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## WITHDRAWAL SHEET

## Ronald Reagan Library

Collection Name		Withdr	awer
		RBW	8/30/2005
File Folder	JGR/CIVIL AVIATION BOARD DECISIONS	10 OF 16) <b>FOIA</b>	
		F05-139	/01
Box Number		COOK	
DOC Doc Type	Document Description	No of Doc Date Restri	ctions
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1 SUMMARY	SUMMARY OF APPLICATION FOR AERMEDITERRANEA (OPEN IN WHOLE)	1 1/5/1984 B4	497

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

WASHINGTON



December 27, 1983

MEMORANDUM FOR FRED F. FIELDING

FROM:

SUBJECT:

Civil Aeronautics Board Decision in wear,

Trans-Mediterranean Airways

s office has asked the above-Richard Darman's office has asked for comments by December 27 on the above-referenced CAB decision, which was submitted for Presidential review as required by § 801(a) of the Federal Aviation Act of 1958, as amended, 49 U.S.C. § 1461(a). Under this section, the President may disapprove, solely on the basis of foreign relations or national defense considerations, CAB actions involving either foreign air carriers or domestic carriers involved in foreign air transportation. If the President wishes to disapprove such CAB actions, he must do so within sixty days of submission (in this case, by January 9, 1984).

The order here has been reviewed by the appropriate departments and agencies, following the procedures established by Executive Order No. 11920 (1976). OMB recommends that the President not disapprove, and reports that the NSC and the Departments of State, Defense, Justice and Transportation have not identified any foreign relations or national defense reasons for disapproval. Since this order involves a foreign carrier, the proposed letter from the President to the CAB Chairman prepared by OMB omits the standard sentence designed to preserve availability of judicial review.

This order authorizes service by the named carrier between Lebanon and New York, with seven intermediate points in Europe. OMB describes the order as a "routine, noncontroversial matter."

A memorandum for Darman is attached for your review and signature.

Attachment

WASHINGTON

December 27, 1983

MEMORANDUM FOR RICHARD G. DARMAN

ASSISTANT TO THE PRESIDENT

FROM:

FRED F. FIELDING Orig. signed by FFE.

COUNSEL TO THE PRESIDENT

SUBJECT:

Civil Aeronautics Board Decision in

Trans-Mediterranean Airways

Our office has reviewed the above-referenced CAB decision and related materials, and has no legal objection to the procedure that was followed with respect to Presidential review of such decisions under 49 U.S.C. § 1461(a).

We also have no legal objection to OMB's recommendation that the President not disapprove this order or to the substance of the letter from the President to the CAB Chairman prepared by OMB.

FFF: JGR: aea 12/27/83

cc: FFFielding/JGRoberts/Subj/Chron

WASHINGTON

. December 20, 1983

MEMORANDUM FOR FRED F. FIELDING

FROM:

JOHN G. ROBERTS

SUBJECT:

Civil Aeronautics Board Decision in

AFC International Co.

Richard Darman's office has asked for comments by December 20 on the above-referenced CAB decision, which was submitted for Presidential review as required by § 801(a) of the Federal Aviation Act of 1958, as amended, 49 U.S.C. § 1461(a). Under this section, the President may disapprove, solely on the basis of foreign relations or national defense considerations, CAB actions involving either foreign air carriers or domestic carriers involved in foreign air transportation. If the President wishes to disapprove such CAB actions, he must do so within sixty days of submission (in this case, by January 16, 1984).

The order here has been reviewed by the appropriate departments and agencies, following the procedures established by Executive Order No. 11920 (1976). OMB recommends that the President not disapprove, and reports that the NSC and the Departments of State, Defense, Justice and Transportation have not identified any foreign relations or national defense reasons for disapproval. Since this order involves a foreign carrier, the proposed letter from the President to the CAB Chairman prepared by OMB omits the standard sentence designed to preserve availability of judicial review.

This order denies the request of AFC, a Romanian-owned carrier, to operate as a freight forwarder in the United States. Romania currently denies this right to American carriers in Romania. My review of the materials confirms OMB's description of this as "a routine, noncontroversial matter."

A memorandum for Darman is attached for your review and signature.

Attachment

WASHINGTON

December 20, 1983

MEMORANDUM FOR RICHARD G. DARMAN

ASSISTANT TO THE PRESIDENT

FROM:

FRED F. FIELDING Orig. signed by FFF

COUNSEL TO THE PRESIDENT

SUBJECT:

Civil Aeronautics Board Decision in

AFC International Co.

Our office has reviewed the above-referenced CAB decision and related materials, and has no legal objection to the procedure that was followed with respect to Presidential review of such decisions under 49 U.S.C. § 1461(a).

We also have no legal objection to OMB's recommendation that the President not disapprove this order or to the substance of the letter from the President to the CAB Chairman prepared by OMB.

FFF:JGR:aea 12/20/83

cc: FFFielding/JGRoberts/Subj/Chron

WASHINGTON

December 20, 1983

MEMORANDUM FOR RICHARD G. DARMAN

ASSISTANT TO THE PRESIDENT

FROM:

FRED F. FIELDING

COUNSEL TO THE PRESIDENT

SUBJECT:

Civil Aeronautics Board Decision in

AFC International Co.

Our office has reviewed the above-referenced CAB decision and related materials, and has no legal objection to the procedure that was followed with respect to Presidential review of such decisions under 49 U.S.C. § 1461(a).

We also have no legal objection to OMB's recommendation that the President not disapprove this order or to the substance of the letter from the President to the CAB Chairman prepared by OMB.

FFF:JGR:aea 12/20/83

cc: FFFielding/JGRoberts/Subj/Chron

### WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

Ed.

□ O - OUTGOING □ H - INTERNAL □ I - INCOMING □ Date Correspondence Received (YY/MM/DD)  Name of Correspondent: Richard	- 1 G. DAR	MAN		
	Iser Codes: (A)			(C) Cv.
ROUTE TO:	AC	TION	DISPO	OSITION
Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Completion Date Code YY/MM/DD
CORPOLL	ORIGINATOR	83,12,16		
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ACTION CODES:  A - Appropriate Action C - Comment/Recommendation D - Draft Response F - Furnish Fact Sheet to be used as Enclosure	I - Info Copy Only/No A R - Direct Reply w/Copy S - For Signature X - Interim Reply	ction Necessary	DISPOSITION CODES: A - Answered B - Non-Special Refer  FOR OUTGOING CORRE Type of Response = Code = Completion Date =	SPONDENCE: Initials of Signer "A"
Comments:				

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## WHITE HOUSE STAFFING MEMORANDUM

	ACTION	FYI		ACTIO	I FY
VICE PRESIDENT			JENKINS		
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MARKS:					

1983 DEC 16 PM 6: 51

RESPONSE:

Richard G. Darman Assistant to the President Ext. 2702



# EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

DEC 16 1983

#### ACTION

MEMORANDUM FOR: ASSISTANT TO THE PRESIDENT

AND DEPUTY TO THE CHIEF OF STAFF

SUBJECT:

Civil Aeronautics Board Decision:

AFC International Co.

Docket 41753

Date due: January 16, 1984

You will find attached a memorandum for the President about the above international aviation case. The interested executive agencies have reviewed the Board's decision and have no objection to the proposed order.

This is a routine, noncontroversial matter. No foreign policy or national defense reasons for disapproving the Board's order have been identified. I recommend that the President sign the attached letter to the Chairman which indicates that he does not intend to disapprove the Board's order within the 60 days allowed by statute. Otherwise, the Board's order becomes final on the 61st day.

riginal signed by

Constance Horner
Associate Director
Economics and Government

#### Attachments:

Memorandum to the President CAB letter of transmittal CAB order Letter to the Chairman



# EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

DEC 16 1983

#### ACTION

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Civil Aeronautics Board Decision:

AFC International Co. Docket 41753

Date due: January 16, 1984

The Civil Aeronautics Board proposes to take the following action with regard to the above international air case:

-- Deny the request of AFC International Co., owned by a citizen of Romania, for authority to operate as a foreign air freight forwarder in interstate and overseas air transportation. Currently, Romania does not allow United States freight forwarders to conduct domestic air freight forwarding in Romania; therefore, the Board has determined that, absent reciprocity, Romanian freight forwarders should not receive United States authority to operate freight forwarding in interstate and overseas air transportation.

The Departments of State, Defense, Justice, and Transportation and the National Security Council have not identified any foreign policy or national defense reasons for disapproving the Board's order in whole or in part.

The Office of Management and Budget recommends that you approve the Board's decision by signing the attached letter to the Chairman which indicates that you do not intend to disapprove the Board's order within the 60 days allowed by statute for your review.

Constance Horner Associate Director Economics and Government

Chrice Hames

Attachments:

CAB letter of transmittal CAB order Letter to the Chairman

to take the following action hal air case. nternational corate seas air united to and overseallow freight authority ate adomesta has notic retained and series and has notic air freight authoristate adomesta has notic possible for a formation of the post of the series o Pr. Joers to conduct domestic air freight to Board has freight to air freight to Board an arthoriseas air freight to Board an arthoriseas air free fore the Romanian authoriseas air free fore for the Romanian authoriseas air free foreign to be a free foreign to the Romanian authoriseas air free foreign to be a free for not receive united States and overseas air interstate and overseas orwarding cer Defense have not alsapproving the Board's fense reasons for disapproving the reasons for a part. 

ns:

(DOS, DOD, DOJ, DOT, NSC, er to the Chairman.

to be prepared.

tter of transmittal rder the Chairman

WASHINGTON

Dear Mr. Chairman:

I have reviewed the order proposed by the Civil Aeronautics Board in the following case:

AFC International Co. Docket 41753

I have decided not to disapprove the Board's order.

Sincerely,

The Honorable Dan McKinnon Chairman Civil Aeronautics Board Washington, D.C. 20428

Constitution of Chill

#### UNITED STATES OF AMERICA CIVIL AERONAUTICS BOARD WASHINGTON, D.C.

Adopted by the Civil Aeronautics Board at its office in Washington, D.C. on the 15th day of November, 1983

Application of

AFC INTERNATIONAL CO.

Docket 41753

for a foreign freight forwarder registration under Part 297 of the Board's Economic Regulations

#### ORDER

By Order 83-10-41, the Board directed all interested persons to show cause why the Board should not deny the request of AFC International Co. for authority to operate in interstate and overseas air transportation as a foreign air freight forwarder.

The order directed interested persons having objections to the Board'stentative findings and conclusions set forth in that order, to file their objections no later than November 3, 1983. In addition, the order provided that in the event no factual issues are presented which warrant the holding of an oral evidentiary hearing, or the institution of discovery procedures, we could enter an order which would make final our tentative findings and conclusions.

No objections to Order 83-10-41 have been filed.

ACCORDINGLY,

- 1. We make final our tentative findings and conclusions set forth in 0rder 83-10-41;
- 2. We deny the request of AFC International Co. for authority under section 402 of the Act and Part 297 of our Economic Regulations to operate as a foreign air freight forwarder in interstate and overseas air transportation; 1/

<sup>1/</sup> AFC International Co. was issued Foreign Freight Forwarder Registration No. 236 (effective July 29, 1983) to perform foreign air transportation under an exemption from section 402 of the Act (49 USC 1372) issued by Part 297 of the Economic Regulations (14 CFR 297). That authority is unaffected by this action and remains in effect.

3. Unless disapproved by the President of the United States under section 801(a) of the Act, this order shall become effective on the 61st day after the submission to the President, 2/ or upon the date of receipt of advice from the President that he does not intend to disapprove the Board's order under that section, whichever is earlier.

By the Civil Aeronautics Board:

PHYLLIS T. KAYLOR

Secretary

(SEAL)

All Members concurred.

<sup>2/</sup> This order was submitted to the President on NOV 17 1983 The 61st day is JAN 17 1984

#### UNITED STATES OF AMERICA CIVIL AERONAUTICS BOARD WASHINGTON, D. C.



Adopted by the Civil Aeronautics Board at its office in Washington, D. C. on the 11th day of October, 1983

Application of

AFC INTERNATIONAL CO.

Docket 41753

for a foreign freight forwarder registration under Part 297 of the Board's Economic Regulations

## STATEMENT OF TENTATIVE FINDINGS AND CONCLUSIONS AND ORDER TO SHOW CAUSE

On June 9, 1983, AFC International Co. filed for registration to operate as a foreign air freight forwarder under Part 297 of our Economic Regulations (14 CFR 297) in foreign, overseas, and interstate air transportation. 1/ The applicant is owned by Constantin Florescu, who is a citizen of Romania.

Under section 297.22 of our Economic Regulations, we must take one or more specified actions after review of a foreign freight forwarder registration form: approve, reject for noncompliance with Part 297 or for reasons relating to the failure of effective reciprocity, seek further information, condition exercise of the authority, or institute a proceeding under section 402 of the Act.

We tentatively find that reciprocity with Romania, with respect to U.S. freight forwarders performing domestic air freight forwarding services in Romania, is inadequate to allow grant of authority to citizens of Romania to conduct freight forwarding activities in interstate or overseas air transportation. 2/ Therefore, we institute a proceeding under section 402 of the Act to consider the status of reciprocity between the Government of Romania and the Government of the United States with respect to freight forwarders. 3/ We propose to deny the applicant authority to operate indirectly in interstate and overseas air transportation.

<sup>1/</sup> ER-1294, adopted April 15, 1982, permitted foreign air freight forwarders to request authority to operate in interstate and overseas air transportation (47 FR 19683, May 7, 1982).

<sup>2/</sup> We have, under delegated authority, granted the applicant's request to operate indirectly in foreign air transportation only.

<sup>3/</sup> Except as noted, we conclude that all aspects of the application, as shown on CAB Form 297A, satisfy the requirements of Part 297 and Board policy.

In reaching decisions on for authority under the Act, the ultir evaluation of the public interest. under an intergovernmental agreeme interest is evaluated on the basis long been liberal in authorizing I property and now observe a general operations in the forwarding indus forwarders are denied fair and equ we must consider an appropriate re differentiated between grants of : we noted "that grants of domestic air carriers would only be approve carriers' home countries afforded reciprocity, which would include indirect air carriers but also Fig indirect air carriers."

We tentatively find that the transportation matters between the sufficient to justify the registral inadequate to allow grant of authority and overseas air transportation. United States Embassy in Buchares forwarders are not permitted to of In the absence of authority for Undomestic freight services within authority to Romanian air freight U.S. operations.

The International Air Transport of 1974 encourages us to eliminate practices and unreasonable restriction 1979 reinforces that mandate and practices through appropriate act responsibilities, in conjunction be prohibited from operating betwhave tentatively decided that the request of the applicant for auth operations in interstate and over

<sup>4/</sup> See EDR-378, 44 FR 30694, Ma 5/ See Order 83-4-103 (April 20 GRM International, Inc., a Filipi (February 24, 1983) and 82-8-86 (between foreign and interstate ai interstate requests of Yusen Air forwarders.

In view of the foregoing and all the facts of record, we tentatively find and conclude that:

- I. Under section 297.22 of our Economic Regulations (14 CFR 297.22), a proceeding under section 402 of the Act should be instituted, and that such proceeding should explore the public interest considerations of the status of reciprocity and comity between the Government of Romania and the Government of the United States as it affects the application of AFC International Co.;
  - 2. The applicant is a citizen of Romania;
- 3. Reciprocal opportunities for air freight forwarder operations within Romania are not afforded to U.S. citizens by the Government of Romania;
- 4. It is in the public interest to deny the request of AFC International Co. to operate as a foreign air freight forwarder in interstate and overseas air transportation under 14 CFR 297; 6/ and
  - 5. The public interest does not require an oral evidentiary hearing.
    ACCORDINGLY,
- 1. We direct all interested persons to show cause why we should not make final our tentative findings and conclusions and deny the request of AFC International Co. for authority to operate as a foreign freight forwarder in interstate and overseas air transportation under 14 CFR 297;
- 2. Any interested persons objecting to the issuance of an order making final our tentative findings and conclusions and denying the application of AFC International Co. shall, no later than November 3, 1983. file with the Board and serve on the persons named in paragraph 5, a statement of objections specifying the part or parts of the tentative findings and conclusions objected to, together with a summary of testimony, statistical data, and concrete evidence relied upon in support of the objections. An oral hearing or discovery procedures may be requested. The objector should state in detail why such hearing or discovery is considered necessary and what material issues of decisional fact he or she would expect to establish through such hearing or discovery which cannot be established in written pleadings. The objector should consider whether discovery procedures alone would suffice to resolve material issues of decisional fact. If so, the type of procedure should be specified (see Part 302 of our Procedural Regulations, Rules 19 and 20); if not, the reasons why not should be explained. If objections are filed, answers may be filed, no later than November 14, 1983;

 $<sup>\</sup>frac{6}{1983}$ , is unaffected by this proposed action. AFC International Co. will continue to be authorized to perform indirect foreign air transportation under an exemption from section 402 of the Act  $\frac{1}{1988}$  (49 USC 1372) issued by Part 297 of our Economic Regulations (14 CFR 297).

- 3. If timely and properly a give further consideration to the objections before we take further enter an order in accordance with set forth in this order if we depresent that warrant the holding institution of discovery procedure.
- 4. In the event no objection steps will be determined to have enter an order which shall make conclusions set forth in this order experiment pursuant to section 80
- 5. We shall serve this ord Ambassador of Romania in Washing and Transportation.

We shall publish a summary of By the Civil Aeronautics Bo

(SEAL)

All Members concurred.

<sup>7/</sup> Since provision is made fo petitions for reconsideration w

WASHINGTON

February 3, 1984

MEMORANDUM FOR FRED F. FIELDING

FROM:

JOHN G. ROBERTS

SUBJECT:

Civil Aeronautics Board Decisions in

Aermediterranea - Linee Aeree and

Intl. de Aviacion, S.A.

Richard Darman's office has asked for comments by February 7 on the above-referenced CAB decisions, which were submitted for Presidential review as required by § 801(a) of the Federal Aviation Act of 1958, as amended, 49 U.S.C. § 1461(a). Under this section, the President may disapprove, solely on the basis of foreign relations or national defense considerations, CAB actions involving either foreign air carriers or domestic carriers involved in foreign air transportation. If the President wishes to disapprove such CAB actions, he must do so within sixty days of submission (in these cases, by March 9, 1984).

The orders here have been reviewed by the appropriate departments and agencies, following the procedures established by Executive Order No. 11920 (1976). OMB recommends that the President not disapprove, and reports that the NSC and the Departments of State, Defense, Justice and Transportation have not identified any foreign relations or national defense reasons for disapproval. Since these orders involve foreign carriers, the proposed letter from the President to the CAB Chairman prepared by OMB omits the standard sentence designed to preserve availability of judicial review.

The Aermediterranea order authorizes that carrier to provide service between the United States and Italy. The Internacional de Aviacion order authorizes freight service by that carrier between Panama and various coterminal points in the United States. OMB describes the orders as "routine, noncontroversial matters."

A memorandum for Darman is attached for your review and signature.

Attachment

WASHINGTON

#### February 3, 1984

MEMORANDUM FOR RICHARD G. DARMAN

ASSISTANT TO THE PRESIDENT

FROM:

FRED F. FIELDING Orig. signed by FFF

COUNSEL TO THE PRESIDENT

SUBJECT:

Civil Aeronautics Board Decisions in

Aermediterranea - Linee Aeree and

Intl. de Aviacion, S.A.

Our office has reviewed the above-referenced CAB decisions and related materials, and has no legal objection to the procedure that was followed with respect to Presidential review of such decisions under 49 U.S.C. § 1461(a).

We also have no legal objection to OMB's recommendation that the President not disapprove these orders or to the substance of the letter from the President to the CAB Chairman prepared by OMB.

FFF:JGR:aea 2/3/84

cc: FFFielding/JGRoberts/Subj/Chron

WASHINGTON

February 3, 1984

MEMORANDUM FOR RICHARD G. DARMAN

ASSISTANT TO THE PRESIDENT

FROM:

FRED F. FIELDING

COUNSEL TO THE PRESIDENT

SUBJECT:

Civil Aeronautics Board Decisions in

Aermediterranea - Linee Aeree and

Intl. de Aviacion, S.A.

Our office has reviewed the above-referenced CAB decisions and related materials, and has no legal objection to the procedure that was followed with respect to Presidential review of such decisions under 49 U.S.C. § 1461(a).

We also have no legal objection to OMB's recommendation that the President not disapprove these orders or to the substance of the letter from the President to the CAB Chairman prepared by OMB.

FFF:JGR:aea 2/3/84

cc: FFFielding/JGRoberts/Subj/Chron

### WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET D D - OUTGOING II H - INTERNAL late Correspondence eceived (YY/MW/DD) Name of Correspondent: MI Mail Report ACTION DISPOSITION Tracking Completion Action Date Date COMMITTE Code Пенропае SYMMINDO. ORIGINATOR Referral Note: Referral Note: Referral Note: Referral Note: Referral Note: DISPOSITION CODES: **ACTION CODES:** 1 - Info Copy Only/No Action Necessary A - Answered C - Completed A - Appropriate Action C - Comment/Recommendation R - Direct Reply w/Copy B - Non-Special Referral S - Suspended S - For Signature D - Draft Response F Furnish Fact Sheet X - Interim Reply FOR OUTGOING CORRESPONDENCE: to be used as Enclosure Type of Response = Initials of Signer Code = "A" Completion Date = Date of Outgoing Comments: \_

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Document No.		

## WHITE HOUSE STAFFING MEMORANDUM

DATE:	E: 2/2/84 ACTION/CONCURRENCE/COMMENT DUE BY: 2/				2/7/84	
SUBJECT:	CAB DECISIO	NS RE AERMEI	DITERRA	ANEA - LINEE	AEREE AND INTL.	
	DE AVIACION	, S.A.				
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**REMARKS:** 

May we have your comments on the attached by close of business Tuesday, February 7. Thank you.

**RESPONSE:** 



# EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

FEB 2 1984

ACTION

MEMORANDUM FOR:

ASSISTANT TO THE PRESIDENT

AND DEPUTY TO THE CHIEF OF STAFF

SUBJECT:

Civil Aeronautics Board Decisions:

Aermediterranea - Linee Aeree

Mediterranee, S.p.A

Docket 41587

Date due: March 9, 1984

Internacional de Aviacion, S.A.

(INAIR)

Docket 37558

Date due: March 9, 1984

You will find attached a memorandum for the President about the above international aviation cases. The interested executive agencies have reviewed the Board's decisions and have no objection to the proposed orders.

These are routine, noncontroversial matters. No foreign policy or national defense reasons for disapproving the Board's orders have been identified. I recommend that the President sign the attached letter to the Chairman which indicates that he does not intend to disapprove the Board's orders within the 60 days allowed by statute. Otherwise, the Board's orders become final on the 61st day.

Original signed by Constance Horner

Constance Horner
Associate Director
Economics and Government

#### Attachments:

Memorandum to the President CAB letters of transmittal CAB orders
Letter to the Chairman



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

FEB 2 1984

#### ACTION

MEMORANDUM FOR THE PRESIDENT

SUBJECT:

Civil Aeronautics Board Decisions:

Aermediterranea - Linee Aeree Internacional de Aviacion, S.A.

Mediterranee, S.p.A

(INAIR)

Docket 41587

Docket 37558

Date due: March 9, 1984

Date due: March 9, 1984

The Civil Aeronautics Board proposes to take the following actions with regard to the above international air cases:

- -- Issue an initial foreign air carrier permit to Aermediterranea -Linee Aeree Mediterranee, S.p.A., authorizing it to conduct charters, carrying persons and/or property, between the United States and Italy. The permit is for a term of five years and also authorizes Aermediterranea to engage in other charter flights in foreign air transportation under the Board's regulations governing charters.
- -- Amend and reissue, for a five-year period, a foreign air carrier permit to International de Aviacion, S.A. (INAIR) authorizing it to engage in: (a) scheduled foreign air transportation of property and mail between Panama and the coterminal points Miami, New York City, and Los Angeles, and (b) nonscheduled foreign air transportation of property and mail between Panama and the coterminal points Miami, New York City, Los Angeles, Houston, and San Juan (Puerto Rico).

The Departments of State, Defense, Justice, and Transportation and the National Security Council have not identified any foreign policy or national defense reasons for disapproving the orders in whole or in part.

The Office of Management and Budget recommends that you approve the Board's decisions by signing the attached letter to the Chairman which indicates that you do not intend to disapprove the Board's orders within the 60 days allowed by statute for your review.

> Original signed by Constance Horner

Constance Horner Associate Director Economics and Government

#### Attachments:

CAB letters of transmittal CAB orders
Letter to the Chairman

### Options and Implementation Actions:

- ( ) 1) Approve the Board's orders (DOS, DOD, DOJ, DOT, NSC, OMB).
   -- Sign the attached letter to the Chairman.
- ( ) 2) Disapprove the Board's orders.-- Implementation materials to be prepared.
- ( ) 3) See me.

WASHINGTON

Dear Mr. Chairman:

I have reviewed the orders proposed by the Civil Aeronautics Board in the following cases:

Aermediterranea - Linee Aeree Mediterranee, S.p.A Docket 41587

Internacional de Aviacion, S.A. (INAIR)
Docket 37558

I have decided not to disapprove the Board's orders.

Sincerely,

The Honorable Dan McKinnon Chairman Civil Aeronautics Board Washington, D.C. 20428

FOR CIFICAL DUE CALL

#### UNITED STATES OF AMERICA CIVIL AERONAUTICS BOARD WASHINGTON, D. C.

Adopted by the Civil Aeronautics Board at its office in Washington, D.C. on the 5th day of January, 1984

Application of

AERMEDITERRANEA - LINEE AEREE MEDITERRANEE, S.p.A.

Docket 41587

for an initial foreign air carrier permit: under section 402 of the Federal Aviation: Act of 1958, as amended:

#### URDER ISSUING FOREIGN AIR CARRIER PERMIT

By application filed July 11, 1983, as supplemented August 1 and clarified Uctober 19, Aermediterranea - Linee Aeree Mediterranee, S.p.A., requests an initial foreign air carrier permit to conduct charters carrying persons and/or property between the United States and Italy, and to engage in other charter flights under our regulations governing charters. 1/ Aermediterranea is the two-year-old charter subsidiary of the Italian-flag scheduled carrier, Alitalia.

In support of its application, Aermediterranea asserts (Attachment A is a summary of the application) that it is an Italian company, owned and controlled by nationals of Italy; 2/ that it is financially and operationally qualified to conduct the proposed charter operations; 3/ that it is licensed by its government to do so; and that adequate comity and reciprocity underlie its request. 4/

4/ The United States-Italy Air Transport Services Agreement does not provide for charter operations.

<sup>1/</sup> A notice of the application was placed in the <u>Federal Register</u> (48 FR 33726, July 25, 1983).

<sup>2/</sup> Aermediterranea states that it is owned and controlled mainly by its Italian group parent corporation, Alitalia, which owns 55 percent of its capital stock, and, to a lesser degree, by the Italian airline, Aero Transporti Italiani (ATI), which owns the remaining 45 percent. The applicant further states that ATI operates air services only within Italy, and that its capital stock, in turn, is owned by Alitalia. Alitalia, in turn, is owned almost completely by the Government of the Italian Republic through its company, Istituto per la Riconstruzione Industriale.

3/ Aermediterranea indicates that the primary thrust of its proposed U.S. operations will be passenger charters to Boston, Chicago, Detroit, and New York City. However, the applicant also proposes to operate, as demand warrants, combination and cargo-only charters to any point in the United States. Aermediterranea plans to operate to the United States mainly during the peak transatlantic travel season, June through September of each year.

No answers to the application have been filed.

#### Decision

We have thoroughly reviewed the record, including the application, and have decided to grant the application using the simplified Subpart Q procedures. 5/ The public was informed of Aermediterranea's application by notices in the Federal Register and our weekly list of applications filed, describing the authority sought and giving interested persons an opportunity to submit evidence and objections to the award of the authority. These notices provided the required notice and filing opportunities. Simplified procedures are appropriate in this case because there are no material, determinative issues of fact requiring other procedures.

The initial permit we are issuing to Aermediterranea will authorize it to conduct charters, carrying persons and/or property, between the United States and Italy, and other charters in foreign air transportation, under our regulations governing charters, for a term of five years. Based on Aermediterranea's submissions, we find and conclude that the applicant is substantially owned and effectively controlled by nationals of Italy, and that it is fit, willing, and able to perform properly the charter foreign air transportation described in the attached permit and to conform to the provisions of the Act, and to our rules, regulations, and requirements. Moreover, neither Aermediterranea's ownership and control by its government and nomeland nationals, nor the adequacy of the airline's compliance disposition has been challenged by any party. We believe that our general aviation relations with Italy are sufficiently good to warrant our issuing the applicant a permit devoid of restrictive charter conditions. 6/

<sup>5/ 14</sup> CFR 302.1701 et seq. Under Rule 29(b) we may, in our discretion, omit a tentative decision in proceedings under Subpart Q and proceed directly to a final decision, after provision of an opportunity for interested parties to submit evidence and to object to grant of authority under section 402 of the Act.

In the past we placed certain conditions on the operating authorities of various charter affiliates of European scheduled airlines, including the so-called "mother-daughter" restriction, which limited joint commercial activities between the affiliate and its parent company, and the uplift-ratio restriction, which essentially precluded the affiliate from operating more than four U.S.-originating charter trips for every three charter trips originating outside the United States during any calendar year. Such conditions have been made anachronistic by certain amendments to the Federal Aviation Act and changes to our rules, which now afford superior means of assuring reciprocity, as well as fundamental changes in our international aviation policy. We have removed such restrictions from the operating authority of Lufthansa's affiliate, Condor Flugdienst, (see show-cause Order 80-9-182, made final by Order 80-12-29), and Iberia's affiliate, AVIACO, (see show-cause Order 83-6-120, made final by Order 83-9-95), as not being required by the public interest. Further, we have not recently imposed restrictive conditions in initial foreign carrier charter permits, (see the Minerve foreign permit case, show-cause Order 83-8-43, made final by Order 83-11-27), unless a special public interest would so require. We thus will not impose restrictive conditions Assemble to an annual contacting authority

#### Financial and Operating Fitness

We find and conclude that Aermediterranea is financially and operationally fit to conduct the proposed operations. The applicant states that it has been operating for over two years, and in April 1982 successfully initiated international charter operations carrying passengers and cargo. Besides Europe, those operations currently include destinations in North Africa and the Near East. As of the end of calendar year 1982, Aermediterranea had total assets of \$53.7 million, and owners' equity of \$7.3 million. The carrier experienced operating losses in 1981 and 1982; however, it did not begin operations until the middle of 1981, and appears to have adequate sources of additional capital, should more become necessary. The competence of Aermediterranea's management is reflected in its operating history and its status as a licensee in good standing of the Government of Italy. There is no evidence of adverse compliance disposition.

#### Operating Plan

Aermediterranea estimates that it will carry over 20,000 passengers in its 1984 Italy-United States charter operations, with a net profit exceeding \$2 million for those operations. Also, Aermediterranea states that it will conduct the proposed operations with B-747 and DC-10 equipment, maintained by Alitalia in Rome. 7/

#### Public Interest

As the United States-Italy Agreement does not provide for charter operations, adequate comity and reciprocity with Italy must underlie Aermediterranea's request for us to find that authorization of charter flights between the two countries would be consistent with the public interest. The authority we confer here is congruent with the charter authority held by Alitalia, the applicant's parent company. Further, the present comity in our aviation relations with Italy also supports this grant. We thus find that it is consistent with the public interest to issue Aermediterranea's permit for a five-year term.

In view of the foregoing and all the facts of record, we find and conclude that:

- 1. It is in the public interest to issue a foreign air carrier permit to Aermediterranea Linee Aeree Mediterranee, S.p.A. in the form attached, authorizing charter foreign air transportation of persons and property between any point or points in Italy and any point or points in the United States:
- 2. The public interest requires that the exercise of the privileges granted by the permit shall be subject to the terms, conditions, and limitations contained in the attached permit, and to such other reasonable terms, conditions, and limitations required by the public interest as we may prescribe;

<sup>7/</sup> By letter dated August 19, 1983, the FAA's Manager, Air Transportation Division, Office of Flight Operations advised us that he knows of no reason why we should act unfavorably on this application.

- 3. The applicant is fit, willing and able properly to perform the charter foreign air transportation described in the attached permit and to conform to the provisions of the Act, and our rules, regulations and requirements;
- 4. The applicant is substantially owned and effectively controlled by nationals of its homeland country;
- 5. Issuance of this foreign air carrier permit will not constitute a "major regulatory action" under the Energy Policy and Conservation Act of 1975, as defined in subsection 313.4(a)(1) of our Regulations; 8/ and
- 6. The public interest does not require an oral evidentiary hearing on the application.

#### ACCORDINGLY.

- We issue the attached, initial foreign air carrier permit to the applicant to authorize charter air transportation of persons and property between the United States and Italy;
- 2. We deny, except to the extent granted, the application and other requests for relief in this Docket;
- 3. The Secretary of the Board shall sign the permit on our behalf and shall affix the seal of the Board;
- 4. Unless disapproved by the President of the United States under section 801(a) of the Act, this order with the attached permit shall become effective on the 61st day after its submission to the President, 9/or upon the date of receipt of advice from the President that he does not intend to disapprove the Board's order under that section, whichever is earlier; and
- 5. We shall serve this order on the applicant, the Ambassador of Italy in Washington, D.C., and the Departments of State and Iransportation, and the Federal Aviation Administration (AFO-220).

By the Civil Aeronautics Board:

PHYLLIS T. KAYLOR

Secretary

(SEAL)

All Members concurred.

<sup>8/</sup> Our finding is based upon the fact that issuance of this permit will not result in a near-term annual increase in fuel consumption in excess of 10 million gallons.

<sup>9/</sup> This order was submitted to the President on JAN 9 1984 The 61st day is MAR 10 1984

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#### SUMMARY OF APPLICATION

Homeland Country: Italy

Reciprocity And Comity As Basis For Authority Sought: Yes, and adequate reciprocity and comity exist. (Charter operations are not covered by the bilateral agreement with Italy.)

Holds Government License For Authority Sought: Yes, see Exhibit Appendix 5 in Docket 41587

Operating History: The applicant was licensed in 1981 and began intra-Italy route service in July of that year. It commenced international charter operations of passengers and cargo in April 1982 within Europe and to North Africa and the Near East.

Aircraft Owned (0) And Leased (L): B-747 (L) and DC-10 (L) for the proposed operations; also, the applicant owns 6 DC-9's and leases 1 DC-9.

Aircraft Maintenance Performed By: Alitalia in Rome, Italy

Financial	Indicators (As Of):	Dec. 31,	1981 Dec	. 31, 1982
		(Million:	s) (	Millions)
	Total Assets;	\$ 44.9		53.7
	lotal Liabilities	36.6		46.4
	Uwners' Equity	8.3		7.3
	Operating Loss12 mos. e	nded (2.4	)	(4.4)

Majority Ownership By Nationals of: Italy (see n.1, p.1)

Effective Control By Nationals Uf: Italy (see n.1, p.1)

Insurance Coverage: The applicant states that it will obtain and maintain coverage adequate to meet the requirements of 14 CFR 205.

Insurance Refused Or Involuntarily Canceled During Last 3 Years: No

ketused Debt Financing Last 3 Years: No

Defaulted Un Transportation Commitments Last 3 Years: No

Failed To Meet Current Financial Obligations Last 3 Years: No

Safety Ur Tariff Violations During Last 5 Years: No

Subscribes To Standard Permit Conditions Regarding Insurance And Annex 6 of Chicago Convention And C.A.B. Agreement 18900: Yes

Near-term Annual Fuel Consumption Exceeds 10 Million Gallons: No

uther: The applicant states that none of its shares have been issued as a guarantee for purchase or lease of aircraft or for financing.

#### UNITED STATES OF AMERICA CIVIL AERONAUTICS BOARD WASHINGTON, D. C.

#### PERMIT TO FUREIGN AIR CARRIER

AERMEDITERRANEA - LINEE AEREE MEDITERRANEE, S.p.A.

is authorized, subject to the provisions set forth, the provisions of the Federal Aviation Act of 1958, as amended, and the orders, rules and regulations of the Board to engage in charter foreign air transportation of persons and property, as follows:

Between any point or points in Italy and any point or points in the United States.

The holder may engage in other charter flights in foreign air transportation subject to the Board's regulations governing charters.

This permit and the exercise of the privileges granted in it shall be subject to the terms, conditions, and limitations attached, and to the following:

- 1. In the event any practice develops which the Board regards as inimical to fair competition, the nolder and the Board will consult and will use their best efforts to agree upon modifications satisfactory to the Board and the nolder.
- 2. This permit shall be subject to all applicable provisions of any treaty, convention, or agreement affecting international air transportation now in effect, or that may become effective during the period the permit remains in effect, to which the United States and Italy are or shall become parties.
- 3. The Board, by order or regulation, with or without hearing, may require advance approval of individual charter trips conducted under the authority granted by this permit, if it finds that such action is required in the public interest.

This permit shall be effective on , and shall terminate five years thereafter, except that it shall be subject to termination at any time if the authority to conduct flight operations to and from Italy granted by the Government of Italy to any air carrier authorized by the United States is denied, canceled or unreasonably restricted.

The Civil Aeronautics Board, through its Secretary, has executed this permit and affixed its seal on January 5, 1984.

PHYLLIS T. KAYLUR

Secretary

(SEAL)

#### PERMIT TO FOREIGN AIR CARRIER

The holder's authority to conduct operations under the permit to which this is attached shall also be subject to the following terms, conditions, and limitations:

- (1) The privileges granted by this permit are subject to the condition that the foreign air carrier complies with the requirements of 14 CFR 203, concerning waiver of Warsaw Convention liability limits and defenses.
- (2) The privileges granted by this permit are subject to the condition that the foreign air carrier complies with the requirements for minimum insurance coverage contained in 14 CFR 205.
- (3) By accepting this permit, the holder waives any right it may possess to assert any defense of sovereign immunity from suit in any action or proceeding instituted against the holder in any court or other tribunal in the United States (or its territories or possessions) based upon any claim arising out of operations by the holder under this permit.
- (4) The holder shall not operate any aircraft under the authority granted by this permit, unless the holder complies with operational safety requirements at least equivalent to Annex 6 of the Chicago Convention.
- (5) The holder shall conform to the airworthiness and airman competency requirements prescribed by its home Government for international air service.
- (6) Except as specifically authorized by the Board, all flights to/from the United States must originate or terminate in the holder's homeland.
- (7) The holder shall not provide the foreign air transportation authorized by this permit unless it holds a currently effective authorization from its Government for such operations and such document is on file with the Board.
- (8) The exercise of the privileges granted by this permit shall be subject to such other reasonable terms, conditions, and limitations required by the public interest as may be prescribed by the Board.

\*

WASHINGTON

February 28, 1983

MEMORANDUM FOR RICHARD A. HAUSER

FROM:

JOHN G. ROBERTS PSA

SUBJECT:

Civil Aeronautics Board Decisions in Transatlantic; Houston-Acapulco; Dallas/ Ft. Worth-London; and Capitol Air, Inc.

This memorandum is addressed to you because Eastern Air Lines, Inc., is involved in one of the subject CAB orders.

Richard Darman's office has requested comments by close of business Wednesday, March 9, 1983 on the above-referenced CAB decisions involving international aviation, which were submitted for Presidential review as required by § 801(a) of the Federal Aviation Act of 1958, as amended, 49 U.S.C. § 1461(a). Under this section, the President may disapprove, solely on the basis of foreign relations or national defense considerations, CAB actions involving either foreign air carriers or domestic carriers involved in foreign air transportation. If the President wishes to disapprove such CAB actions, he must do so within sixty days of submission (in these cases, by March 14, 15, 14, and 29, respectively).

The orders here have been reviewed by the appropriate departments and agencies, following the procedures established by Executive Order No. 11920 (1976). OMB recommends that the President not disapprove, and reports that the NSC and the Departments of State, Defense, Justice and Transportation have not identified any foreign relations or national defense reasons for disapproval. Since these orders involve domestic carriers, judicial review is theoretically available. Hence, the proposed letter from the President to the CAB Chairman prepared by OMB includes the standard sentence designed to preserve availability of judicial review, as contemplated by the Executive Order for cases involving domestic airlines.

The Transatlantic Certificate Amendments order corrects technical problems in existing transatlantic certificates; the Houston-Acapulco and Dallas/Ft. Worth-London orders allocate routes previously served by Braniff Airways before it ceased operations; and the Capitol Air order authorizes that airline to serve Austrian routes.

A memorandum for Darman is attached for your review and signature. The memorandum notes that Mr. Fielding did not participate in the review of this matter.

Attachment

WASHINGTON

February 28, 1983

MEMORANDUM FOR RICHARD G. DARMAN

FROM:

RICHARD A. HAUSER Orig. signed by THE DEPUTY COUNSEL TO THE PRESIDENT

SUBJECT:

Civil Aeronautics Board Decisions in Transatlantic; Houston-Acapulco; Dallas/ Ft. Worth-London; and Capitol Air, Inc.

Our office has reviewed the above-referenced CAB decisions and related materials and has no legal objection to the procedure that was followed with respect to Presidential review of such decisions under 49 U.S.C. § 1461(a).

We also have no legal objection to OMB's recommendation that the President not disapprove these orders or to the substance of the letter from the President to the CAB Chairman prepared by OMB.

Mr. Fielding did not participate in the review of this matter.

FFF: JGR: aw 2/28/83

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#### WASHINGTON

February 28, 1983

MEMORANDUM FOR RICHARD G. DARMAN

ASSISTANT TO THE PRESIDENT

FROM:

RICHARD A. HAUSER

DEPUTY COUNSEL TO THE PRESIDENT

SUBJECT:

Civil Aeronautics Board Decisions in Transatlantic; Houston-Acapulco; Dallas/ Ft. Worth-London; and Capitol Air, Inc.

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Mr. Fielding did not participate in the review of this matter.

FFF:JGR:aw 2/28/83

cc: FFFielding

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## WHITE HOUSE STAFFING MEMORANDUM

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FIELDING			ROGERS		
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Remarks:

May we have your comments on the attached by Wednesday, close of business. Thank you.

Richard G. Darman Assistant to the President (x2702)

Response: