the proposed rule is concerned, we urged the Board to institute TGC travel on an experimental basis in certain selected markets, while keeping in mind the question of identifying the level of scheduled service that should not be impaired in our domestic markets. This follows from my belief that the basic precepts of the President's Statement of International Air Transportation Policy should be applied to domestic air transportation in this regard, and therefore I believe that the Board should undertake to identify an essential level of domestic service as a bench mark for use in applying any desirable restrictions on domestic charter operations. (I think it fair to note here that in the CAB proceedings the Department of Justice's position differed from ours in that they favored immediate establishment of travel group charters and asserted that evidence before the Board supported a finding that such charters would not impair scheduled service.)

I have summarized and reviewed our views and action with respect to international air transportation because they lead me to make the following comments with respect to a liberalization of ITC rules as they would apply to domestic and international travel.

Historically, the use of inclusive tour charters by U.S. carriers has been subject to certain regulatory restrictions, most important of which are the seven-day minimum, the three-stop rule, and a minimum price not less than 110% of any fare charged by a scheduled carrier. That has been the pattern in the United States, and as a result of such regulatory restrictions, the growth of inclusive tour charter travel within the United States has been minimal. As for international ITC's, the program has been limited by the CAB restrictions as well as severe restrictions by most receiving foreign country landing and quota rules. As a result only an estimated 90,000 persons used the ITC program to foreign countries in 1971. In marked contrast to the American experience, European countries have for some years permitted inclusive tour travel to take place free from most of the regulatory restrictions imposed in America and against trans-Atlantic trips. For example, intra-European ITC's can go to a single destination and are governed by realistic pricing regulations which relate the price of the air trip and the ground arrangements to the cost of providing the service. As a result intra-European ITC traffic has increased nearly fourfold since mid-1960, to an estimated 8.5 million people taking such trips in 1972.

The comparison of the American and European experiences would suggest that a liberalization of the American regulatory

restrictions is in order if the U.S. domestic traveling public and the tourist industry are to attain the benefits of the increased tourism that would flow from such relaxation. Since large numbers of potential domestic travelers are now being attracted to lower cost European vacations on scheduled and charter services, there is no question that a more competitive domestic tour package would accrue favorably to the United States' balance of trade. To the extent that S. 3513 would lead to such a liberalization, we favor it in principle.

However, we would not favor a sudden termination of the existing restrictions on inclusive tour charter travel in this country, because we cannot be certain that undesirable impacts will not be felt on our scheduled transportation system. We have, of course, reviewed studies that have been made of the potential impact of such a relaxation. From the standpoint of charter operators, the work recently done by the Transportation Analysis International Co. is quite detailed, and we are studying it carefully. The Study suggests that the growth of inclusive tour charter travel in the market can take place without discouraging the growth of scheduled travel, and cites particularly the experience in the intra-European German-Spanish markets for support.

On the other hand, we are also fully aware of the studies completed for the scheduled industry by Trendex, Oxtoby-Smith and the two National Economic Research Association reports. They

generally conclude that the diversion of scheduled traffic would be so great as to reduce the profitability of the present vacation air markets which currently subsidize less dense traffic areas. They further conclude that the elimination of cross-subsidy will bring about increased payment by passengers on less profitable routes, and lead to either elimination of service or direct government subsidy.

I believe we should be cautious in using the European experience as the bases for predicting the likely outcome of liberalized ITC authority in the United States. Proponents of the European system refer to the fact that intra-European scheduled traffic has continued to grow at a 10 percent annual rate despite the phenomonal growth of ITC's. But it should be recalled that the U.S. and European scheduled carriers operate under different regulatory environments -- one very liberal and the other quite restrictive. As a result, the U.S. scheduled domestic network is the most advanced in the world with its frequent and modern services, variety and number of competitive carriers. With its overall relatively low fare structure, it already carriers large numbers of tourists on their scheduled flights.

It is not clear, therefore, that the European experience can be applied across the board to the American scene. We do not have an adequate basis to justify an immediate wholesale dismantling of the existing restrictions on inclusive tour charter travel in America.

What we do propose is an affirmative action program of liberalizing inclusive tour charter travel, and I would suggest the following guidelines for such a program:

1. The Congress should endorse the concept of inclusive tour charter travel as free from regulatory restrictions as is consistent with the maintenance of an essential scheduled transportation system. Section 1 of S. 3513 (apart from the proviso) would constitute such an endorsement.

2. The CAB should have regulatory authority to impose restrictions on such inclusive tour charter travel. The Board has such authority now, and S. 3513 would not appear to change it.

3. The Board should be encouraged to undertake the determination of the essential scheduled operations which are entitled to protection from excessive charter competition, and urged to permit inclusive tour charter travel to grow so long as damage to that essential level of scheduled operations is not threatened.

4. The Board should be encouraged to reach its conclusions as to the regulatory framework promptly, and we recall that the Board completed the share level phase of the domestic Passenger Fare Investigation in about one year.

5. In certain select markets where the risk of substantial impairment of scheduled service would be minimal, the Board should institute immediate relaxation of inclusive tour charter rules so as to measure the market impact of these regulations and provide the economic benefits of such a relaxation to both the traveling public and tour industries in these particular markets.

6. The Board should be asked to consider some immediate across-the-board easing of restrictions on ITC's, for example by reducing the requirement from three to two overnight stops, or by reducing the price restriction from 110% of the lowest scheduled fare to a lower percentage. If such easing is made, the Board should very carefully monitor the effects of these changes, particularly the effect on scheduled services.

This program of liberalizing inclusive tour charter travel in a controlled way with immediate experimental application, should provide the necessary factual basis and experience upon which the further development of U.S. domestic charter travel can be undertaken at minimum risk of impairing vital scheduled services.

Additional features of S. 3513 require further comment. The Department does not believe supplemental carriers should be permitted to control persons authorized by the CAB to sell inclusive tours. Nor do we believe scheduled carriers should be permitted to exercise such control. Control of tour agents by carriers would tend to reduce competition. Agents which presently arrange for tours are in a position to solicit various carriers to perform the tour operation, which keeps competitive pressure on the transportation cost. The bill would also move the supplemental carriers into the individually ticketed passenger activity, and thus closer to a scheduled carrier service.

S. 3513 proposes to redefine the definition of "supplemental air transportation." The new definition would permit the supplemental carriers to carry mail and would delete language which states that supplemental air transportation is to supplement the scheduled services authorized by the Board pursuant to section 401(d)(1). The existing law presently precludes the CAB from granting mail rights to supplemental carriers. We see no valid reason why the Board should be precluded from hearing this issue, and determining on the merits, after a hearing, that mail rights for supplemental carriers either are or are not required by the public convenience and necessity. Historically, mail carriage has been awarded to scheduled passenger services as a matter of routine. The

scheduled all-cargo specialists (like Seaboard), however, were initially certificated without mail rights, but were subsequently granted mail rights after a 401 proceeding which weighed the economic impact on competitive carriers as well as the public benefits accruing from the new certifications. The Department favors the use of this administrative procedure and believes that the CAB should have authority to grant mail rights to supplemental carriers if such authority is found to be in the public interest.

As for deleting the language regarding supplemental carriers supplementing scheduled services, the Congress may wish to consider the implications of the existing statutory language, since supplemental carriers, in their charter operations, do not "supplement" the charter services of scheduled carriers, nor were they intended to occupy a subsidiary role vis-a-vis the charter operations of scheduled carriers. They perform a distinct role as pointed out in the President's Policy Statement. We favor the distinction between scheduled and charter services made in that Statement.

The amendment in S. 3513 to section 402 of the Act is intended to provide the Board retaliatory power when foreign governments impose arbitrary restrictions on U.S. carriers. We are opposed to this amendment. We believe the Board has sufficient powers now to take actions of this kind without amending the Act. We note that the Board has amended Part 213 of its Economic Regulations in order to place itself in a position to retaliate by limiting foreign carriers' scheduled services, and the Board now has before it amendments to Part 212 which would give it similar authority to retaliate against foreign carriers' charter services. In addition, the thrust of the amendment may be inconsistent with our bilateral air service agreements, and contrary to the Policy Statement which says that charter agreements should be distinct from scheduled agreements, and, "generally" there should be no trade-off between scheduled and charter rights.

S. 2548

S. 2548 amends section 401(d)(3) of the Federal Aviation Act to authorize the Civil Aeronautics Board to grant both route and supplemental certificates to any individual airlines. It appears that the Act presently prevents the CAB from issuing a supplemental certificate to a scheduled carrier, or from approving the merger of a supplemental and a scheduled carrier. There is an open question, however, as to whether a supplemental carrier could be granted

scheduled route rights (a CAB Hearing Examiner once ruled this to be illegal, but the Board has never ruled on this issue).

Passage of S. 2548 would make supplemental carriers eligible to receive route awards in order to provide scheduled services, and would make route carriers eligible to receive supplemental awards to provide some charter services in addition to those charter services they are now authorized to provide.

The bill would also remove the legal bar to mergers between scheduled and supplemental carriers.

Our position, in summary, is as follows: We see a possible justification for CAB authority to grant a scheduled certificate to a supplemental carrier. However, we do not believe the CAB should have discretion to permit a merger between a supplemental and a scheduled carrier. We also do not believe the CAB needs to have discretion to grant a supplemental certificate to a scheduled carrier.

We have considered what scheduled carriers could obtain under S. 2548 that they do not now have or cannot obtain without new legislation. They already have the ability to provide unlimited on-route charters and limited off-route charters. They also can carry inclusive tour traffic on scheduled services, and could probably file an inclusive tour charter tariff with the CAB if they chose to operate such ITC charters. Consequently, under this bill their added rights would be limited to broader off-route charter rights, and an escape

from the strictures of IATA 045. These added competitive rights could be granted today, however, under the existing regulatory process. Indeed, the CAB presently has under review a more liberal off-route charter rule for scheduled carriers, and the disapproval of 045.

Consequently, there appears to be no real need for the bill insofar as scheduled carriers are concerned (to either merge or apply for such authority) since they can potentially obtain broader charter rights under the existing rules without the necessity of a supplemental carrier certificate. On the other hand, there is a strong potentiality for consequences adverse to the public interest. Passage of this bill could lead to acquisitions of supplementals by scheduled carriers, which would remove from the market the competitive prod that the supplementals have represented. The significance of this would depend on CAB actions with regard to entry of new or additional supplemental carriers. If we could be assured that liberal entry for supplemental carriers would be a continuing policy of the CAB, we would have less concern about this aspect of this bill.

S. 2548 would also allow supplemental carriers to obtain scheduled operating rights. We have considered why a supplemental carrier might want a scheduled certificate. It would offer them the broad flexibility that a scheduled certificate offers: namely, an ability to carry mail and property (either as an all-cargo service

or in combination with passengers), as well as the ability to carry bulk passengers on both classes of services. A major disadvantage of the dual authority, of course, as viewed from the standpoint of the public interest, could be a weakening of the competitive impact the charter services have as charter specialists.

On balance we have no objection to the Board acquiring authority to grant a supplemental carrier a scheduled certificate (directly, and not by merger). If a supplemental carrier were awarded a scheduled route certificate, it would be on the basis of a Board finding that such services were required by the public convenience and necessity. Such a carrier would still be required to provide adequate charter service under their charter certificate, and if they failed in this responsibility, their supplemental rights could either not be renewed or shifted to a new charter specialist.

S. 2549

S. 2549 amends section 408 of the Federal Aviation Act to give the Board the flexibility to approve air carrier/surface carrier control relationships when such relationships are found to be in the public interest. We recommend that no action be taken on this bill at this time.

The bill would do away with the language in section 408(b) which states:

> ". . . if the applicant (for CAB approval of a merger, consolidation, etc.) is a carrier other than an air carrier, or a person controlled by a carrier, other than an air carrier or affiliated therewith within the meaning of section 5(8) of the Interstate Commerce Act, as amended, such applicant shall for the purposes of this section be considered an air carrier and the Board shall not enter such an order of approval unless it finds that the transaction proposed bill promote the public interest by enabling such carrier other than an air carrier to use aircraft to public advantage in its operation and will not restrain competition."

In effect, the purpose of this provision in the Act is similar to that underlying the provision in section 401 relating to the operation by one air carrier of both route and supplemental certificates. When Congress was developing the Civil Aeronautics Act of 1938, it was concerned that the financially strong surface carriers might dominate the fledgling air carriers to the detriment of the development of air transportation.

It is possible that individual firms with authority to operate air service modes in addition to other transportation modes would develop substantial intermodal transport systems which could lead to a reduction in time in transit and possible reductions in the costs associated with intercarrier, intermodal, transfers at gateway or port cities. We are not aware, unfortunately, of any studies which demonstrate in a real and factual way that such saving in time and money will result from intermodal ownership, and will not result in the absence of intermodal ownership. However, given the growth and maturation of the air carrier industry, it may be that the rationale

for the safeguard contained in the Act seems to have disappeared.

We are inclined to believe that S. 2549 should be subjected to further study before it is determined whether it should be enacted. Among other things, further attention should be given to the question of which forum should deal with intermodal problems of this nature. We believe your hearings should develop a great deal of useful information in this regard and we would like to devote more time in the Department to a review of this matter. Therefore, we recommend that the Committee take no action on S. 2549 at this time.

Mr. Chairman, that concludes my prepared testimony. Now I will be happy to answer any questions the Committee may have.

Foreign Government Charter Restrictions 1/

1. Ban on All Charters - The Government of Israel, since 1963 has banned all charter flights between the United States and Israel. Belgium has banned U.S. Supplemental charters between points within a 300 mile radius of New York and Belgium.

2. Ban on Inclusive Tour Charters - Denmark, Italy, Norway, Sweden, Japan, Finland and Bermuda ban inclusive tour charters to and from the United States.

3. Ban on Split Charters - Denmark, Italy, Norway, Sweden, Japan, Bermuda, France, Spain and Germany ban split charters to and from the United States.

4. Prior Approval - Almost every foreign government, with the exception of Argentina and the Bahamas, require prior approval of each charter flight or series of charter flights by U.S. supplemental and scheduled carriers.

5. Price Limitations on Inclusive Tour Charters - Countries within Europe which permit inclusive tour charters have, in concert with the European Civil Aviation Conference, imposed minimum price requirements on inclusive tour charters. These price restrictions are tied to the minimum IATA tour-basing fare.

6. Volume Limitations on Inclusive Tour Charters - The United Kingdom, Germany and France have adopted volume limitations on inclusive tour charters. For 1971 these limitations were:

United Kingdom	- 90	total	round	trips	2/
Germany	- 30	"	"	"	
France	- 50	"	"	"	

7. Limitations on Split Charters - The United Kingdom and Ireland allow only two groups on a charter flight.

1/ Taken from NACA exhibits in Docket 22362.

2/ Peak season.

8. Volume Limitations on Affinity Charters - Portugal, Japan and Tahiti have quotas on the number of affinity charters that may be operated. Bermuda bars all affinity charters during the Easter season.

9. First Refusal Restrictions - Ireland, Mexico, Brazil, Venezuela, Canada, Australia and Ethiopia have first refusal policies.

10. Uplift Ratios - Canada imposes a one-to-one uplift ratio for inclusive tour charters by U.S. supplemental carriers.