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U.S. Department of  
Transportation

Assistant Secretary

400 Seventh St., SW  
Washington, D C 20590

Office of the Secretary  
of Transportation

May 7, 1996

DEPARTMENT OF TRANSPORTATION  
96 MAY -9 AM 11:34  
DOCKET SECTION

Elliott M. Seiden  
Vice President, Law and Government Affairs  
Northwest Airlines, Inc.  
901 15th Street, N.W.  
Suite 310  
Washington, D.C. 20005

Dear Mr. Seiden:

We are writing in connection with certain pending applications from U.S. and foreign carriers requesting antitrust immunity for joint marketing and operational alliances similar to the Northwest-KLM alliance immunized by the Department in 1993. As the Department has indicated, e.g. in Order 95-9-27, it is considering in those proceedings whether and to what extent a grant of the application would or should affect the joint applicants' participation in IATA, especially price coordination.

We are writing to ask Northwest and KLM whether, on a voluntary basis pending the Department's scheduled review of its previous grant of antitrust immunity to the Northwest-KLM alliance agreements, both carriers would be willing to accept and implement restrictions on IATA participation identical to those that the Department actually imposed as a condition on any antitrust immunity that it might grant to the arrangements covered by the applications.

We greatly appreciate your cooperation in this matter and look forward to a response from Northwest and KLM as promptly as possible.

Sincerely,

Mark L. Gerchick  
Deputy Assistant Secretary  
for Aviation and International Affairs



**NORTHWEST**  
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*Elliott M. Seiden*

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May a , 1996

The Honorable Hark L. Gerchick  
Deputy Assistant Secretary for  
Aviation and International Affairs  
U.S. Department of Transportation  
Washington, DC 20590

Dear Mr. Gerchick:

This responds to your letter of May 7, 1996, *inquiring* whether **Northwest and KLM** would voluntarily accept restrictions on their IATA participation identical to those the Department actually imposes on any other alliances it might grant antitrust immunity to in the future. Northwest and **KLM** would be willing voluntarily to limit their participation in IATA in the following respect: Northwest and KLM would agree not to participate in those aspects of IATA traffic conferences involving the setting of tariffs in U.S.-transatlantic open skies markets. Northwest and **KLM** would agree to such a condition only if an analogous and at least as restrictive condition also is imposed on all other alliance participants granted antitrust immunity by the Department.

Under the voluntary condition described above, Northwest and KLM would be free to participate in all aspects of IATA not relating exclusively to the setting of transatlantic tariffs between the United States and open skies countries. For example, Northwest and **KLM** could continue to participate without limitation in IATA traffic conferences when tariffs are being set in markets other than transatlantic U.S.-open skies countries. In addition, Northwest and **KLM** could continue to participate in any and all **IATA** traffic conferences, composite conferences, committees, advisory **groups** and other meetings covering a variety of issues, including but not limited to: interlining; ticketing; passenger services; travel agencies; computer reservation systems; financial reporting and statistics; security; operations; engineering; maintenance; and schedule coordination.

Thank you.

Sincerely,

c c Paul V. Mifsud, Esq. (KLM)

