

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

Agreements Adopted by the Traffic
Conferences of the International Air
Transport Association

Docket OST-2006-26409

Exemption Under 49 U.S.C.
40109 from the Conditions of
CAB Order 68-7-55 for
Passenger Tariff Coordinating
Conference Action

APPLICATION FOR EXPANSION OF EXEMPTION
FROM FILING AND APPROVAL OF AGREEMENTS
BY THE
INTERNATIONAL AIR TRANSPORT ASSOCIATION

11 March 2008

Communications with respect to
this document should be sent to

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Date: 11 March 2008

US/UST involved: **No**

End of Government Filing Period: 12 April 2008

Meeting site, date: **Mail Vote 560**

Intended Effective Date: 1 June 2008

Agreement: **Mail Vote 560 - Flex Fares Package
TC23/123 Europe-Japan, Korea
Special Passenger Amending Resolutions
Between Europe and Korea (Rep. of), Korea
(Dem. Rep. of)
(Memo 0167)**

- r1 002
- r2 111LL
- r3 045LL
- r4 055LL
- r5 065LL
- r6 071kL
- r7 250n

**APPLICATION FOR EXPANSION OF EXEMPTION FROM FILING AND APPROVAL
OF AGREEMENTS**

Pursuant to statements submitted by Member airlines of the International Air Transport Association (IATA), the undersigned has been constituted to be their attorney-in-fact for filing with the Department of Transportation copies of agreements adopted by the IATA Traffic Conferences.

On their behalf, and pursuant to Sections 40109(c) and 41309 of Title 49 of the United States Code and Sections 302.4, 302.302, 303.03, 303.05 and 303.30(c) of Title 14 of the Code of Federal Regulations, I am filing with the Department this application for an amendment of the exemption from condition #2 granted by Order 2006-12-24 (27 December 2006), entered in this docket, to broaden the scope of that filing exemption.

By Order 2006-12-24, the Department exempted the Resolutions establishing the Flex Fares system for establishing IATA interline fares within the European Common Aviation Area (ECAA), future amendments to those Resolutions, and fares generated under the Resolutions from condition #2 imposed on the Provisions for the Conduct of the IATA Traffic Conferences, provided that the Resolutions and amendments thereto are limited to the establishment of fares for travel within the ECAA. IATA now has adopted Resolutions that establish the Flex Fares system on all routes between EUROPE and Korea. IATA's present application requests expansion of the exemption from condition #2 granted by Order 2006-12-24 so that the exemption will encompass the EUROPE-Korea Flex Fares Resolutions, future amendments thereto, and fares generated under the Resolutions, provided that they are limited to travel between EUROPE and Korea.

The reasons justifying the requested broadened exemption are substantially the same as relied on by Order 2006-12-24 in granting the existing exemption. First, the subject agreements concern non-U.S. fares, and, as Order 2006-12-24 recognized (in p. 3), such fares agreements typically have been approved using expedited procedures, because they “seldom raised any public interest issues involving U.S. passengers under U.S. aviation policy or U.S. antitrust laws.” Second, the EUROPE-Korea Flex Fares system will be subject to the competition laws of the EU. Third, granting the requested exemption is consistent with actions the Department has taken on other IATA agreements that do not present significant issues under U.S. antitrust laws, for example, the agreements produced by the IATA Services and Agency Conferences. For all those reasons, granting the requested expanded exemption would serve the public interest, and thus, meets the Section 40109(c) standards for exemptions from filing and approval requirements.

Respectfully submitted

Douglas Lavin
Regional Vice President – North America
International Air Transport Association

CERTIFICATE OF SERVICE

A copy of this application or a summary notice thereof has been served by first class or priority mail on the following person

Chief, Transportation, Energy & Agriculture Section
Antitrust Division
Department of Justice
Washington D.C. 20530

Douglas Lavin

11 March 2008
Date Served



10 March 2008

M E M O R A N D U M

PTC23 EUR-J/K 0167

TO: Members Participating in Tariff Coordinating Conferences (SP-5394)

FROM: Director, Passenger

SUBJECT: Mail Vote 560 - Flex Fares Package
TC23/123 Europe-Japan, Korea
Special Passenger Amending Resolutions
Between Europe and Korea (Rep. of), Korea (Dem. Rep. of)
Intended Effective Date: 1 June 2008

MAIL VOTE - ADOPTED

As no negative votes were cast during the voting period which expired 1400 hours Geneva time 10 March 2008, Mail Vote 560, as circulated by Mail Vote 560-1 dated 25 February 2008 and amended by Mail Vote 560-2 on 6 March 2008, is declared adopted on 10 March 2008.

Flex Fares package contains Flex Fares and related Resolutions that establish interline fares products in the new environment, providing benefits to consumers, governments, and airlines.

The filing period for this Mail Vote ends **12 April 2008**. Members are reminded of their obligations under Resolutions 001 and 006 to advise this office by the end of the filing period whether approval by their Government authorities is required and, if so, to accomplish the necessary filing formalities. The effective date will be declared in accordance with Resolutions 001 and 006, when all the known necessary Government approvals have been received.

Alban Sato
Manager, Tariff Meetings
Passenger

International Air Transport Association

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RESOLUTIONS ADOPTED

PASSENGER TARIFF COORDINATING CONFERENCE

TC23/TC123
EUROPE- KOREA

MAIL VOTE 560

EXPEDITED EFFECTIVE DATE: 1 JUNE 2008

RESO	TITLE	COMMENTS	RD
<u>002</u>	<u>Special Adopting/Amending/Revalidating Resolution between Europe and Korea (Dem. Rep. of), Korea (Rep. of) via AP, EH, FE, RU, TS</u>	<u>New</u>	1
<u>111LL</u>	<u>TC23 Flex Fares between Europe and Korea (Dem. Rep. of), Korea (Rep. of) via AP, EH, FE, RU, TS</u>	<u>New</u>	2
<u>045LL</u>	<u>Intermediate/Business Class Flex Fares between Europe and Korea (Dem. Rep. of), Korea (Rep. of) via AP, EH, FE, RU, TS</u>	<u>New</u>	3
<u>055LL</u>	<u>First Class Flex Fares between Europe and Korea (Dem. Rep. of), Korea (Rep. of) via AP, EH, FE, RU, TS</u>	<u>New</u>	4
<u>065LL</u>	<u>Economy Class Flex Fares between Europe and Korea (Dem. Rep. of), Korea (Rep. of) via AP, EH, FE, RU, TS</u>	<u>New</u>	5
<u>071kL</u>	<u>Excursion Flex Fares from Korea (Dem. Rep. of), Korea (Rep. of) to Europe via EH, FE, RU, TS</u>	<u>New</u>	6
<u>250n</u>	<u>TC23 TC3 Improved Seating Surcharge</u>	<u>Amending</u>	7

TC23/TC123
SPECIAL ADOPTING/AMENDING/REVALIDATING RESOLUTION
BETWEEN EUROPE AND JAPAN, KOREA

PTC23(MV560)002				New
PTC123(MV560)002				
Filing Period	Begins	12 March 2008	Intended Effectiveness	1 June 2008
	Ends	12 April 2008	Expiry	Indefinite
				Type B

RESOLVED that, for application in the Europe Japan, Korea sub-area

1 the following Resolution is deleted

0250f

2 the following city pair is deleted from fare structure

Between	and
Malmö (MMA)	Seoul (SEL)

**TC23/TC123
FLEX FARES
BETWEEN EUROPE
AND KOREA (DEM. REP. OF), KOREA (REP. OF)**

PTC23(MV560)111LL				New
PTC123(MV560)111LL				
Filing Period	Begins	12 March 2008	Intended Effectiveness	1 June 2008
	Ends	12 April 2008	Expiry	Indefinite
				Type B

WHEREAS, consultation between parties to establish the multilateral interline fares product is no longer possible to/from ECAA and

WHEREAS, the interline fare product provides benefits to consumers, governments and airlines, and

WHEREAS, it is desirable that the interline fares product should continue to be established

It is RESOLVED that,

- 1) Fares governed by Resolutions 045LL, 055LL and 065LL shall be established and updated by IATA in accordance with the criteria set out in Attachment 'A' to this Resolution.
- 2) Fares governed by Resolutions 071kL shall be established and updated by IATA in accordance with the criteria set out in Attachment 'B' to this Resolution.
- 3) The interline premium referred to in the Attachments shall be 10%.
- 4) Any TC Member may advise IATA that it will not allow its services to be included in journeys ticketed at fares in Resolutions 045LL, 055LL, 065LL and 071kL. The Member may rescind such notice at any time.
 - A) The TC Member shall include a date upon which their notice is to come into effect, giving at least 2 weeks notice to the Secretariat. The Secretariat will inform other Participants and third parties to update automated systems.
 - B) The TC Member will not be entitled to vote on any amendment(s), to this Resolution or to Resolutions 045LL, 055LL, 065LL and 071kL.

IATA shall establish and update Flex Fares in Resolutions 045LL, 055LL and 065LL for application between Europe and Korea (Dem. Rep. of), Korea (Rep. of) in accordance with the following criteria

1) **FLEX FARES APPLICATION**

- A) Round Trip (RT) Flex Fares shall be established for first, intermediate/business and economy class
- B) One Way (OO) levels will be established at 70% of the corresponding Round Trip (RT) fares
 exception; from Korea (Rep. of);
 2008: 60% of the corresponding RT fares
 2009: 65% of the corresponding RT fares

2) **FLEX FARES**

- A) Fares in Attachment 'A' to Resolution 045LL, 055LL and 065LL will be established as follows:
- B) IATA shall use TC Member carrier fares available for sale in automated fares data bases
- C) For each pair of points IATA will select, per cabin:
- 1) The highest unrestricted RT fare for each carrier. If no RT is available then double the highest unrestricted one-way (OW) fare. Where both RT and the doubled one-way (OW) fares are available for a carrier, only the RT fare shall be selected.
 - a) Carrier fares that deviate from the standard conditions in Resolution 101 Paragraphs 1, 5, 6, 7 shall not be selected; in the case of Paragraph 5) this exclusion shall only apply if there is a advance purchase condition
 - b) The following fare types shall not be selected
 - Coupon Fares
 - c) First class fares published by carriers that do not have first class service shall not be selected.
 - d) Selected fares must be available for sale directly to the public
 - 2) The highest fare, where a carrier has more than one fare
- D) Once fares have been selected in accordance with B) above, the following procedures shall apply for each pair of points;

- 1) The 'Standard Deviation' principle will be applied to the selected fares
- 2) A 'Maximum Spread' will be established by multiplying the 'Standard Deviation' by 1.25. The resultant amount will be added to and subtracted from the average to create a range. Fares outside the range are excluded
- 3) The remaining fares (those within the 'Maximum Spread') will be averaged to establish the 'Average Fare'
- 4) The Interline Premium reflected in Paragraph 3) of this Resolution shall be applied to the 'Average Fare' to establish the Flex Fare
- 5) The resultant Flex Fare level shall not be less than the highest fare used in establishing the 'Average Fare'
- 6) For the initial calculation in 2008 the resultant Flex Fare level shall not be less than 85% nor greater than 115% of the fares specified in Resolutions 045d, 055d and 065d from Korea (Rep. of)
- 7) Where resultant Flex Fare level is lower than the level for the lower cabin, the level shall be established equal to the higher level

3) **UPDATING FLEX FARES**

- A) IATA will update Flex Fares once annually, for travel on/after 1 April
 exception: for 2008, for travel on/after 1 June
- B) For city pairs where no Flex Fares are established such city pairs shall be removed from the IATA fare structure
- C) A voting Member may request an exceptional update, for either a total update, or an update for a pair(s) of points on a from, to or between basis. The voting Member must provide the justification for the request and advise the required ticket/travel dates
- D) Any change to the Premium in paragraph 3) of this Resolution will be implemented at the next regular Flex Fares update.

IATA shall establish and update Flex Fares in Resolution 071kL for application from Korea (Dem. Rep. of), Korea (Rep. of) to Europe in accordance with the following criteria

1) **FLEX FARES APPLICATION**

- A) Round Trip (RT) Excursion Flex Fares shall be established for economy class

2) **FLEX FARES**

- A) Fares in Attachment 'A' to Resolution 071kL will be established as follows:
- B) IATA shall use TC Member carrier fares available for sale in automated fares data bases

- C) For each pair of points IATA will select:

- 1) the highest promotional RT fare for each carrier.
- a) The following fare types shall not be selected
 - Coupon Fares
- b) Selected fares must be available for sale directly to the public
- 2) the highest fare, where a carrier has more than one fare

- D) Once fares have been selected in accordance with B) above, the following procedures shall apply for each pair of points;

- 1) The 'Standard Deviation' principle will be applied to the selected fares
- 2) A 'Maximum Spread' will be established by multiplying the 'Standard Deviation' by 1.25. The resultant amount will be added to and subtracted from the average to create a range. Fares outside the range are excluded
- 3) The remaining fares (those within the 'Maximum Spread') will be averaged to establish the 'Average Fare'
- 4) The Interline Premium reflected in Paragraph 3) of this Resolution shall be applied to the 'Average Fare' to establish the Flex Fare
- 5) The resultant Flex Fare level shall not be less than the highest fare used in establishing the 'Average Fare'

- 6) For the initial calculation in 2008 the resultant Flex Fare level shall not be less than 85% nor greater than 115% of the fares specified in Resolution 071L from Korea (Rep. of)

3) **UPDATING FLEX FARES**

- A) IATA will update Flex Fares once annually, for travel on/after 1 April
 exception: for 2008, for travel on/after 1 June
- B) For city pairs where no Flex Fares are established such city pairs shall be removed from the IATA fare structure
- C) A voting Member may request an exceptional update, for either a total update, or an update for a pair(s) of points on a from, to or between basis. The voting Member must provide the justification for the request and advise the required ticket/travel dates
- D) Any change to the Premium in paragraph 3) of this Resolution will be implemented at the next regular Flex Fares update.

IATA Note: Technical clarification

Item	Proposal
Inclusion of YY fares	YY fares are excluded in the calculation process
Currency	Carrier fares filed in currencies other than those specified in 024d (with exception to attachments in 024a) will not be selected
Doubled OW fares	Double-OW carrier fares will be excluded from calculation if RT fares are available
Deletion of city pairs	If no carrier fare is available for any cabin in a given city pair, such city pairs will be deleted.
Mode of transportation	If fare is filed where the only available mode of transportation is other than air, such fare will be excluded

**TC23/TC123
INTERMEDIATE/BUSINESS CLASS
FLEX FARES
BETWEEN EUROPE
AND KOREA (DEM. REP. OF), KOREA (REP. OF)
VIA AP, EH, FE, RU, TS**

PTC23(MV560)045LL				New
PTC123(MV560)045LL				
Filing Period	Begins	12 March 2008	Intended Effectiveness	1 June 2008
	Ends	12 April 2008	Expiry	Indefinite
				Type B

RESOLVED that,

The following normal fares shall be established, subject to the conditions hereof and of Standard Condition Resolution 101

0) APPLICATION

A) 1) **Application**

intermediate/business class
normal fares

- a) between Europe
and Korea (Dem. People's Rep. of), Korea (Rep. of)
via AP, EH, FE, RU, TS

2) **Fares**

- b) fares shall be established and amended by IATA using the criteria in Resolution 111LL
- c) via AP: whenever sectors between the last point of departure in Europe and the first point of arrival in TC1 and between the last point of departure in TC1 and the first point of arrival in Japan, Korea (Dem. People's Rep. of), Korea (Rep. of), or vice versa, are flown in intermediate/business class and other sectors are in the same class or a lower class, the applicable through intermediate/business class fare shall be applied
- c) via EH, FE, RU, TS: whenever sectors between the last point of departure in Europe and the first point of arrival in Japan, Korea (Dem. People's Rep. of) or Korea (Rep. of), or vice versa, are flown in intermediate/business class and other sectors are in the same class or a lower class, the applicable through intermediate/business class fare shall be applied

19) CHILDREN AND INFANT DISCOUNTS

A) 1) **Children**

a) accompanied children

aged 2-11 years: charge 75% of applicable adult fare

b) unaccompanied children

aged 2-11 years: charge 100% of applicable adult fare

2) **Infant**

a) accompanied infant

i) no seat: charge 10% of applicable adult fare

ii) booked seat: charge 75% of applicable adult fare

b) unaccompanied infant

not permitted

20) TOUR CONDUCTOR DISCOUNTS

A) not permitted

**TC23/123
FIRST CLASS
FLEX FARES
BETWEEN EUROPE
AND KOREA (DEM. REP. OF), KOREA (REP. OF)
VIA AP, EH, FE, RU, TS**

PTC23(MV560)055LL				New
PTC123(MV560)055LL				
Filing Period	Begins	12 March 2008	Intended Effectiveness	1 June 2008
	Ends	12 April 2008	Expiry	Indefinite
				Type B

RESOLVED that,

The following normal fares shall be established, subject to the conditions hereof and of Standard Condition Resolution 101

0) APPLICATION

A) 1) **Application**

first class
normal fares

- a) between Europe
and Korea (Dem. Rep. of), Korea (Rep. of)
via AP, EH, FE, RU, TS

2) **Fares**

- b) fares shall be established and amended by IATA using the criteria in Resolution 111LL

19) CHILDREN AND INFANT DISCOUNTS

A) 1) **Children**

- a) accompanied children

aged 2-11 years: charge 100% of applicable adult fare

Exception: from Korea (Dem. Rep. of), Korea (Rep. of): 75% of applicable adult fare

- b) unaccompanied children

aged 2-11 years: charge 100% of applicable adult fare

2) Infant

a) accompanied infant

- i) no seat: charge 10% of applicable adult fare
- ii) booked seat: charge 100% of applicable adult fare

Exception: from Korea (Dem. Rep. of), Korea (Rep. of): 75% of applicable adult fare

b) unaccompanied infant

not permitted

20) TOUR CONDUCTOR DISCOUNTS

A) not permitted

**TC23/TC123
ECONOMY CLASS
FLEX FARES
BETWEEN EUROPE
AND KOREA (DEM. REP. OF), KOREA (REP. OF)
VIA AP, EH, FE, RU, TS**

PTC23(MV560)065LL				New
PTC123(MV560)065LL				
Filing Period	Begins	12 March 2008	Intended Effectiveness	1 June 2008
	Ends	12 April 2008	Expiry	Indefinite
				Type B

RESOLVED that,

The following normal fares shall be established, subject to the conditions hereof and of Standard Condition Resolution 101

0) APPLICATION

A) 1) **Application**

economy class
normal fares

- a) between Europe
and Korea (Dem. People's Rep. of), Korea (Rep. of)
via AP, EH, FE, RU, TS

2) **Fares**

- b) fares shall be established and amended by IATA using the criteria in
Resolution 111LL

19) CHILDREN AND INFANT DISCOUNTS

A) 1) **Children**

- a) accompanied children

aged 2-11 years: charge 75% of applicable adult fare

- b) unaccompanied children

aged 2-11 years: charge 100% of applicable adult fare

2) Infant

a) accompanied infant

i) no seat: charge 10% of applicable adult fare

ii) booked seat: charge 75% of applicable adult fare

b) unaccompanied infant

not permitted

20) TOUR CONDUCTOR DISCOUNTS

A) not permitted

TC23
EXCURSION FLEX FARES
FROM KOREA (DEM. REP. OF), KOREA (REP. OF)
TO EUROPE
VIA EH, FE, RU, TS

PTC23(MV560)071kL				New
Filing Period	Begins	12 March 2008	Intended Effectiveness	1 June 2008
	Ends	12 April 2008	Expiry	Indefinite
				Type B

RESOLVED that,

The following special fares shall be established, subject to the conditions hereof and of Standard Condition Resolution 100

0) APPLICATION

A) 1) **Application**

economy class
round, circle, open jaw trip
Excursion Flex fares
from Korea (Dem. Rep. of), Korea (Rep. of)
to Europe
via EH, FE, RU, TS

2) **Fares**

b) fares shall be established and amended by IATA using the criteria in Resolution 111LL

6) MINIMUM STAY

A) 1) 5 days

7) MAXIMUM STAY

A) 6 months

8) STOPOVERS

A) 2 permitted in Europe per pricing unit

Exception: via FE: 2 permitted in Russia (in Asia) per pricing unit

9) TRANSFERS

A) 1) 2 permitted in each direction

2) one international-domestic permitted in each direction

Exception: to Scandinavia: 2 international-domestic permitted in each direction

10) CONSTRUCTIONS AND COMBINATIONS**A) 2) Combinations**

- a) end-on and side trip combinations only permitted with domestic fares, normal fares in TC2 and fares within Scandinavia

19) CHILDREN AND INFANT DISCOUNTS**A) 1) Children**

- a) accompanied children

- aged 2-11 years: charge 75% of applicable adult fare

- b) unaccompanied children

- aged 2-11 years: charge 100% of applicable adult fare

2) Infant

- a) accompanied infant

- i) no seat: charge 10% of applicable adult fare

- ii) booked seat: charge 75% of applicable adult fare

- b) unaccompanied infant

- not permitted

**TC23, TC3
IMPROVED SEATING SURCHARGE**

PTC23(MV560)250n				Amending
PTC3(85)250n				
Filing Period	Begins	12 March 2008	Intended Effectiveness	1 June 2008
	Ends	12 April 2008	Expiry	Indefinite
				Type B

RESOLVED that,

TC Members may establish the following surcharge, subject to the conditions hereof

- 1) members may elect to apply a surcharge for improved seating for travel
 - A) between Europe and South West Pacific, South East Asia, Korea (Dem. Rep. of), Korea (Rep. of)
 - B) within TC3
- 2) this means improved seating such as, but not limited to, fully flat bed accommodation
- 3) the surcharge shall be collected in addition to the applicable fare
- 4) the surcharge shall apply per flight (as single flight coupon) and shall be shown separately on the ticket