

No. 17213

**UNITED STATES OF AMERICA
and
UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND**

**Exchange of letters constituting an agreement relating
to North Atlantic air transport fares. Washington,
17 March 1978**

Authentic text: English.

Registered by the United States of America on 24 November 1978.

**ÉTATS-UNIS D'AMÉRIQUE
et
ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD**

**Échange de lettres constituant un accord concernant les
tarifs applicables aux services de transport aérien sur
l'Atlantique Nord. Washington, 17 mars 1978**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 24 novembre 1978.

EXCHANGE OF LETTERS CONSTITUTING AN AGREEMENT¹ BETWEEN
THE UNITED STATES OF AMERICA AND THE UNITED KINGDOM
OF GREAT BRITAIN AND NORTHERN IRELAND RELATING TO
NORTH ATLANTIC AIR TRANSPORT FARES

I

*The British Deputy Secretary for Civil Aviation and Shipping, Department of Trade,
to the Deputy Assistant Secretary of State for Transportation Affairs*

BRITISH EMBASSY
WASHINGTON, DC

Date: 17 March 1978

Dear Mr. Atwood,

Our Governments have in recent weeks been in disagreement over the air fares and rates filed by various airlines for use over the North Atlantic during the coming summer season. Consultations which began in London on 10 February were resumed in Washington on 6 March.

During these latter consultations US representatives made a presentation of the attitudes and policies of the United States in favour of low and innovative air fares and rates, and argued strongly that the tariffs filed by US airlines satisfied the criteria in Article 12(2) of the Bermuda 2 agreement,² taking these criteria as a whole. The United Kingdom side was impressed by many of the considerations and arguments that were advanced and moreover was conscious that British airlines would also wish to put forward their own innovative proposals. While remaining concerned that low fare innovations should not be taken to the point where possibly irreparable damage was done to the essential fabric of the civil aviation industry, or at any rate inadequate returns were achieved by efficient airlines, the United Kingdom aeronautical authorities have decided in the light of the consultation to withdraw their expressions of dissatisfaction and subject to paragraph 5 below to approve forthwith new filings based on the fares, rates and conditions filed by United States airlines which are currently the subject of expressions of dissatisfaction by the United Kingdom aeronautical authorities. The United Kingdom authorities have assured the United States that they will not require limitations on the number of seats to be offered at the subject fares from carriers which have not already requested such limitations.

In taking this action the United Kingdom aeronautical authorities understand that the United States aeronautical authorities will withdraw their expressions of dissatisfaction and subject to paragraph 5 below approve forthwith new filings based on the fares, rates and conditions filed by British airlines which are currently the subject of expressions of dissatisfaction by the United States aeronautical authorities.

In taking the action referred to in my second paragraph above it is also the understanding of the United Kingdom aeronautical authorities that the United States aeronautical authorities will accept and approve forthwith short notice filings by British designated airlines that match or are competitive with approved filings of United States designated

¹ Came into force on 17 March 1978 by the exchange of the said letters.

² United Nations, *Treaty Series*, vol. 1079, No. 1-16509.

airlines. The United Kingdom aeronautical authorities will similarly accept and approve such filings made by United States designated airlines.

It is our understanding that the United States aeronautical authorities will not object if stand-by, budget, group 100, single-coupon Apex and matching fares are made available only between gateway points listed in columns A and C of US Route 1 or UK Route 1; and that the United States aeronautical authorities agree that for journeys behind and beyond the gateways the fare to be charged should be the sum of the stand-by, budget, group 100, single-coupon Apex or matching fare and the applicable domestic fare. Apex fares not limited by their terms to a single coupon will continue to be approved for applicability to both gateway and non-gateway points. All filings should have an expiry date not later than 31 March 1979. The United Kingdom aeronautical authorities will require the currency surcharge applicable to Apex fare sold in the United Kingdom to be standardized at 50% with effect from 1 April 1978. Arrangements for the handling, ticketing and checking-in of stand-by passengers are a matter to be determined on a non-discriminatory basis by the airport operators in consultation with the airlines concerned.

It is our further understanding that the aeronautical authorities of both our countries will give prompt and sympathetic consideration to subsequent innovative tariff filings by their carriers within the scope of Article 12. It is the view of the United Kingdom, which we understand to be shared by the United States, that the innovative fares and rates which have been the subject of our consultations together with those yet to be filed are experimental in character and should therefore be monitored, and reviewed in October or November 1978, as a basis for the more assured projection of low fare policies for the future.

It is understood that this agreement does not include rates for the sale of space on a scheduled service flight to a charter organizer for resale to the public under charter rules and at prices set by the organizer (part-charters).

I should be grateful to have your confirmation that this is also your understanding of the position we have reached.

Yours sincerely,

[Signed]

W. P. SHOVELTON

Mr. J. Atwood
Deputy Assistant Secretary
Department of State
Washington, D.C.

II

*The Deputy Assistant Secretary of State for Transportation Affairs to the British
Deputy Secretary for Civil Aviation and Shipping, Department of Trade*

DEPARTMENT OF STATE
WASHINGTON, D.C.

March 17, 1978

Dear Mr. Shovelton,

This is to confirm that your letter of this date accurately sets forth the understanding our governments have reached to resolve the present controversy on North Atlantic air fares.

The innovative and low fares that will result from this agreement will be welcomed by the traveling and shipping public, and should prove beneficial to our carriers and to the tourist industries of both countries. I am particularly pleased that we were able to reach this agreement in a spirit of cooperation and friendship.

Sincerely,

[Signed]
JAMES R. ATWOOD
Deputy Assistant Secretary
for Transportation Affairs

Mr. W. Patrick Shovelton
Deputy Secretary for Civil Aviation and Shipping
United Kingdom Department of Trade
London
