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Russian tourists, to Atlanta for the Games. Aeroflot states that it currently plans to operate a total of 29 round-trip flights to and from Atlanta, and requests the flexibility to operate the flights either directly or by re-routing existing scheduled flights to serve Atlanta.

Aeroflot notes that authority to serve Atlanta is not explicitly provided for in the 1994 Air Transport Agreement between the United States and the Russian Federation, but states that grant of this authority is warranted in order to further the Olympic objectives of international sportsmanship and understanding.

### **Responsive pleadings**

Answers to Aeroflot's request were filed by Alaska Airlines, Inc. and Delta Air Lines, Inc. Aeroflot filed a consolidated reply.

Alaska asks that we defer action on the request until a satisfactory resolution is reached concerning two problems it has encountered in conducting its bilaterally-agreed scheduled combination services to the Russian Far East. Specifically, Alaska states that it has encountered unreasonable delays in receiving approval from the Russian authorities to conduct its Russian Far East services, with approvals for its February and March schedules coming so late as to negatively affect the carrier's advertising and sales of its services, and no approval to date for its April-September schedules. In addition, Alaska states that recent increases in the price it must pay for fuel at Magadan, Russia, are contrary to the terms of the Agreement. Alaska states that in order for reciprocity to support the grant of Aeroflot's request, the Russian Government must improve its approval process for U.S. carrier services, and there must be "genuine progress" toward resolving the fuel price problem.

Delta states that while it has no objection in principle to Aeroflot's application, we should defer action on its application until we have examined the impact of all additional services to Atlanta planned by carriers during the Olympics. Delta notes that the Federal Aviation Administration has issued a Special Federal Aviation Regulation (SFAR No. 74), which establishes an airport slot reservation system for arrivals and departures at Atlanta-area airports during the Summer Olympics. Delta states that the Department should require all carriers to request by a specified date any authority they may seek to operate Olympic flights, so that we may assess the effect of such planned services on airport congestion and on existing services in the Atlanta market.

Aeroflot, in its reply, urges that we grant it the authority it seeks without delay, so that its passengers can complete their hotel and local travel arrangements promptly. Aeroflot states that while Alaska is not satisfied with the timeliness of Russian action on

its authority to serve the Russian Far East, the Russian authorities have in fact approved Alaska's operation of its February and March schedules. Aeroflot further states that Alaska's concern over fuel prices should be addressed under the terms of the Agreement, rather than in the context of this proceeding. With respect to Delta's view that we should require carriers proposing to conduct Olympic flights to file their applications by a date certain, Aeroflot states that such a requirement is unnecessary and redundant because the FAA already has procedures in place to deal with anticipated air traffic in the Atlanta area during the Olympic Games. Aeroflot also notes that most foreign carriers serving the United States already hold charter authority from the Department which will meet their needs in conducting such flights without seeking additional Department authority, and that the requirement Delta seeks would thus not give the Department useful information about potential traffic in the Atlanta area.

## Decision

We have decided to grant Aeroflot's request. We find that the authority Aeroflot seeks is consistent with the public interest.<sup>2</sup>

The upcoming Summer Olympic Games in Atlanta are a significant international sporting and cultural event, and the provision of air transportation services is critical to the success of the Games. The Department is committed to facilitating, to the maximum extent practicable, the provision of all types of transportation services, including air transportation services, to accommodate the substantial demand for transport that will exist during the Olympic period.

In light of this commitment, we find that grant of the exemption authority requested by Aeroflot is warranted. While the authority is not encompassed by the U.S.-Russia Agreement, and is therefore discretionary, we note that it will enable Aeroflot to provide the Russian Olympic team members and their families, delegates, and fans with needed transportation to Atlanta for the Games.<sup>3</sup> We are aware of no public interest reasons that would cause us to withhold this limited authority from Aeroflot.

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<sup>2</sup> Aeroflot submitted a schedule with its request that showed it operating a total of 29 flights to Atlanta. However, Aeroflot plainly labeled this as its "current" schedule, and specifically requested that we accord it flexibility to accommodate changes. We regard the request as reasonable and accordingly we will not limit the carrier to the specific number cited in its application, but will instead allow it the flexibility to operate as many flights as may be necessary during the Olympic period, consistent with FAA procedures set forth in SFAR No. 74 and the conformance by the carrier with FAA-approved flight routings.

<sup>3</sup> Based on information available to the Department, we also find that Aeroflot is operationally and financially qualified to conduct these operations, and remains substantially owned and effectively controlled by citizens of the Russian Federation.

While we have noted the concerns expressed here by Alaska, we do not find that Alaska's proposed response, *i.e.*, deferral of our approval of these Olympic Games flights, is justified when considered in light of the strong public interest reasons discussed above for granting Aeroflot's request. We will continue to work with the Russian Government to seek a satisfactory resolution of the problems Alaska faces in conducting its Russian services.

With respect to Delta's concern, we note that the FAA has taken steps to assure the smooth flow of traffic to and from the Atlanta area during the Olympic Games, and, as Delta notes, has instituted a slot reservation system under which carriers must apply for and receive reservations for certain types of services. We agree with Delta that it would be useful for the Department to know, for planning purposes, what additional Department authority U.S. and foreign air carriers will be seeking to operate to the Atlanta area during the Summer Olympic period, and, to that end, we will issue a notice shortly requesting that U.S. and foreign carriers advise us of the authorities they intend to seek from us in connection with their planned Olympic operations.<sup>4</sup> In the meantime, we see nothing in the services proposed here by Aeroflot, or in the answer of Delta, that would cause us to find that deferring action on the request is warranted.

In view of the above, we find that grant of the requested exemption, as conditioned, is consistent with the public interest, and that our action does not constitute a major regulatory action under the Energy Policy and Conservation Act of 1975.

ACCORDINGLY,

1. We grant Aeroflot-Russian International Airlines an exemption under 49 U.S.C. section 40109 to the extent necessary to permit it to conduct scheduled foreign air transportation of persons, property and mail between Moscow, Russia and Atlanta, Georgia, either directly or on a coterminal basis with its other authorized U.S. points, during the period July 12 - August 7, 1996;
2. This authority is subject to all applicable terms and conditions of Aeroflot's foreign air carrier permit issued by Order 86-5-75 and exemption issued by Order 94-12-44;
3. This authority is subject to all applicable requirements of the Federal Aviation Administration, including those contained in Special Federal Aviation Regulation

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<sup>4</sup> We do not concur with Delta's belief that we should require carriers to file applications for necessary authority by a date certain, and we will not impose such a requirement in our Notice.

(SFAR) No. 74, and to the condition that Aeroflot comply with FAA-approved flight routings for all operations authorized by this order;

4. We may amend, modify, or revoke this exemption at any time and without hearing; and

5. We will serve a copy of this order on Aeroflot Russian International Airlines, Alaska Airlines, Delta Air Lines, the Embassy of the Russian Federation in Washington, D.C., the Department of State, and the Federal Aviation Administration (AFS-50).

By:

CHARLES A. HUNNICUTT  
Assistant Secretary for  
Aviation and International Affairs

(SEAL)

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