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ACTION IO-13

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CIAE-00 COME-00 DODE-00 DOTE-00 EB-08 INR-07 NSAE-00
FAA-00 PM-04 H-02 L-03 NSC-05 PA-02 PRS-01 SP-02
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R 081826Z MAR 77
FM AMCONSUL MONTREAL
TO SECSTATE WASHDC 8673

UNCLAS MONTREAL 365

E. O. 11652: N/A
TAGS: PORG, EAIR, ICAO
SUBJ: ICAO: THIRD REPORT OF USDEL TO DEN/ICE III CONFERENCE - MARCH 4 AND 5

1. CTE OF THE WHOLE RESUMED DISCUSSION OF DANISH CLAIM FOR LOST REVENUES RESULTING FROM EXCHANGE RATES USED FOR US DOLLAR PAYMENTS UNDER ARTICLE XI OF DANISH JOINT FINANCING AGREEMENT. AS SUGGESTED BY US, THE SIX OF NINE STATES INVOLVED WHICH ARE REPRESENTED AT CONFERENCE, PLUS DENMARK, WERE ASKED TO FORM A WORKING GROUP TO PRODUCE SOLUTION (AS REPORTED BY SEPTEL).

2. PLENARY MEETING THEN CONVENEED TO CONSIDER DANISH PROPOSAL IN WP/22 FOR A NEW AGENDA ITEM 6 - INCREASES AND DECREASES OF THE COST LIMIT OF ARTICLE V. DENMARK SAID IT HAD CONSIDERABLE OBJECTION TO DECREASE IN CEILING FOR 1977 AS COMPARED TO 1976 AND WAS CONCERNED ABOUT A FURTHER DECREASE IN CONNECTION WITH ELIMINATION OF LORAN A SERVICES AT END OF 1977. THERE WAS NO OBJECTION TO ADDING THIS AGENDA ITEM.

3. CTE OF WHOLE NEXT TOOK UP AGENDA ITEM 5, REVIEW OF ARTICLES II, VII, PARA 1 AND ARTICLE IX, PARA 1 OF AGREEMENTS. DENMARK PRESENTED WP 14 SUGGESTING ADDITIONAL BASIS FOR ASSESSMENT OF STATES - CAPACITY TO PAY AND GENERAL METEOROLOGICAL BENEFITS. UNCLASSIFIED

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THERE WAS NO SUPPORT FOR THIS PROPOSAL EXCEPT FROM ICELAND, AND IT WAS WITHDRAWN. FRG PRESENTED ITS WP 17 PROPOSING A STUDY TO DETERMINE WHETHER DEVELOPMENT OF NORTH ATLANTIC AIR TRAFFIC OVER LAST 20 YEARS STILL JUSTIFIES THE COST SHARING PRINCIPLES IN 1956 AGREEMENTS, TAKING INTO CONSIDERATION THE CHANGED OPERATIONAL REQUIREMENTS OF COMPLETE CROSSINGS AS COMPARED WITH PARTIAL CROSSINGS. ICELAND PRESENTED ITS WP 33 STATING THAT OVER...
22 O/O OF 1976 INTERNATIONAL FLIGHTS IN THE REYKJAVIK CONTROL AREA WERE MILITARY FLIGHTS, NONE OF WHICH WERE ICELANDIC, AND THAT IT WAS NOT NORMAL UNDER A USER CHARGE SYSTEM FOR THE PROVIDER STATE TO HAVE TO BEAR A PROPORTION OF COSTS OF FACILITIES AND SERVICES PROVIDED FOR INTERNATIONAL FLIGHTS IN THE FORM OF A SPECIAL BENEFIT.

4. US PRESENTED ITS BRIEF WORKING PAPER WP 40 DISTRIBUTED JUST BEFORE MEETING, SUGGESTING THE FRG PROPOSAL BE EXPANDED TO INCLUDE STUDY OF 40 DEGREES NORTH BOUNDARY IN AGREEMENTS TO DETERMINE WHETHER IT “STILL PROVIDES AN EQUITABLE AND VALID BASIS FOR DETERMINING” NORTH ATLANTIC CROSSINGS. AFTER STUDY HAD BEEN SUPPORTED BY UK, FRANCE AND ITALY, THE CTE AGREED THAT SECRETARY SHOULD DRAFT TERMS OF REFERENCE FOR STUDY BY AN APPROPRIATE BODY TO BE ESTABLISHED BY COUNCIL. (IATA, SUPPORTED BY US, ASKED TO BE AN OBSERVER ON THIS BODY.) THE NEXT DAY WHEN THE CTE LOOKED AT SECRETARY’S DRAFT, THE FRG SUGGESTED DELETION OF ITS POINT ABOUT POSSIBLE CHANGES IN NATIONAL BENEFIT DERIVED BY PROVIDER AND USER STATES SO THE STUDY IS TO COVER THE FOLLOWING ASPECTS:

"1) WHETHER THE SECTOR FLIGHTS REFERRED TO IN ARTICLE VII, PARA 1 OF BOTH AGREEMENTS SHOULD STILL BE TREATED AS INDICATED THEREIN, I.E. AS ONE-THIRD OR TWO-THIRDS;
2) WHETHER THE 40TH PARALLEL NORTH REFERRED TO IN ARTICLE VII, PARA 1 OF BOTH AGREEMENTS PROVIDES AN EQUITABLE AND VALID BASIS FOR DETERMINING CROSSING FIGURES.

IN CONDUCTING THE STUDY, SPECIAL CONSIDERATION SHOULD BE GIVEN TO:
A) THE CHANGED OPERATIONAL REQUIREMENTS OF COMPLETE NORTH ATLANTIC CROSSINGS IN COMPARISON WITH THOSE OF PARTIAL CROSSINGS;
B) WHETHER ANY CHANGES OF THE PRESENT COST SHARING SHOULD BE...

5. NETHERLANDS PROPOSAL FOR NEW PARA IN AGENDA ITEM 3 REPORT REGARDING WMO’S INTEREST IN WEATHER STATIONS IN GREENLAND AND ICELAND APPROVED WITH US CHANGES.

6. WHEN CTE CONSIDERED THE REPORT OF WORKING GROUP ON THE ITALIAN SUGGESTION FOR A NEW METHOD OF CALCULATING USER CHARGES, UK AGAIN ADVOCATED 100 O/O RECOVERY AND SUGGESTED UK AND ITALIAN PROPOSALS BE COMBINED FOR CONSIDERATION AT PLEANARY MEETING. US, ITALY AND NETHERLANDS OPPOSED UK PROPOSAL; CANADA AND FRG SUPPORTED UK; CHAIRMAN SAID CHARGING SOLUTION WOULD HAVE TO BE REACHED THROUGH COMPROMISE FOR WHICH HE SUGGESTED FOLLOWING: (1) CONFERENCE SOME DAY WANTS TO ACHIEVE 100 O/O CHARGE FOR COSTS ALLOCABLE TO CIVIL AVIATION; (2) COUNCIL SHOULD BE ASKED TO DECIDE ON CHARGE FOR 1979 AND 1980 OF AROUND 75 O/O OF ACTUAL (NON-HISTORICAL) COSTS, I.E., NEW METHOD OF CALCULATING CHARGES SUGGESTED BY ITALY; (3) COUNCIL SHOULD BE ASKED TO CONVENE DEN/ICE/4 EARLY IN 1980 TO DETERMINE NEXT STAGE. BOTH UK AND FRANCE ASKED FOR WRITTEN TEXTS
WITH FRANCE STATING IT WAS OPPOSED TO 100 O/O RECOVERY BECAUSE OF MILITARY FACTORS, NON-ADHERENT STATES AND PRINCIPLE OF GRADUALISM. FRANCE FAVORED 75 O/O RECOVERY OF REAL COSTS. US READ PARA 25 OF COUNCIL'S CHARGES STATEMENT ON GRADUALISM AND STATED THAT 50 O/O TO 75 O/O WAS AN ACCEPTABLE PROGRESSION BUT THAT 1981 SHOULD BE ADDED AT SAME PERCENTAGE TO PUT DEN/ICE/4 UNDER LESS PRESSURE FOR A NEW DECISION. ITALY ASSOCIATED WITH US AND FRANCE. FRG SUPPORTED CHAIRMAN'S PROPOSAL IN SUBSTANCE. UK GAVE AN EXAMPLE IN DETAIL OF ITALIAN SYSTEM. HOWEVER, WHEN THE CHAIRMAN SUGGESTED THAT UK, ITALY, US, FRANCE, NETHERLANDS, CANADA, AND FRG SERVE ON A DRAFTING GROUP TO PREPARE TEXT TO REFLECT CTE'S COMMENTS ON AGENDA ITEM 1B), THE UK INITIALLY REFUSED TO SERVE FOR FEAR IT MIGHT SOMEHOW COMPROMISE ITS POSITION IN FAVOR OF A 100 O/O CHARGE.

7. SECOND AD-HOC GROUP ON AGENDA ITEM 3 ENDORSED RECOMMENDATIONS 11 AND 12 A) OF SPECIAL NORTH ATLANTIC PANEL (SNAP). AS A RESULT

THE CTE OF THE WHOLE AGREED TO DELETE THE SONDRE STROMFIORD HF AIR GROUND COMMUNICATIONS STATION AND KULUSUK VHF STATION FROM THE DANISH JOINT FINANCING AGREEMENT. ERICKSEN

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