



U.S. Department of
Transportation

News:

Office of the Assistant Secretary for Public Affairs
Washington, D.C. 20590

FOR IMMEDIATE RELEASE
Wednesday, January 2, 1991

DOT 01-91

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DOT'S INSPECTOR GENERAL SEMIANNUAL REPORT SHOWS RECOMMENDED SAVINGS OF \$592 MILLION

A semiannual report of the Department of Transportation's Office of Inspector General (OIG) shows recommended savings totaling \$592 million, management commitments to save \$153.2 million, and fines, restitutions, recoveries and cost avoidances totaling \$78.9 million.

The six-month report for the period ending Sept. 30, 1990 shows that the OIG issued or processed 904 audit reports which recommended \$298.6 million of funds be put to better use, identified unsupported costs of \$47.4 million, and questioned costs of \$246.1 million. The OIG also made procedural recommendations on improving the department's operations.

Based on audit reports issued during this and prior periods, department managers made decisions to recover questioned costs totaling \$82.6 million and to more effectively use resources valued at \$70.6 million, for projected savings of \$153.2 million.

Investigations completed by the OIG resulted in 87 indictments; 72 convictions; 85 years in prison sentences; \$78.9 million in fines, court-ordered restitutions, administrative recoveries and cost avoidances; 11 suspensions and debarments; and 63 other administrative actions.

The report includes a special assessment of needed management attention within the Federal Aviation Administration to improve the quality of pavement construction under the Airport Pavement Construction Program. Poor quality paving materials can reduce pavement service life by 40 percent or more. Also highlighted in the report were investigations of fraudulent contractor claims involving substandard engines in U.S. Coast Guard helicopters and ships, fasteners and bolts in the aerospace industry, and radar and radio transmission towers.

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News:

Office of the Assistant Secretary for Public Affairs
Washington, D.C. 20590

FOR IMMEDIATE RELEASE
Monday, January 7, 1991

DOT 02-91
Contact: Hal Paris
Tel.: (202) 366-5571

DOT RELEASES MONTHLY AIR TRAVEL CONSUMER REPORT

The nation's largest airlines posted impressive performances in November, setting a new record for fewest reports of mishandled baggage and scoring their second-best mark in the categories of on-time arrivals and consumer complaints.

The Department of Transportation, releasing its monthly Air Travel Consumer Report today, said the nation's 12 largest airlines averaged 5.60 reports of mishandled baggage per 1,000 passengers in November, the lowest rate since airlines began reporting this data in September 1987.

The airlines posted an 84.6 percent on-time arrival performance in November, compared to 82.4 percent in October, and second only to the 85.6 mark recorded in September 1988. In compiling the data, delays caused by mechanical problems are not counted.

The Department received 642 consumer complaints against the airlines in November, surpassed only by the 508 complaints received in June 1990. In October, DOT reported 793 complaints.

The Department reminded consumers who want on-time performance data for specific flights to call their airline ticket offices or their travel agents. Such information is available on the computerized reservation systems used by these agents.

While providing a summary of flight data in its monthly report, the Department also maintains a file covering more than 20,000 flights available for inspection in Room 4201 of the DOT headquarters building at 400 Seventh Street, S.W., Washington, D.C. For those interested in obtaining all the flight information, computer tapes (\$150 per tape reel) and a complete printout (\$100 per copy) are available from DOT's Transportation Systems Center in Cambridge, Mass.

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U.S. Department of
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News:

Office of the Assistant Secretary for Public Affairs
Washington, D.C. 20590

FOR IMMEDIATE RELEASE
Tuesday, January 8, 1991

DOT 03-91
Contact: Hal Paris
Tel.: (202) 366-5571

DOT GIVES TENTATIVE APPROVAL TO TRANSFER PAN-AM-UNITED, TWA-AMERICAN ROUTE AUTHORITY

In two separate show-cause orders, the Department of Transportation today tentatively decided to approve the transfer of a number of Pan American transatlantic routes to United Air Lines, and the transfer of TWA's Chicago-London authority to American Airlines.

United has agreed to pay Pan Am \$290 million for acquiring certain route authority and other assets.

In the Pan Am-United case, the routes to be transferred include Pan Am's authority to serve the United Kingdom (except Manchester) from the U.S., and with some exceptions, its authority to serve other points outside the Western Hemisphere, from its U.S. gateways in Washington-Baltimore, Chicago, Los Angeles, Seattle and San Francisco-Oakland-San Jose.

Under an agreement between Pan Am and United, Pan Am would retain the rights to routes between these U.S. gateways and Athens, Tel Aviv, Belgium, the Netherlands, Germany, Switzerland, Jordan and Egypt. Pan Am also would retain its Detroit-London and Miami-London authority.

In today's tentative finding, the department said that the transaction clearly will enhance Pan American's viability. "The joint applicants have made it clear that Pan American needs a cash infusion and the opportunity to retrench and consolidate its operations."

DOT said it also finds that Pan American's plans for reduced, more carefully focused operations are reasonable.

DOT's show-cause order also notes that the United States will benefit from the substitution of United for Pan American on the routes in question. "The transatlantic market is large and served by numerous strong and well-financed foreign carriers; a primary and fundamental goal of our international aviation policy is to enable U.S. carriers to compete as vigorously as possible with foreign carriers for traffic in this market."

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The department invited all interested parties to show cause why it should not make its tentative findings and conclusions final. Objections must be filed no later than Jan. 18, 1991 and answers to objections will be due Jan. 23, 1991.

In tentatively approving the transfer of TWA's Chicago-London authority to American, the Department said the record indicates that American will substantially improve service to the traveling public and will compete more effectively against British Airways in the market than has TWA.

DOT tentatively concludes that the transfer will intensify competition in the Chicago-London market, improve intergateway competition in the U.S.-London market, and improve service to the traveling public.

The Department said it tentatively finds that the concerns expressed regarding the effect of this transfer on the long-term viability of TWA do not present a basis for disapproving the transfer.

"TWA serves many domestic and foreign destinations, including service to London from Boston, New York, Philadelphia, Baltimore, St. Louis and Los Angeles, the order said. "It does not appear from the record that the transfer of this one route is a dismemberment of the airline or a threat to its long-term survival."

Objections to the tentative findings should be filed by Jan. 18, the department said.

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U.S. Department of
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News:

Office of the Assistant Secretary for Public Affairs
Washington, D.C. 20590

FOR IMMEDIATE RELEASE
Wednesday, January 9, 1991

DOT 04-91
Contact: Ed O'Hara
Tel.: (202) 366-5571

DOT OKs TRANSFER OF SEATTLE-TOKYO ROUTE TO AMERICAN AIRLINES

The Department of Transportation today approved the transfer to American Airlines of Continental Airlines' combination route between Seattle/Portland and Tokyo/Osaka.

To facilitate a smooth transition, the department granted Continental an exemption to continue to serve the route for up to 12 months after the transfer until American inaugurates service. It noted that American has not yet taken delivery of the MD-11 aircraft it plans to use on the route.

In an order issued today by Jeffrey N. Shane, assistant secretary for policy and international affairs, DOT denied a request by the two airlines to extend the term of the transferred certificate for a full five years. Continental's certificate is scheduled to expire Nov. 23, 1993.

Last month, the two airlines applied for the transfer, saying that an expedited approval was important to Continental in view of its recent filing under Chapter 11 of the Bankruptcy Code and its need for cash during the traditionally slow travel season of the first quarter of 1991. In its order, DOT did not dispute this view, saying Continental needs cash to cover extraordinary fuel costs while attempting to solve its major problem, a high level of long-term debt.

DOT said the transfer would result in substituting one U.S. carrier for another on the route with no reduction in the number of U.S. carrier competitors serving Japan across the Pacific. American, which already has nonstop Tokyo authority from San Jose and Dallas/Fort Worth, will compete directly with Northwest and foreign flag carriers.

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U.S. Department of
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News:

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FOR IMMEDIATE RELEASE
Friday, January 18, 1991

DOT 05-91
Contact: Ed O'Hara
Tel.: (202) 366-5571

SECURITY TIGHTENED AT TRANSPORT FACILITIES, SKINNER SAYS

The Department of Transportation has taken steps to tighten security at transportation facilities in this country and overseas, Secretary Samuel K. Skinner said today.

Skinner said, "With the advent of hostilities in the Persian Gulf, we have upgraded security measures to counter potential terrorist activities.

"We have received no specific threats involving domestic transportation, but we are taking seriously the threats that have emanated from Iraq," Skinner said.

"We have implemented emergency action plans and will monitor the situation closely for any new developments or evidence of increased risk," he said.

The Federal Aviation Administration (FAA) has worked with airlines and airports to implement increased security measures. All domestic commercial airports are operating under Level Four of FAA's security program -- the highest level of security readiness.

Under Level Four, security measures such as the following are in effect:

- o The presence of law enforcement officials stationed in airports will increase.
- o Only ticketed passengers will be allowed to enter terminal gate areas.
- o Explosive detection dogs will be used where appropriate.
- o Unattended vehicles left at terminal curbsides will be towed.

(more)

- o Curbside checking will be eliminated.
- o Passengers will be denied access to checked luggage after it is cleared.
- o There will be more intensive inspections of public areas -- including restrooms, telephone booths, trash receptacles, etc.

The secretary also noted that the U.S. Coast Guard has increased security readiness in U.S. port areas and its personnel are extra sensitive to the possibility of terrorist attacks.

The Department of Transportation's Regional Emergency Transportation Coordinators (RETCOs), high level DOT regional officials, also have been alerted. They are charged with coordinating DOT responsibilities locally and will work with state and local officials.

Persons who are considering flights to other countries are advised to call the State Department Citizen Emergency Center hotline at 202-647-5225 in Washington for travel advisories on possible threats in various countries.

Those traveling on domestic or international flights should be mindful of the need for increased security measures. The FAA offered these tips for air travelers:

- o Added security measures may cause some delays. Get to the airport early.
- o Minimize the amount of luggage you take. Do not leave your bags unattended or out of your possession at any time. If you see an unattended bag, report it to security personnel.
- o Try to avoid carrying larger electric or electronic devices. Pack such devices in carry-on bags since they may need to be examined by security personnel. Be prepared to declare all electrical items you have packed.
- o Do not accept gifts or packages from anyone you do not know well for carriage on a flight. Do not offer to carry bags or packages onto an aircraft for other people.
- o Be prepared to answer questions asked by security personnel.
- o Do not check in bags for someone else.
- o If you see suspicious activity, report it to security or airline personnel.

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FOR IMMEDIATE RELEASE
Wednesday, January 23, 1991

DOT 08-91
Contact: Bill Mosley
Tel.: (202) 366-5571

DOT GRANTS KLM APPLICATION TO FLY BETWEEN AMSTERDAM AND MINNEAPOLIS-ST. PAUL

The Department of Transportation today granted the application of KLM Royal Dutch Airlines to fly between Amsterdam and Minneapolis-St. Paul under a program established by Secretary of Transportation Samuel K. Skinner last year to expand international air service to more U.S. cities.

The award, authorizing KLM to operate combination passenger and cargo services over the route, is the second granted to KLM under the program. Last March, KLM became the first foreign carrier to be awarded authority under the program when it was given an OK to provide service between Amsterdam and Baltimore.

"I am very pleased that four U.S. communities are receiving the benefits of new international air service that would not have been possible without this program. Minneapolis-St. Paul now joins that group," Skinner said. "I look forward to further awards."

The department said that KLM's application met each of the criteria for the program. First, no U.S. or foreign carrier provides either nonstop or one-stop, single-plane service between Amsterdam and Minneapolis-St. Paul. Second, the U.S.-Netherlands bilateral aviation agreement provides for open entry, unrestricted capacity, and U.S. rights to operate from any point in the United States to the Netherlands. Third, KLM is prepared to begin service within 90 days of the grant of this authority as required by the program. Fourth, KLM will not rely unduly on traffic to or from third countries. Finally, the department found that KLM meets all other standards and it fully qualified to perform the proposed operations.

In addition, the department noted that granting this authority will provide benefits for a U.S. carrier by enabling Northwest Airlines, through a commercial arrangement with KLM in conjunction with the new service, to conduct nonstop service in the Minneapolis-St. Paul-Amsterdam market.

Other carriers previously given authority to serve U.S. cities under the program include Lufthansa German Airlines for flights between Frankfurt, Germany and Charlotte, N.C.; Ladeco, S.A.; to fly between Santiago, Chile and Washington, D.C.; and Swissair, for service between Zurich and Philadelphia.

The authority granted to KLM is effective for one year.

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FOR IMMEDIATE RELEASE
Wednesday, January 23, 1991

DOT 09-91
Contact: Bill Mosley
Tel.: (202) 366-5571

SKINNER SAYS DOT WILL ALLOW GREATER FOREIGN INVESTMENT IN U.S. AIRLINES

Secretary of Transportation Samuel K. Skinner today announced that the Department of Transportation would significantly relax current restrictions on foreign investment in U.S. airlines.

"We have concluded that one of the important steps we can take . . . is to create an environment more receptive to foreign investment in the U.S. airline industry," Skinner said in a address at the National Press Club in Washington.

Under the new policy, Skinner said, investment of up to 49 percent of total equity obtained from foreign sources would not generally, by itself, be considered an indicator of foreign control. Nor would the department consider debt as a foreign control issue unless the loan agreement provides special rights to the debt holder that imply control. He added that DOT would allow foreign membership on the corporate boards of U.S. airlines to reflect their voting stock ownership, as long as it satisfies the statutory ceiling, and as long as representatives of foreign airlines do not take part in decisions affecting competition.

Current law and precedent limits foreign ownership of voting stock in U.S. airlines to 25 percent, places a ceiling on the number of directors and officers who can be foreign citizens (one-third), and requires that U.S. carriers be controlled by U.S. citizens. Skinner said that the administrative changes he was announcing were consistent with current law and precedent.

Skinner announced that, in conjunction with this new policy, DOT would allow KLM Royal Dutch Airlines to maintain a significant investment in Northwest Airlines.

With respect to airline deregulation, Skinner said, "It is remarkable that some still argue that deregulation was a bad idea and ought to be reversed. It is time to declare the deregulation debate over and get on with the challenges of the 1990s.

"Every credible analysis of airline competition in the 1980s has declared deregulation a success," Skinner said. "Last year, the Department of Transportation released the results of the most comprehensive assessment of deregulation to date. And our ongoing analyses following that 13-volume study confirm that deregulation has provided major benefits for American travelers."

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He said DOT's study showed that air travel is less expensive today than in 1978, making it accessible to more Americans and providing passengers with a wider choice of airlines and more frequent service. He added that, in part because of the continuing safety oversight of the Federal Aviation Administration, airline accident and fatality rates have steadily declined.

Skinner said the department has taken steps to extend the benefits of domestic deregulation to international travel, including new bilateral agreements with Japan and the United Kingdom, liberalization discussions with Canada, and a program to allow foreign airlines to expand service to more U.S. cities. He called these initiatives "good news . . . for the ever-expanding world of international aviation."

Skinner noted the financial difficulties of a number of U.S. carriers, with Eastern ending its service last week and two carriers operating under the protection of bankruptcy courts. Among the reasons for these difficulties, he said, are: the slowing growth of the U.S. economy, leading to a decline in the growth of demand for air travel; the rising cost of jet fuel which followed Iraq's invasion of Kuwait; the failure of some carriers to adjust to a deregulated marketplace; and the failure of labor and management to bring labor costs under control.

"In contrast to other industries, airline managers and their employees appear to be oblivious to the long-range consequences for the industry caused by an imbalance in power between labor and management," Skinner said. "In the end, of course, the consumer loses."

The secretary said the U.S. airline industry is in a period of restructuring and consolidation. "There may well be fewer major airlines in the 1990s than there were at the end of the 1980s," he said. "But even if this happens, we have every reason to believe that robust competition will continue. Under a deregulated system of hub-and-spoke networks and low barriers to entry, existing carriers can serve virtually any market in the nation. As a consequence, competition should continue to thrive."

He said the restructuring could end some of the intense competition in certain markets, leading to higher fares in these markets. "All of us, as consumers, appreciate the low fares produced by the almost desperate marketing strategies that we've seen in the current downturn," Skinner said. "But we also know that unrealistically low prices are a bad bargain in the long run. Unless airlines are able to cover their costs, they eventually have to go out of business. And right now, there is not an airline in the country that is covering its operating costs."

Skinner also noted DOT's contribution to Operation Desert Storm, including the roles of the U.S. Coast Guard, the department's Ready Reserve Force of cargo ships, and the Civil Reserve Air Fleet, that operates a program under which carriers provide airlift to the military.

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ATTENTION RADIO NEWS DESKS

Actualities available after 2:30 p.m. at
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Washington, D.C. 20590

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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
THE NATIONAL PRESS CLUB
JANUARY 23, 1991
WASHINGTON, D.C.

The last time I had the opportunity to be here was about a year ago just after the release of the President's National Transportation Policy. I commented then on the incredible pace of change taking place throughout the world. Even then, none of us would have imagined that a year later the United States would be engulfed in a major war in the Middle East.

The outcome of Desert Storm, and the fortunes of our men and women involved in the conflict -- including our prisoners of war -- are our foremost concerns. The Department of Transportation has contributed to the effort from the beginning. The United States Coast Guard is, of course, directly involved in the campaign. We have also worked closely with the United States Transportation Command, assisting in the task of transporting our armed forces and materiel overseas.

Indispensable to Transcom's mission has been the ocean-going Ready Reserve Force and the Civil Reserve Air Fleet, both of which are administered by the Department of Transportation. Operation Desert Shield marked the first time ever that these important components of our national defense were called into active duty. To date, the RRF has activated 69 vessels, delivering almost thirty percent of the total supplies carried by sea for Desert Storm. The airlift component has involved 79 civilian aircraft making twenty three hundred flights, and transporting 256,000 people.

The enormous size and unprecedented international effort that is Desert Storm may prove to be the springboard of a new world order. It certainly underscores the revolutionary changes occurring in the world today. Our thoughts continue to be focused on the men and women serving in the Persian Gulf, and we will do everything possible to support their valiant efforts. At the same time, other events in the world require our attention. One of these matters is the revolution that began more than twelve years ago in the airline industry.

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Airline deregulation was launched in 1978, and ushered in a decade of competition and consumer savings unsurpassed in the history of the industry. With deregulation having accomplished so much throughout the 1980s, *we must stay the course in the coming decade as the industry continues to restructure. The Bush Administration is firmly committed to deregulation, and is prepared to take aggressive steps to ensure that the level of airline competition remains high in the 1990s.*

Every credible analysis of airline competition in the 1980s has declared deregulation a success. Last year, the Department of Transportation released the results of the most comprehensive assessment of deregulation to date. And our ongoing analyses following that 13-volume study confirm that deregulation has provided major benefits for American travelers.

First, airline travel is much less expensive. As this chart demonstrates, real airline fares have declined by an average of 28 percent since 1981. Second, because air travel is now accessible to millions of low- and middle-income Americans, the number of people who travel on scheduled airlines in the United States has increased 65 percent since deregulation. It is important to note that last month almost 92 percent of the new travelers flew on discount fares. Third, passengers enjoy a wider choice among airlines, and more frequent service. Three times as many passengers now travel in truly competitive markets -- those served by three or more airlines -- than did in 1978.

Finally, deregulation left untouched the safety responsibilities of the Federal Aviation Administration. As the National Transportation Safety Board confirmed last Friday, accident and fatality rates have declined steadily since the 1960s. And 1990 was the safest ever.

In light of these conclusions -- not to mention the results of studies by others, such as the Brookings Institution -- it is remarkable that some still argue that deregulation was a bad idea and ought to be reversed. *It is time to declare the deregulation debate over and get on with the challenges of the 1990s.*

Of course, at the present moment, the U.S. airline industry is struggling through a difficult time. Eastern flew its last flight last week. Two airlines are currently operating under the protection of bankruptcy courts. Airlines are not covering operating costs. And all this has led to the largest flurry of proposed transactions among airlines in history.

Future generations may well look back on the 1990s as the decade of restructuring in the U.S. airline industry. But this consolidation, already underway in the 1980s, should not be considered an indictment of airline deregulation. It is, rather, an inevitable result of the market forces unleashed by the Airline Deregulation Act of 1978. The reason so much seems to be happening at the present time is that several factors have recently combined to accelerate the restructuring of the U.S. airline industry.

Number one, as a result of the slowdown of the U.S. economy, the demand for domestic air travel has increased very little in the past year. This sluggish growth has come at a time when airlines have added new planes and new services. That is simply not a prescription for making money.

Number two, the cost of jet fuel rose dramatically following Iraq's invasion of Kuwait in August. Jet fuel is the second largest component of the industry's operating costs. Each one cent increase in the cost of a gallon of jet fuel imposes an extra \$164 million on the industry.

Number three, deregulation -- based as it is on the principles of a free market -- allowed airlines greater latitude. Some airline executives and their companies never quite adjusted to the rigors of the marketplace, and suffered accordingly. Others took on massive and excessive debt, and have found it difficult to service that debt in a slow economy. In some respects, airline management and the investment community are themselves responsible for the industry's current situation.

Number four, most airlines have not been able to bring their labor costs under control. For example, the *average* salary for one carrier's pilots and copilots is \$114,000. The *average* salary for its maintenance workers is approximately \$51,000. Pilots and copilots industry-wide make \$90,000 on average. That's five times what the average American worker earns. For all airline employees -- including reservation agents, ticket clerks, janitors, and baggage handlers -- the average employee earns approximately *twice* the national average.

These wages are not the product of a strictly free market. When pilots at one major airline average \$114,000 a year, while pilots with similar experience and ability at another airline average \$58,000 a year, one might question whether something is seriously out of balance in the airline labor market.

Today's market is still distorted by vestiges of the era of regulation which allowed airlines to pass on uneconomically high costs, such as those required by the Railway Labor Act of the 1930s. Outdated legislation contains, among other things, never-ending procedures to resolve disputes, and allows for secondary boycotts. The market is further distorted by the simple fact that a strike is especially devastating to an airline, whose customers can, and will, quickly switch to a competitor's flights.

I believe *these distortions have created an unhealthy environment for the consumer*. In contrast to other industries, airline managers and their employees appear to be oblivious to the long range consequences for the industry caused by an imbalance in power between labor and management. *In the end, of course, the consumer loses*. Either consumers must pay for high industry salaries through higher fares, or airlines will continue to hemorrhage financially.

One thing is certain: consolidation is no grounds for panic. There may well be fewer major airlines in the 1990s than there were at the end of the 1980s. But even *if this happens, we have every reason to believe that robust competition will continue*. Under a deregulated system of hub-and-spoke networks and low barriers to entry, existing carriers can serve virtually any market in the nation. As a consequence, competition should continue to thrive.

It is likely that, as the industry consolidates further, some of the lowest fares in the market may disappear. All of us, as consumers, appreciate the low fares produced by the almost desperate marketing strategies that we've seen in the current downturn. But we also know that unrealistically low prices are a bad bargain in the long run. Unless airlines are able to cover their costs, they eventually

have to go out of business. And *right now, there is not an airline in the country that is covering its operating costs.* As this chart shows, the U.S. airline industry is estimated to have lost \$2 billion in 1990.

When airline fares go up in the near future, consumers should understand that the increase will not be a product of deregulation. They must understand that -- had it not been for deregulation -- fares would be much higher than they are at present. But fares must be compensatory in the long run, or the consumer will continue to suffer from the growing pains of an industry that is continuing to shake off the distortions imposed by decades of regulation -- decades of arbitrary and undisciplined economics.

The actual extent to which prices change will depend to a great degree on the willingness of labor and management to work together to protect the industry against an excessive and destructive wage and benefit pattern. But it is clear that prices *will* change.

As the industry continues to restructure, *every consumer has my pledge that the Department of Transportation will take aggressive steps to sustain and enhance airline competition* in this country. That is one of my highest priorities as Secretary of Transportation.

Let me now give you an overview of our policy goals for the airline industry, both domestically and in the international arena.

Number one, much has been said in recent months about foreign investment in U.S. airlines. The rules governing foreign ownership or control of domestic airlines are derived from a statute that dates back to the 1930s.

Given the role that our airline industry has played in Operations Desert Shield and Desert Storm, there should be no mystery about one of the major reasons for those requirements. In times of national emergency, the United States must have immediate access to far more airlift capacity than our military maintains, and the citizenship requirement in our law ensures the availability of this essential transport capability.

Those requirements also represent a necessary response to the highly regulated nature of international aviation, in which landing rights are parceled out through narrowly drawn bilateral agreements. If we are to maintain the leverage we need to open more foreign markets to U.S. carriers, we have to maintain oversight of the extent to which foreign carriers enjoy access to *our* market through investments.

That said, it is essential in a time when international aviation is changing so much, that we guard against going beyond the restrictions necessary to achieve these important objectives. We have therefore reexamined our application of the "control" test to ensure that it's fully consistent with today's realities.

It is likely that *we will see, over time, a genuine globalization of airline companies*, much as we have seen in so many other industries. That means more than merely landing in as many countries as possible. It means establishing a genuine, fully competitive presence in all of the world's most important aviation markets.

The first steps toward that development can be seen today in the important linkages that airlines from different countries are forging with each other in a quest for more effective marketing tools. One means of establishing such linkages is the medium of investment.

It is essential that our international aviation policy acknowledge this trend and respond to it effectively. *U.S. carriers must stay ahead of the pack in the move toward globalization.*

We have concluded that one of the important steps we can take in this connection is to create an environment more receptive to foreign investment in the U.S. airline industry. To that end, we have decided to refine our interpretation of the foreign ownership statute. We will no longer consider total foreign *equity investment*, by itself, to be an indicator of foreign *control* if it is less than 50 percent of total equity. And we will not consider debt financing obtained from foreign sources as a potential means of control, provided the loan agreement confers no extraordinary rights on the foreign lender.

Regarding foreign directors and officers, there is no need to formulate more stringent limits as we have done in the past. Instead, we will allow foreign membership on airline boards to reflect their voting stock ownership -- as long as it satisfies the statutory ceiling, and as long as representatives of foreign airlines do not take part in decisions affecting competition. Our recent order relating to the transaction between Continental and Scandinavian Air was consistent with this approach.

In announcing these changes, I want to emphasize that I am not now calling for any change in the statute, since I am not persuaded yet that such changes are warranted, and because statutory amendments require careful consideration and debate within the Congress. Thus, existing ceilings on foreign ownership of voting stock and citizenship requirements for officers and directors will have to be complied with.

In line with this approach, *I am pleased to announce that the Department of Transportation is issuing an order today which will allow KLM to maintain a significant investment in Northwest Airlines.* It is appropriate that this decision involves an investment by a carrier whose government has entered into a very liberal aviation relationship with the United States. Our decision clarifies, and in significant ways relaxes, the restrictions on foreign investment that are the product of past interpretations.

Taken together, these changes will allow U.S. airlines to attract additional foreign capital. They will not compromise national security, and they will not diminish our ability to foster a more open and competitive international aviation marketplace.

Number two, an important Administration policy goal is to place even greater emphasis on the importance of safeguarding the competitiveness of the U.S. industry.

Because so many foreign governments continue to limit the number of U.S. carriers that may fly to their cities, the Department of Transportation -- even in 1991 -- is required to select particular U.S. carriers to serve particular foreign routes. We

will seek ways of streamlining the Department's traditional carrier selection process -- the procedures for choosing U.S. carriers to serve newly established international routes. At present, it is a time-consuming, expensive, and inefficient process. I want to examine a range of potential improvements, from simplifying the evidentiary phases of the case to more fundamental changes. *Everything we do will be aimed at increasing the level of airline competition in this country and abroad.*

At the same time, there is now a lively "secondary market" for international routes. In this market, carriers that obtained their rights from DOT seek to sell them to other carriers. I believe that *the market can be an effective means of allocating international route authority*, as long as the transactions are consistent with competition and the economic health of the U.S. airline industry. Recent experience in route transfer cases are impressive: every transaction approved by DOT has produced a net dividend for the public. Two prominent examples are Pan Am's sale of its Pacific routes to United in 1985, and Eastern's sale of its Latin American routes to American last year.

For these reasons, we are also exploring ways of streamlining and making more efficient our review of these transactions. The critical benchmark, again, will be competition. But where there are no impediments to competition, or where a transaction promises to enhance competition, our disposition is likely to be favorable.

Number three, the Department of Transportation issues exemptions from our antitrust laws permitting airlines, both U.S. and foreign, to enter into agreements that fix the price of air travel to and from the United States. It is time to address some serious questions about our exercise of that authority -- particularly in light of our attempts to liberalize not only our own market but also the world aviation market.

For example, is it appropriate for a nation championing competition to continue to permit these agreements to affect the cost of travel to and from our territory? What consequences would flow from a refusal to extend continued antitrust immunity to these agreements? How would our trading partners react? These are delicate questions, of course, but I see no way to avoid raising them. They will have to be taken up in a proceeding already pending before the Department.

Number four, we are committed to removing barriers to entry into the airline business. If we can ease barriers to entry -- such as inadequate airport capacity -- the loss of one or more airlines will not necessarily mean less competition. That gets to the heart of how important last year's aviation reauthorization was. It was the most significant aviation legislation since deregulation in 1978. It will enhance aviation capacity by allowing localities to raise money for expanding their airport facilities or build new ones. We will soon propose rules to put this legislation into effect. They will deal with anti-competitive, long term gate leases with individual airlines that have acted as barriers to entry.

Two other efforts to lower barriers to entry deserve mention. Many argue that the system of slots in effect at four of our major airports makes new entry at those airports extremely difficult for small carriers. To deal with this problem, the Department of Transportation will soon propose a rule that will address the ability of new entrants to gain access to these airports.

We will also propose a rule exploring ways to eliminate certain anti-competitive practices involving computer reservation systems. The rule would allow use of additional software and hardware, as well as greater ability for travel agents to use several computer reservations systems.

Number five, many have asked whether it might be appropriate to allow foreign airlines to compete in the U.S. market and to allow U.S. airlines to compete in foreign markets. This could be one important way, it is argued, to increase airline competition in the United States even in the face of a consolidating U.S. airline industry.

Late last year, I announced jointly with Canadian Transport Minister Doug Lewis that our two governments would soon begin negotiating toward the establishment of a truly open U.S.-Canadian aviation market. In the course of those negotiations, we said the question of internal market access -- called "cabotage" -- would be addressed. I believe that those negotiations -- due to begin in a couple of months -- will serve as an important crucible for the testing of the cabotage proposition.

Number six, I said a year ago that we would take steps to extend the benefits of domestic deregulation to international travel. New bilateral agreements with Japan and the United Kingdom, our liberalization discussions with the Canadian government, today's foreign investment order, and our Cities Program are key examples of the progress we've made. Under the Cities Program, *I can announce that today we have approved KLM's request to provide the only nonstop service to the continent of Europe from Minneapolis.* That's good news for Minneapolis and for the ever-expanding world of international aviation.

The Department's efforts will be important -- and controversial -- but alone, they will not be enough. Airline management must continue to look beyond our borders, whether by flying internationally themselves or by entering into agreements with foreign carriers. Management will have to renew its entrepreneurial spirit, just as it did in the 1980s when it met the challenges of deregulation -- and created opportunity, rather than simply waiting for it to happen.

In some respects, airline executives have failed to look beyond the next quarter. And some have not hesitated to ask the U.S. government -- which means the American taxpayer -- to bail them out. It should come as no surprise that I have not looked with favor on these requests. Airlines are permitted to earn and keep their profits. They should not expect the taxpayer to bear their losses.

As for airline labor, it must look at the realities of the industry, and determine whether greater wage demands are in its own best interests. It is essential that the industry come to grips with the high cost of paying its employees. Failure to do so will ensure that no one wins: not *employees*, whose jobs will be placed at risk; not *airlines*, who may be forced out of business; and certainly not *consumers*, who will ultimately foot the bill through higher fares.

As the sad experience of Eastern Airlines demonstrates, there are no winners when labor and management do not work together. At Eastern, something went awry in the labor/management relationship. And the result is the demise of a great American carrier.

But let me say unequivocally that we in the Department of Transportation look forward to the decade ahead with optimism. *Our task will be to use the tools at our disposal to spur along the stunning success of deregulation here in the United States, and to extend its benefits throughout the world.* I look forward to working with the Congress to achieve this goal.

Perhaps *no policy initiative in the nation's history better unleashed America's entrepreneurial spirit than deregulation.* Our nation was built by the vigor and ingenuity of pioneers -- not by the obtrusive and overbearing hand of government. The key to our success has been the premium we have placed on industriousness and innovation. That's where we're pinning our hopes, and expectations, for the U.S. airline industry.

Of course, the rough and tumble of the marketplace does not produce lasting results overnight. It takes patience. But no one has better mastered that marketplace than Americans. We face challenges, to be sure. The world is undergoing revolutionary change. *But I have complete confidence the U.S. airline industry will weather its own revolution to maintain its world-leadership position into the 21st century.*

Thank you very much.



U.S. Department of
Transportation

News:

Office of the Assistant Secretary for Public Affairs
Washington, D.C. 20590

FOR IMMEDIATE RELEASE
Monday, January 28, 1991

DOT 10-91
Contact: Bill Mosley
Tel.: (202) 366-5571

DOT GRANTS TEMPORARY AUTHORITY TO REPLACE EASTERN ON U.S.-CANADA ROUTES

The Department of Transportation moved quickly today and named three U.S. carriers to restore service on U.S.-Canada routes formerly served by Eastern Air Lines.

The department granted temporary emergency authority to American Airlines for the Miami/Tampa-Toronto route, to Delta Air Lines for service to Toronto from Buffalo and Pittsburgh, and to USAir for Baltimore/Washington-Montreal/Ottawa service. The authority is effective immediately and will remain in effect for one year, or until a final departmental decision involving each route is made.

The department, following Eastern's suspension of service on Jan. 19, 1991, took immediate action to minimize the inconvenience to passengers who had planned to travel to Canada on Eastern. A Jan. 22 notice sought applications from carriers to provide replacement service. Eight applications were received from a total of six different carriers. Within three days, the department had selected carriers to serve all of the U.S.-Canada routes that Eastern no longer serves.

Filing applications for the services were USAir, United Air Lines and Trans World Airlines for Washington-Montreal/Ottawa service; USAir and Delta for Pittsburgh-Toronto; Pan American World Airways, American and USAir for Tampa/Miami-Toronto; and Delta for Buffalo-Toronto.

On Jan. 18, 1991, DOT granted American temporary emergency authority to replace Eastern on its New York-Montreal route.

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U.S. Department of
Transportation

News:

Office of the Assistant Secretary for Public Affairs
Washington, D.C. 20590

FOR IMMEDIATE RELEASE
Thursday, January 31, 1991

DOT 12-91
Contact: Bill Mosley
Tel.: (202) 366-5571

DOT GIVES FINAL APPROVAL TO TWA-AMERICAN ROUTE TRANSFER

The Department of Transportation today approved the transfer of Trans World Airlines' authority to serve the Chicago-London route to American Airlines.

The department, which tentatively approved the transfer on Jan. 8, 1991, said the transaction would improve competition among U.S. carriers serving London, and that the \$110 million TWA is getting for the route could contribute to the carrier's viability. The department also said the cash infusion would improve TWA's strength in the domestic marketplace, thereby enhancing domestic airline competition.

The department said that it would act separately on the proposed transfer of six other TWA U.S.-London routes to American rather than consider these routes in conjunction with the Chicago-London route. "We conclude that the various public interest concerns related to the possible transfer of all seven of TWA's London routes do not provide a sound basis for deferring our approval of the Chicago-London route . . ." the order said. "In these circumstances, to consolidate the two applications would unduly delay realization of the significant public benefits . . . which this straightforward route transfer will provide."

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U.S. Department of
Transportation

News:

Office of the Assistant Secretary for Public Affairs
Washington, D.C. 20590

FOR IMMEDIATE RELEASE
Wednesday, February 6, 1991

DOT 14-91
Contact: Bill Mosley
Tel.: (202) 366-5571

COMPLAINTS AGAINST AIRLINES IN 1990 LOWEST IN SEVEN YEARS, DOT SAYS

Consumers registered fewer complaints against the airlines last year than in any year since 1983, the Department of Transportation said today in releasing its Air Travel Consumer Report.

Complaints reported to the department in 1990 reached 9,505, the lowest yearly total since the 9,066 complaints recorded in 1983 and almost 24 percent below 1989's total of 12,411. Complaints for the month of December 1990 declined to 506, down from the 642 in November and 763 in December.

The nation's 12 largest airlines posted an on-time performance of 79.4 percent during 1990, an improvement over the 76.3 percent recorded in 1989. In December, 70.3 percent of the carriers' flights arrived on time, down from the 84.6 mark of November 1990 but comparable to the 70.2 percent record compiled in December 1989. The department noted that airline on-time percentages are frequently lower in December because of heavy holiday travel and severe winter weather in many parts of the country. In compiling the data, delays caused by mechanical problems are not counted.

The department said mishandled baggage reports for the year averaged 6.83 per 1,000 passengers. Reports for December 1990, however, rose to 10.09 per 1,000 passengers, up from November's 5.60 mark but still below the average of 12.78 recorded in December 1989.

The Department reminded consumers who want on-time performance data for specific flights to call their airline ticket offices or their travel agents. Such information is available on the computerized reservation systems used by these agents.

While providing a summary of flight data in its monthly report, the Department also maintains a file covering more than 20,000 flights available for inspection in Room 4201 of the DOT headquarters building at 400 Seventh Street, S.W., Washington, D.C. For those interested in obtaining all the flight information, computer tapes (\$150 per tape reel) and a complete printout (\$100 per copy) are available from DOT's Transportation Systems Center in Cambridge, Mass.

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U.S. Department of
Transportation

News:

Office of the Assistant Secretary for Public Affairs
Washington, D.C. 20590

FOR IMMEDIATE RELEASE
Wednesday, February 6, 1991

DOT 15-91
Contact: Bill Mosley
Tel.: (202) 366-5571

DOT GIVES CONDITIONAL APPROVAL TO PAN AM-UNITED ROUTE TRANSFERS

Secretary of Transportation Samuel K. Skinner today gave approval to the transfer of a number of Pan American World Airways' transatlantic routes to United Air Lines. On Jan. 8, 1991, the department issued a show cause order tentatively approving the transfer.

The department conditioned the transfer on the ability of United to serve London's Heathrow Airport. The United States and United Kingdom have been engaged in talks that would allow airlines such as United to replace U.S. carriers currently serving Heathrow.

"This transaction promises important benefits for Pan American, for United, and for the traveling public. Unfortunately, those benefits cannot be realized until the United Kingdom agrees to the substitution of United for Pan Am at Heathrow Airport," Skinner said. "Our negotiations with the British government over that change -- a matter of right at every other airport around the world -- have been extremely disappointing. Unless we reach agreement quickly, the U.K.'s recalcitrance could have catastrophic consequences for Pan Am, an airline that has served the U.K. well for so many decades.

"Although we have offered an extremely generous package of new opportunities to British airlines -- an offer which many say is already excessive -- the two sides remain some distance apart. I very much hope that our two delegations can redouble their efforts in order to reach an early settlement of this issue," the secretary said.

The routes to be transferred include all of Pan Am's authority to serve the United Kingdom (except Manchester and Detroit/Miami-London) from the U.S., and most of its authority to serve Eurasian points from its U.S. gateways in Washington-Baltimore, Chicago, Los Angeles, Seattle and San Francisco-Oakland-San Jose. United has agreed to pay Pan Am \$290 million for these routes and other assets.

Under an agreement between the two carriers, Pan Am would retain its rights to routes between these five U.S. gateways and Athens, Tel Aviv, Belgium, the Netherlands, Germany, Switzerland, Jordan and Egypt.

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The department said that the substitution of United for Pan Am on these routes will enhance the ability of U.S. carriers to compete with the numerous strong and well-financed foreign airlines operating transatlantic service. It added that the transfer also would enhance Pan Am's viability.

As another condition of the transfer, the department required United to end its code-sharing arrangement with British Airways in the Seattle-London market in order to minimize any arrangement that might reduce competition between the two carriers. United had earlier stated its willingness to accept this condition. United will be able to retain or terminate its code-sharing arrangements with British Airways on the Denver-London route.

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News:

Office of the Assistant Secretary for Public Affairs
Washington, D.C. 20590

FOR IMMEDIATE RELEASE
Thursday, February 7, 1991

DOT 16-91
Contact: Chuck Kline
Tel.: (202) 366-2928
Kathy Fiorillo
(202) 366-2931

DOT ISSUES FIRST 1991 QUARTERLY COMMERCIAL LAUNCH MANIFEST; THREE FLIGHTS ADDED

The Department of Transportation today issued the first quarterly U.S. commercial launch manifest for 1991. Three more launches have been added to the manifest, bringing to 35 the total number expected to take place over the next several years.

The three additions are: Orbital Sciences Corp. LEAP-4 (defense-related research payload), and General Dynamics TELSTAR 401 and TELSTAR 402 (telecommunications satellites).

Stephanie Lee-Miller, director of the department's Office of Commercial Space Transportation, noted that 12 successful DOT-licensed launches have taken place since 1989, when licensed U.S. commercial launches began.

"With the successes of the past two years, American commercial space transportation firms have established themselves as competitive, reliable players in the world launch services market," said Lee-Miller. "We look forward to the continued growth of this exciting new transportation industry."

(over)

U.S. COMMERCIAL LAUNCH MANIFEST

(As of January 1991)

<u>COMPANY</u>	<u>PAYLOAD/ COUNTRY</u>	<u>CUSTOMER LAUNCH DATE</u>
McDonnell Douglas	INMARSAT-2 Flt#2 (Intern'l Consortium)	2/91
Orbital Sciences Corp. Space Data Division	Joust 1 (U.S.)	3/91
General Dynamics	BS-3H (Japan)	4/91
McDonnell Douglas	ASC-2 (U.S.)	4/91
Orbital Sciences Corp. Space Data Division	ZEST-1 (U.S.)	5/91
McDonnell Douglas	AURORA II (U.S.)	5/91
Orbital Sciences Corp. Space Data Division	LEAP-1 (U.S.)	6/91
Orbital Sciences Corp. Space Data Division	ZEST-2 (U.S.)	6/91
Space Services, Inc.	Consort 4 (U.S.)	7/91
General Dynamics	EUTELSAT (European Consortium)	8/91
General Dynamics	GALAXY V (U.S.)	10/91
Orbital Sciences Corp. Space Data Division	LEAP-2 (U.S.)	10/91
General Dynamics	INTELSAT-K (Intern'l Consortium)	12/91
McDonnell Douglas	NATO IVB (NATO)	12/91
Orbital Sciences Corp. Space Data Division	Joust 2 (U.S.)	12/91
General Dynamics	GOES I (U.S.)	/92

COMPANY	PAYLOAD/ COUNTRY	CUSTOMER LAUNCH DATE
General Dynamics	GOES J (U.S.)	/92
General Dynamics	GALAXY IR (U.S.)	/92
General Dynamics	UHF 1 (U.S.)	/92
General Dynamics	ORION 1 (U.S.)	/92
Orbital Sciences Corp.	FREJA (Sweden)	/92
Orbital Sciences Corp. Space Data Division	LEAP-3 (U.S.)	1/92
Orbital Sciences Corp. Space Data Division	SPFE-6 (U.S.)	3/92
Orbital Sciences Corp. Space Data Division	LEAP-4 (U.S.)	4/92
Orbital Sciences Corp. Space Data Division	SPFE-7 (U.S.)	6/92
Martin Marietta	MARS OBSERVER (U.S.)	9/92
McDonnell Douglas	GE SATCOM C-3 (U.S.)	11/92
General Dynamics	INTELSAT VII Flt#2 (Intern'l Consortium)	/93
General Dynamics	INTELSAT VII Flt#3 (Intern'l Consortium)	/93
General Dynamics	ORION 2 (U.S.)	/93
General Dynamics	TELSTAR 401 (U.S.)	/93
General Dynamics	SAX (Italy)	/94
General Dynamics	TELSTAR 402 (U.S.)	/94

COMPANY	PAYLOAD/ COUNTRY	CUSTOMER LAUNCH DATE
General Dynamics	SOHO (U.S.)	/95
General Dynamics	GOES K (U.S.)	/95



Moving America Into the 21st Century

NEWS RELEASE

FOR IMMEDIATE RELEASE
Thursday, February 14, 1991

DOT 20-91
Contact: Roslyn Kaiser
Tel.: (202) 366-5571

SKINNER TALKS TO CHAMBER OF COMMERCE ON TRANSPORTATION INFRASTRUCTURE

NEW YORK CITY -- The new emerging role of the private sector in transportation is a central element of the Administration's comprehensive surface transportation bill sent to the Congress, Secretary of Transportation Samuel K. Skinner said today.

Skinner, addressing the New York Chamber of Commerce, said ". . . the productivity and competitiveness of New York and the nation depend on good transportation infrastructure." He told members of the business community that New York "is a microcosm of the opportunities, challenges, and problems the nation faces as we move into the new century."

The secretary said the Administration's proposal, announced Wednesday by President Bush, embraces the private sector as a broker, a full partner of the public sector and a "for profit" player . . . "with flexibility for a wide range of new public/private partnerships to build toll roads, bridges, tunnels, bus lanes, transit facilities, and perhaps even maglev and high speed rail facilities . . . We are saying to the investment community: 'Come on in, there's money to be made in transportation.'

"There can be no question that a greater commitment to maintaining, preserving and expanding our infrastructure will strengthen America's hand in an increasingly global marketplace," he added, saying that the Administration's \$105.4 billion, five-year bill, calls for investing in America's future.

"For New York State," the secretary said, "this means a five-year investment of \$3½ billion for the highway program alone. That should support 21,000 to 35,000 jobs."

-more-



U.S. Department of
Transportation

He said, "New York City's bridges, all built just after the turn of the last century, must be rehabilitated if the city is to continue to grow. The bill proposes \$10.7 billion dollars for bridge repairs nationally, and for New York City, \$878 million . . . Over the five years of our surface transportation bill, New York State will average about \$40 million more per year than in fiscal 1991. This year the state received \$136 million, and that figure will rise to \$225 million in 1996."

Skinner said, "The effort to attract capital should include permitting the states to use at least some portion of their federal aid on facilities otherwise financed, built and operated by a private firm. The Dulles Toll Road project in Northern Virginia, just outside Washington, is one example.

"The proposed bill includes a "break" for New York State revenues. The N.Y. State Thruway would not be required to remove tolls after bonds are paid off in 1996. This will serve as an important source of revenue for transportation improvements beyond 1996. The highway program will also support high occupancy vehicle lane development in Interstate expressways at a 90 percent federal share."

As for mass transit, he said in the New York metropolitan area, the funding for mass transit will be at least \$3.6 billion over the five-year life of the bill, an increase of at least 20 percent in capital funding. He added, "We are determined to redefine the federal and local roles in mass transit assistance. It just makes sense for the federal government to concentrate its money on long term capital investment, and let local officials worry about day-to-day operating subsidies for mass transit."

The secretary said, "The Administration's proposal also brings a 21st century perspective to mass transit. It will allow you to use some of your highway funds for mass transit if that better fits local needs. It provides flexibility for custom-tailored solutions to transportation needs without a bias toward a particular form of transportation."

He added that the vision for transportation also includes research and technology, that public /private partnerships will make Intelligent Vehicle Highway Systems a workable reality and he noted that smart cars and smart highways offer genuine high-tech solutions to congestion and safety.

"After all is said and done," he said, "competition brings out the best in any industry -- and transportation is no exception. A greater private sector involvement in transportation infrastructure can provide a fresh injection of innovation and profit-driven efficiency into a broad range of transportation needs."

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Moving America Into the 21st Century

NEWS RELEASE

211713
M-49

D 9049 002

FOR IMMEDIATE RELEASE
Thursday, February 14, 1991

DOT 20-91
Contact: Roslyn Kaiser
Tel.: (202) 366-5571

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-more-



U.S. Department of
Transportation

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News:

Office of the Assistant Secretary for Public Affairs
Washington, D.C. 20590

FOR IMMEDIATE RELEASE
Friday, February 22, 1991

DOT 21-91
Contact: Chuck Kline
Tel.: (202) 366-2928
Kathy Fiorillo
(202) 366-2931

DOT ISSUES FIRST LAUNCH OPERATORS LICENSE

In a move designed to reduce costs and improve efficiency, the Department of Transportation has issued its first launch operators license to General Dynamics Commercial Launch Services, Inc.

The operators license, issued by DOT's Office of Commercial Space Transportation (OCST), authorizes General Dynamics to carry out its commercial launch program at Cape Canaveral Air Force Station in Florida.

In contrast to past licenses, which were issued for individual launches, the launch operators license authorizes General Dynamics to conduct all launches within a defined range of vehicles, flight profiles and payload classes on a continuing basis over a two-year period. OCST expects to review at least three more applications for launch operators licenses this year.

Stephanie Lee-Miller, director of OCST, said that the launch operators license will streamline the approval process for U.S. commercial space activities, making it more efficient and less costly for both the government and industry.

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U.S. Department of
Transportation

News:

Office of the Assistant Secretary for Public Affairs
Washington, D.C. 20590

FOR IMMEDIATE RELEASE
Monday, February 25, 1991

DOT 22-91
Contact: Ed O'Hara
Tel.: (202) 366-5571

LIMA, PERU, AIRPORT NOW HAS EFFECTIVE SECURITY MEASURES, SKINNER FINDS

Secretary of Transportation Samuel K. Skinner has determined that Jorge Chavez International Airport in Lima, Peru, maintains and administers effective security measures.

In a notice to be published in the Federal Register, Skinner said his conclusion was based on a recent assessment by the Federal Aviation Administration, which found that security measures at the Lima airport now meet international standards. An FAA team visited the airport Jan. 25-29.

On Dec. 24, 1990, the Secretary announced he had determined that the Lima airport did not maintain effective security measures. He made that determination under the International Security and Development Cooperation Act of 1985.

As a result of the determination announced today, Skinner said U.S. and foreign air carriers are no longer required to inform passengers buying tickets of the Dec. 24 determination. In addition, the FAA will direct that warning signs posted at U.S. airports relating to last December's determination be removed.

In a letter to the Government of Peru, Skinner said that since the Dec. 24 finding was announced, the Lima airport authorities "have made impressive gains in improving further those security measures, and I am now pleased to report that I am able to reverse that determination."

Because of the improvement, Skinner said, "I shall notify the American public that I now believe that effective security measures are used at Lima airport."

(more)

Under the 1985 legislation, DOT assesses security at foreign airports. If the secretary determines that security at an airport is not effective, DOT is required to notify the foreign government of the findings and recommend corrective actions, after notifying the U.S. secretary of state. If deficiencies are not remedied within 90 days, DOT is required by law to publish the name of the airport and to inform the public about the finding.

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News:

Office of the Assistant Secretary for Public Affairs
Washington, D.C. 20590

211713 D 9049 002
M-49

FOR RELEASE WEDNESDAY
February 27, 1991

DOT 22-91
Contact: Chuck Kline
Tel.: (202) 366-2928
 Kathy Fiorillo
 (202) 366-2931

DOT PROPOSES USER FEES FOR COMMERCIAL SPACE LAUNCH COMPANIES

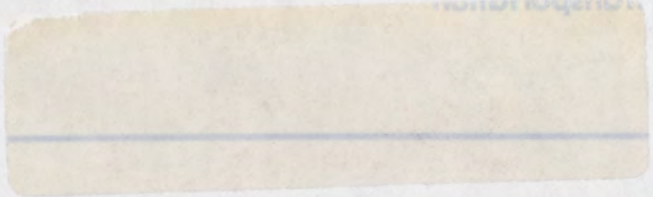
The Department of Transportation today issued a Notice of Proposed Rulemaking that would require commercial space launch companies to pay user fees for DOT's licensing services, which include assessing the safety of proposed launches.

Companies that carry out commercial launches of payloads such as communications satellites apply to the department for licenses. DOT's Office of Commercial Space Transportation (OCST), in addition to reviewing the safety of proposed launches, sets insurance levels required to cover maximum probable losses in the event of an accident.

Under the proposed schedule, commercial launch companies would pay an application fee for a license to conduct launches and an annual renewal fee of \$2,500. In addition, 30 days after each orbital launch, the respective launch company would pay a variable fee based on the capability (measured in pounds) of the launch vehicle to put a payload into orbit. (For example, different rockets can lift various weights ranging up to 35,000 pounds of payload into low-earth orbit.) The fee would be \$2.50 per pound of capability. For a sub-orbital launch, there would be a fixed fee of \$1,000.

Interested parties may submit comments on the proposed rule up to 30 days after publication in the Federal Register.

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FOR IMMEDIATE RELEASE
Wednesday, March 6, 1991

DOT 23-91
Contact: Bill Mosley
Tel.: (202) 366-5571

FEWER AIRLINE PASSENGERS BUMPED IN 1990, AIR TRAVEL CONSUMER REPORT SAYS

There was a dramatic decline in the number of passengers involuntarily denied boarding, or bumped, by commercial carriers in 1990 compared to the previous year, the Department of Transportation reported today in releasing its monthly Air Travel Consumer Report.

The report also contains information on January's on-time performance by the major airlines, baggage mishandling and consumer complaints.

In 1990, U.S. carriers registered 1.55 involuntary denied boardings per 10,000 passengers compared to 2.59 in 1989. Involuntary denied boardings totaled 68,560 in 1990, well below the 106,765 recorded in 1989.

The nation's 12 largest airlines posted an on-time performance of 73.8 percent in January, an improvement over the 70.3 mark recorded in December but not as good as their 77.6 percent performance in January 1990. In compiling the data, delays caused by mechanical problems are not counted.

The department said mishandled baggage reports for January averaged 7.89 per 1,000 passengers, compared to 10.09 last December and 8.31 in January 1990.

Complaints from consumers to DOT totaled 794 in January, an increase over December's 506 but well below the January 1990 total of 1,139.

This month's report includes, for the first time, on-time performance and baggage mishandling data for Midway Airlines. Carriers with at least one percent of the total domestic scheduled-service passenger revenues are required to report this information, and Midway now meets that threshold. The report does not include this data for Eastern Air Lines, which ceased operations on Jan. 19.

Also included for the first time is on-time information for Raleigh-Durham (N.C.) International Airport. Data for those airports that have at least one percent of the total domestic scheduled-service revenues are summarized in the report.

-more-

The Department reminded consumers who want on-time performance data for specific flights to call their airline ticket offices or their travel agents. Such information is available on the computerized reservation systems used by these agents.

While providing a summary of flight data in its monthly report, the Department also maintains a file covering more than 20,000 flights available for inspection in Room 4201 of the DOT headquarters building at 400 Seventh Street, S.W., Washington, D.C. For those interested in obtaining all the flight information, computer tapes (\$150 per tape reel) and a complete printout (\$100 per copy) are available from DOT's Transportation Systems Center in Cambridge, Mass.

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News:

Office of the Assistant Secretary for Public Affairs
Washington, D.C. 20590

FOR RELEASE MONDAY

March 11, 1991

DOT 24-91

Contact: Ed O'Hara

Tel.: (202) 366-5571

UNITED STATES, UNITED KINGDOM REACH AGREEMENT ON HEATHROW FLIGHTS

Talks between the United States and the United Kingdom on transatlantic air services reached a successful conclusion today, Secretary of Transportation Samuel K. Skinner announced.

The negotiations in Washington, D.C., centered on whether U.S. carriers that acquire London routes from incumbent U.S. carriers could operate their flights to and from London's Heathrow Airport.

Without such an agreement, the proposed transfer of Pan American World Airways' transatlantic London routes to United Air Lines could not take place.

Secretary Skinner said, "This is an important revision in our bilateral aviation agreement that guarantees the continued presence of U.S. airlines at Heathrow. The agreement will maintain U.S. access to the most important airport in England, and one of the most important in the European Community.

"We offered new opportunities for British airlines in return for our ability to substitute stronger U.S. carriers at Heathrow. The U.K. has accepted. This agreement will provide important benefits for both nations as well as for the traveling public. The agreement, however, is a particularly important step for Pan American and its ability to preserve financial viability."

Skinner added, "This agreement should be seen as a prelude to more important talks in the near future to liberalize the aviation relationship between the U.S. and the U.K."

The transfer of Pan Am's London routes to United was approved Feb. 6 by the U.S. Department of Transportation (DOT). The approval was conditioned on the ability of United to serve Heathrow Airport, as Pan Am does, rather than other London airports.

(more)

The new agreement would also make it possible for Trans World Airlines to transfer to American Airlines its routes to London from U.S. cities, if that proposed transfer is approved by the DOT and the Department of Justice. That route sale, like the Pan Am/United sale, is conditioned on American's ability to serve Heathrow.

Under today's agreement, the United States will be permitted to name replacement U.S. carriers, such as United, to operate at Heathrow. U.S. carriers serving Heathrow will limit their flights to the level of service already approved for 1991 but will be able to increase their service levels modestly for the following two years. The temporary limits will remain in effect for a period of three years. At that time, U.S. carriers will revert to the more liberal capacity regime that has been in effect for a number of years and which provides for future growth.

In return, the U.S. agreed, among other things, to:

- o Allow a second British carrier (in addition to British Airways) to operate from Heathrow on U.S.-U.K. routes.

- o Grant British carriers broader rights to make code-sharing arrangements with American carriers. This will enable U.K. airlines to schedule flights to the U.S., with one or more segments of the flight operated by U.S. airlines.

- o Increase the number of cities in Latin America, Canada, and Asia to which British flights can continue after stopping at points in the United States. One British carrier will be allowed to operate one flight daily between Seattle and Australia.

- o Give the U.K. four new opportunities to permit an additional British carrier to fly to U.S. cities already served by one or two U.K. carriers.

- o Grant British carriers rights to a limited number of flights from six countries in Europe to the U.S. in conjunction with services between the U.S. and U.K. The six countries are Belgium, France, Germany, Ireland, Luxembourg, and the Netherlands.

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FOR RELEASE THURSDAY
March 14, 1991

DOT 25-91
Contact: Ed O'Hara
Tel.: (202) 366-5571

DOT TENTATIVELY OKs SALE OF 3 TWA LONDON
ROUTES TO AMERICAN; DISAPPROVES OTHERS

The Department of Transportation tentatively decided today to approve the transfer of three Trans World Airlines routes to London -- from New York, Los Angeles and Boston -- to American Airlines.

In a show cause order, DOT said American would be a more effective competitor than TWA in the New York, Los Angeles and Boston to London markets, which are currently dominated by British Airways. The department said that the transfer of these routes should have a positive impact on international competition.

At the same time, DOT disapproved the proposed transfer of three other London routes from TWA to American. On the proposed sale of routes from Philadelphia and Baltimore, the department called for new proceedings to select new U.S. carriers for the routes. On the proposed transfer of TWA's St. Louis-London route, DOT tentatively concluded that TWA should retain its right to serve the route.

In its tentative finding, the department said the proposed transfer of the Philadelphia, Baltimore and St. Louis routes to American could be detrimental to competition among U.S. gateway cities.

American Airlines had agreed to pay TWA more than \$515 million for the six London routes, certain other route authority, and other assets. According to the department, the three approved route transfers account for a very large percentage of the value of the TWA-American agreement.

DOT tentatively found that if American were to serve the Philadelphia and Baltimore markets, it would have little incentive to develop or promote these gateways, since it would have large East Coast gateways at New York, Boston and Miami.

(more)

In Baltimore and Philadelphia, DOT said carriers that provide little or no service to London from the larger East Coast gateways could increase significantly the level of competition.

In discussing the St. Louis-to-London market, DOT noted that since American will be serving London from Chicago and Dallas, serving St. Louis could put it in the position of competing against its own Midwest gateway cities. Thus, American would have little incentive to develop the market. The order noted that TWA's hub is in St. Louis, where it operates 83 percent of all flights. No other carrier can offer equal or better competitive service than TWA in the St. Louis-London market, the order said.

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Office of the Assistant Secretary for Public Affairs
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FOR IMMEDIATE RELEASE
Monday, March 25, 1991

DOT 28-91
Contact: Bill Mosley
Tel.: (202) 366-5571

DOT PROPOSES TO EXTEND AND STRENGTHEN COMPUTER RESERVATION SYSTEM RULES

The Department of Transportation today proposed to enhance competition in the airline industry by extending and strengthening rules governing the use of computer reservation systems (CRS) by travel agents.

The current CRS rules were implemented in 1984 and are now scheduled to expire on Nov. 30, 1991 unless extended through rulemaking. Today's Notice of Proposed Rulemaking (NPRM) is part of the process of extending these rules, which were adopted to prevent competitive abuses in the airline industry by CRS vendors.

Computer reservation systems have become essential for virtually every major airline's marketing of its services. Airlines rely on travel agents for selling most of their tickets, and almost all travel agents rely on CRSs to book travelers on flights. In addition, most travel agents use only one CRS. This dependence of both airlines and travel agents on these systems raises questions about their effect on airline competition.

There are currently four CRSs, all owned by one or more airlines: Sabre, owned by American Airlines; Apollo, owned by Covia Partnership, half of which is owned by United Airlines and whose other partners are USAir, British Airways, KLM, Swissair, Alitalia and Air Canada; System One, owned by Continental Airlines Holding Corporation; and Worldspan, owned by Delta Airlines, Northwest Airlines, Trans World Airlines and six Asian airlines.

DOT is proposing to readopt the current rules stipulating that information provided be organized in an objective and unbiased manner and that participation in a CRS be open to all carriers on a nondiscriminatory basis.

A number of new provisions, designed to enhance competition, are proposed. These include allowing travel agents to use equipment obtained from suppliers other than a CRS vendor, and to use a single terminal for access to all CRSs. This would enable agents to reconfigure flight information to better meet their needs and to easily switch to the system offering the information that best meets a customer's needs. These provisions could allow airlines to drop out of some CRSs when participation is too expensive or burdensome and create competition among vendors for airline services.

-more-

The DOT proposal would shorten the maximum subscription term CRS vendors can require of agents. This provision is intended to increase the vendors' competition for agents and thereby encourage them to improve the quality of the systems' information and usefulness for all airlines.

The department also asks for comment on possible provisions on ways to make it easier for an agent to book a traveler on an airline other than the one affiliated with that agent's CRS, and on requiring vendors to include portions of the rules in their contracts with participating carriers and subscribers. DOT is not proposing a rule limiting the fees paid by airlines to CRS owners, because proposals received from interested parties on the subject of fees appear unlikely to work effectively.

The department's review of the CRS industry includes its May 1988 Study of Airline Computer Reservation Systems as well as a portion of its February 1990 study of airline competition. It also solicited public comment on CRS regulations in an Advance Notice of Proposed Rulemaking published in September 1989.

Comments on today's proposal should be submitted within 90 days after its publication in the Federal Register, and replies 45 days after comments are due.

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NEWS RELEASE

FOR IMMEDIATE RELEASE
Monday, March 25, 1991

DOT 30-91
Contact: Becky Sullivan
Tel.: (202) 366-5565

SKINNER, OTHER OFFICIALS,
ADDRESS DIVERSITY SUMMIT

Secretary of Transportation Samuel K. Skinner today told more than 650 departmental executives, managers and employees from all parts of the nation that DOT has begun taking a number of significant steps to increase the diversity of its work force.

Addressing a day-long Work Force Diversity Summit, Secretary Skinner called on his audience to actively participate in developing and managing a work force "which can meet America's growing transportation needs today and well into the future.

"Diversity means inclusion," Skinner said, and that means "hiring, developing, promoting and retaining applicants and employees of all races, ethnic groups and cultural backgrounds."

The department is the first federal agency trying to incorporate work force diversity in a comprehensive way and implementing the program nationwide.

"It is important to lay the groundwork for the coming generation of America's work force, and this diversity summit will address issues relating to demographic changes in the American labor pool," the secretary said.

A number of experts from both the private and public sectors were on the program and scheduled to discuss diversity issues.

"This summit," Secretary Skinner said, "puts the department on the cutting edge of developing a proactive approach to dealing with the most significant management issue of the 1990s."

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U.S. Department of
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Moving America Into the 21st Century

NEWS RELEASE

FOR IMMEDIATE RELEASE
Monday, March 25, 1991

DOT 30-91
Contact: Becky Sullivan
Tel.: (202) 366-5565

SKINNER, OTHER OFFICIALS, ADDRESS DIVERSITY SUMMIT

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Office of the Assistant Secretary for Public Affairs
Washington, D.C. 20590

FOR IMMEDIATE RELEASE
Monday, March 25, 1991

DOT 31-91
Contact: Becky Sullivan
Tel.: (202) 366-5565

ADVISORY COMMISSION ON CONFERENCES IN OCEAN SHIPPING TO HOLD INAUGURAL MEETING

Secretary of Transportation Samuel K. Skinner, who chairs the Advisory Commission on Conferences in Ocean Shipping, announced today that the commission will hold its inaugural meeting on Wednesday, April 10, 1991.

The day-long meeting will begin at 9:30 a.m. with Secretary Skinner swearing in the private sector members of the commission. The meeting, which is open to the public, will be held in Room 2230 of the Department of Transportation headquarter's building, 400 Seventh St., S.W., Washington, D.C.

The 17-person commission is charged with conducting a comprehensive study of conferences in ocean shipping and transmitting its findings and recommendations to the President and the Congress. The commission will be reviewing whether the nation would be best served by prohibiting conferences, or by closed or open conferences.

Conferences are agreements among ocean carriers to restrict competition, regulate and rationalize sailing schedules and ports of call, and sometimes to arrange for the pooling of cargoes or revenues. They generally control prices in the form of freight rates and passenger fares. The basic purpose of shipping conferences is to minimize losses and to maximize profits.

"I am pleased that we are about to begin investigating the important issues associated with the operation of conferences in ocean shipping," Secretary Skinner said. "How we treat conferences in the future will be a key in defining the quality of the competition in U.S. trades."

The secretary said he has asked Deputy Secretary of Transportation Elaine L. Chao to play a lead role in the advisory commission's work because of her extensive background in maritime affairs. He also announced that Florizelle B. Liser, currently the special trade policy advisor in his office, will be the executive director of the commission.

- more -

DOT Deputy Secretary Chao said, "We have a major job ahead of us and I am looking forward to meeting with the commissioners so that we can begin to set the direction for the commission's future operations. We intend to make certain that all interested parties have an opportunity to express their views on the future of shipping conferences and related matters, and will be holding a number of hearings around the country over the next six months."

The congressional members are four senators: John B. Breaux (D-La.), Howard M. Metzenbaum (D-Ohio), Bob Packwood (R-Ore.) and Strom Thurmond (R-S.C.), and four congressmen: Tom J. Campbell (R-Calif.), Robert W. Davis (R-Mich.), William J. Hughes (D-N.J.) and Walter B. Jones (D-N.C.).

The eight members of the commission from the private sector are: Paul L. Crouch, vice president of traffic, Calcot, Ltd.; Raymond Paul deMember, executive vice president and general counsel for the International Association of Non-Vessel-Operating Common Carriers; Raymond Ebeling, executive vice president, Wallenius Lines, North America, Inc.; Conrad H.C. Everhard, chairman, Cho Yang Line (U.S.A.); James J. O'Brien, port director, Port Everglades Authority; William P. Verdon, president, United Shipowners of America; Paul F. Wegener, chairman of the board of National Customs Brokers and Forwarders Association of America and vice president of M.G. Maher and Co., Inc.; Roger W. Wigen, manager of transportation policy and industry affairs, Minnesota Mining and Manufacturing Co., Inc.

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FOR IMMEDIATE RELEASE

Wednesday, March 27, 1991

DOT 29-91

Contact: Chuck Kline

tel.: (202) 366-5770

Kathy Fiorillo

(202) 366-2931

DOT COMMERCIAL SPACE TRANSPORTATION OFFICE
TO PARTICIPATE IN PARIS AIR SHOW

The Department of Transportation's Office of Commercial Space Transportation (OCST) will participate in the Paris Air Show for the first time this June, demonstrating the government's support for the U.S. commercial space industry in an intensely competitive international market.

The department will have an exhibit in the U.S. National Pavilion displaying the strength and versatility of the overall U.S. space launch industry and OCST Director Stephanie Lee-Miller will participate in several events at the show.

The DOT is charged with the regulation and promotion of the domestic space transportation industry under the Commercial Space Launch Act. The OCST has overseen 13 successful licensed commercial launches since the first in 1989 and has some 30 more on its launch manifest extending over the next several years.

Most of the companies involved in the U.S. commercial space industry will be participating in the Air Show from June 13 to 23, as will their international competitors, the Europeans, Soviets, Chinese and others.

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Office of the Assistant Secretary for Public Affairs
Washington, D.C. 20590

FOR IMMEDIATE RELEASE
Friday, March 29, 1991

DOT 34-91
Contact: Roslyn Kaiser
Tel.: (202) 366-5571
UMTA: Jerry Brown
Tel.: (202) 366-4043

DOT ISSUES RULE TO IMPROVE TRANSPORTATION SERVICES FOR PEOPLE WITH DISABILITIES

The Department of Transportation today proposed a significant rulemaking to improve the accessibility of transportation services for people with disabilities.

The proposed regulations and standards are required under the Americans with Disabilities Act (ADA), which passed Congress with overwhelming majorities and was signed by President Bush last July.

Secretary of Transportation Samuel K. Skinner said, "One of the primary goals of the ADA is to make it easier for people with disabilities to become part of the American mainstream, by ensuring they have access to adequate public transportation. This proposed rule would help individuals with disabilities to better meet their basic employment, educational and health needs, and also allow them to take advantage of social, recreational and cultural opportunities."

A major component of the proposed rule covers the requirement to provide paratransit service to individuals with disabilities who are unable to use conventional fixed route transit. Paratransit services are alternative forms of public transportation that include, for example, door-to-door van service, scheduled on request of the user. This program would be administered by the department's Urban Mass Transportation Administration (UMTA), which would review plans to be submitted by January 1992 by each public provider of fixed route service.

UMTA Administrator Brian W. Clymer said, "We have made every effort to obtain comment and reaction from those affected by this rulemaking, including transit representatives, people with disabilities and organizations that represent them. The rule itself calls for further consultation and public participation at the local level to help shape the details of the required implementation plans."

UMTA convened an advisory committee, composed of transit industry and disability group representatives, to discuss issues in the rulemaking. The group met in January and is scheduled to meet again in June to consider comments submitted concerning today's proposal.

Under the proposal, paratransit service offered must be comparable to fixed route service, including hours of service, fares and service areas covered. The proposed rule would require "next day" service for paratransit, with no restrictions based on the purpose of a trip.

Public transportation providers would be required to offer comparable paratransit service unless doing so would impose an undue financial burden. The rule includes provisions for undue financial burden waivers. Requests for waivers would be decided on a case-by-case basis.

Transit systems with inaccessible commuter, rapid and light rail stations would be required to identify "key" stations, following a public participation process, and make them accessible within three years, with some extensions available up to 20 to 30 years. The rulemaking also proposes criteria for designating these key stations.

On March 20, 1991, The Architectural and Transportation Barriers Compliance Board, an independent agency established by Congress in connection with the Rehabilitation Act of 1973, proposed guidelines for accessible vehicles and transportation facilities. These will be incorporated in DOT's rule.

Under the ADA, the Department of Justice, the Equal Employment Opportunity Commission and the Federal Communications Commission are also required to issue rules to implement the legislation.

A previous ADA-related DOT rulemaking (Oct. 4, 1990) set out purchase requirements for authorities that buy or lease vehicles to ensure that they are accessible to people with disabilities.

In connection with today's proposal, UMTA has scheduled six public hearings, to be held in Kansas City (April 23); Seattle (April 25); Los Angeles (April 30); New York City (May 7); New Orleans (May 8); and Washington, D.C. (May 9). For further information, contact Susan Schruth, at (202) 366-4011.

Comments on the rule, to be published in the April 4 issue of the Federal Register, must be submitted by June 3. There is a statutory deadline of July 26, 1991 for a final DOT rule.

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