

Posted: March 26, 2003
4:00 pm

Order 2003-3-22



UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.

Issued by the Department of Transportation
on the 26th day of March, 2003

Agreement adopted by the Tariff : Served: March 31, 2003
Conferences of the International Air : Docket OST-2002-13007
Transport Association relating : R-1
to passenger fares matters :

ORDER

Various members of the International Air Transport Association (IATA) have filed an agreement with the Department under section 41309 of Title 49 of the United States Code (the Code), and Part 303 of the Department's regulations. The agreement was adopted at the Composite Passenger Tariff Coordinating Conference held in Montreal during July 15-19, 2002, for effectiveness on October 1, 2002, or April 1, 2003. ^{1/}

The agreement increases the service charges for the issuance of prepaid ticket advices (PTA's), applicable on a worldwide basis, to offset the increased costs of providing this service. PTA's are "the notification by teletype, commercial wire or mail that a person in one city has requested issuance of prepaid transportation as described in the authority, to a person in another city," i.e., a means for a person, at one location to pay for another person's ticket at a different location. ^{2/} The agreement would increase the IATA-agreed PTA service charge in the United States from \$50 to \$75, and by various amounts in local currencies in other countries.

While the ease and simplicity of electronic ticketing has diminished the importance of PTA's, carriers still offer PTA's if customers request them. However, PTA's are manually intensive and incur relatively high costs. Thus, many carriers have increased their PTA charges in recent years. All of the U.S. carrier members of IATA participating in IATA tariff coordination currently charge \$100 for issuing PTA's, and foreign carriers we have surveyed have PTA charges ranging from \$35 to \$100.

^{1/} IATA PTC COMP 0947, filed with the Department on July 31, 2002.

^{2/} IATA Passenger Conference Resolution 731 (Prepaid Ticket Advice), paragraph 1.1.

The proposed levels for PTA charges fall well within the range that has already been implemented in the marketplace, and each IATA carrier will remain free to decide its own PTA charges if it chooses. Given the cost-intensive nature of this service, we do not find the increases proposed to be unreasonable, and we will approve the agreement.

Based on our review of the information submitted and other relevant material, we conclude that the agreement will not result in fares that are unlawful or injurious to competition in the markets at issue.

Pursuant to authority assigned by the Department's Regulations, 14 CFR 385.13:

1. We do not find that the following resolution, which is incorporated in the agreement in Docket OST 2002-13007 as indicated and which has either direct or indirect application in foreign air transportation as defined by the Code, is adverse to the public interest or in violation of the Code, provided that approval is subject, wherever applicable, to previously imposed conditions:

<u>Docket</u> <u>2002-13007</u>	<u>IATA</u> <u>No.</u>	<u>Title</u>	<u>Application</u>
R-1	210	Charge for PTA Services	1;2;3;1/2;2/3 3/1;1/2/3

2. This agreement is a product of the IATA tariff conference machinery, which the Department found to be anticompetitive but nevertheless accepted on foreign policy grounds by Order 85-5-32, May 6, 1985. The Department found that important transportation needs were not obtainable by reasonably available alternative means having materially less anticompetitive effects. Antitrust immunity was automatically conferred upon these conferences because, where an anticompetitive agreement is approved in order to attain other objectives, the conferral of antitrust immunity is mandatory under Title 49 of the United States Code.

Order 85-5-32 contemplates that the products of the fare and rate conferences will be subject to individual scrutiny and will be approved, provided they are of a kind specifically sanctioned by Order 85-5-32 and are not adverse to the public interest or in violation of the Code. As with the underlying IATA conference machinery, upon approval of a conference agreement, immunity for that agreement must be conferred under the Code. Consequently, we will grant antitrust immunity to the agreement in Docket OST 2002-13007 as set forth in finding paragraph 1 above, subject, wherever applicable, to conditions previously imposed.

ACCORDINGLY,

We approve and grant antitrust immunity to the agreement contained in Docket OST-2002-13007, as set forth in finding paragraph one above, subject, where applicable, to conditions previously imposed.

By:

Paul L. Gretch
Office of International Aviation

(SEAL)