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Order 99-2-16



2:15 p.m.

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

SERVED FEB 19 1999

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Issued by the Department of Transportation  
on the 16th day of February, 1999

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Agreement adopted by the Tariff	:	
Coordinating Conferences of the	:	Docket OST-98-4428-4
International Air Transport Association	:	R-12
relating to currency matters	:	

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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, and Part 303 of the Department's regulations. The agreement was adopted at a Composite Meeting of the Passenger Tariff Coordinating Conferences held in Singapore during July 21-25, 1998.1/

R-12 of the agreement affects Resolution 024c which deals with the conversion of local currency amounts when a journey requires either the combination of different local currency fares on the same ticket or the use of add-on amounts to construct a through fare. Under the current terms of this resolution, the IATA Clearing House circulates "IATA Rates of Exchange" (IROE's) in February, May, August and November of each year to be used for such conversions during the following quarter.2/ In addition, IATA monitors these IROE's and if a variation of six percent or more between an effective IROE and the market rate of exchange for that IROE occurs, IATA issues an updated IROE. In both cases, the IROE's become effective for ticket sales on the first day of the second month following the month that they are issued. However, under the terms of the proposal, these IROE's will now become effective for sales on the first day of the next month following the month that they are issued.3/ IATA states that recent currency devaluations in Asia and in the Pacific have severely affected carrier revenues, and that earlier effectiveness dates for IROE revisions are needed to facilitate a quicker response to currency fluctuations.

1/ IATA memoranda PTC COMP 0326 and 0327, filed with the Department on September 7, 1998. The remainder of the agreement, which includes a large number of revisions to fare construction rules, will be dealt with separately.

2/ Since these IROE's are used to establish fares in foreign air transportation, under the terms of Order 88-8-52, August 19, 1988, they must be filed in tariffs with the Department.

3/ For example, under the current system, revised IROE's issued in March become effective for sales on May 1. Under the proposed system they will become effective on April 1.

We have decided to approve the agreement, subject, where applicable, to previously imposed conditions.<sup>4/</sup> 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.

Acting under Title 49 of the United States code, and particularly sections 40101, 40103, 41300 and 41309:

1. We do not find that the following resolution, which is incorporated in the agreement in Docket OST-98-4428 and which has direct application in foreign air transportation as defined by the Code, to be adverse to the public interest or in violation of the Code, subject, where applicable, to conditions we have previously imposed:

Docket	IATA		
OST-98-4428	No.	Title	Application
R-12	024c	Conversion of Local Currency Amounts for Combination/ Construction Purposes	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 approved on foreign policy and comity 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 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 that portion of the agreement in Docket OST-98-4428 as set forth in finding paragraph 1 above, subject, where applicable, to conditions previously imposed.

**ACCORDINGLY,**

We approve and grant antitrust immunity to that portion of the agreement contained in Docket OST-98-4428, as set forth in finding paragraph one above, subject, where applicable, to conditions previously imposed.

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<sup>4/</sup> See Order 88-8-52, August 19, 1988, regarding the filing of these rates of exchange in tariffs with the Department.

By:

CHARLES A. HUNNICUTT  
Assistant Secretary for Aviation  
and International Affairs

(SEAL)

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