

DEPARTMENT OF STATE
BRIEFING PAPER

CONFIDENTIAL

FACT SHEET: CIVIL AVIATION

RELEASED IN FULL

I. BACKGROUND

- o Civil aviation disputes between the US and the UK have occurred frequently due to the highly competitive nature of the lucrative North Atlantic air routes.
- o There are currently two active disputes:
 - BAA User Charges: Began in 1979 when HMG revised charges on transatlantic flights landing at London airports, thereby placing disproportionate costs on US carriers.
 - Computer Reservation Systems (CRS): In January 1988, American Airlines (AA) filed a complaint against British Airways (BA), saying that BA's computer reservation system discriminated against AA.

II. BAA USER FEES

- o DOT Secretary Burnley determined in June that BAA's charges were excessive, resulting in an estimated \$10 million annually in overcharges imposed on Pan Am and TWA.
- o Burnley's decision opened the way for DOT imposition of compensatory charges on British carriers landing in the US. During last round of negotiations, HMG advised us that if we imposed compensatory charges, Britain also would do so.
- o Technical aspects of the case are under review. If it appears that the US position would be enhanced by arbitration, a recommendation to that effect will be made to Deputy Secretary Whitehead.
- o The current view within State and DOT is not to impose compensatory charges, but to move to arbitration.

III. COMPUTER RESERVATION SYSTEM (CRS)

- o American Airlines has attempted to overcome discrimination by marketing its CRS in the UK, but British Air refused to permit ticketing of its flights by American's system.
- o AA and BA have continued to discuss ways to resolve the issues, and we are optimistic that they will be successful. On October 11, the U.K. formally requested consultations with the U.S. on CRS, which must take place within 60 days.

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

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Working visit of U.K.
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