§ 39.13 [Amended]

2. Section 39.13 is amended by adding a new airworthiness directive (AD) to read as follows:

American Champion Aircraft Company: Docket No. 97–CE–79–AD.

Applicability: The following airplane models, all serial numbers, certificated in any category, that are equipped with wood wing spars:

7AC
7BCM (L–16A)
7DC
S7EC
7GC
7GCB
7HC
7KCAB
S11AC
7ACA
7CCM (L–16B)
S7DC
7ECA
7GCA
7GCBA
7JC
8KCAB
11BC
S7AC
S7CCM
7EC
7FC
7GCAA
7GCBC
7KC
11AC
S11BC

Note 1: This AD applies to each airplane identified in the preceding applicability provision, regardless of whether it has been modified, altered, repaired, or reconfigured in the area subject to the requirements of this AD. For airplanes that have been modified, altered, repaired, or reconfigured so that the performance of the requirements of this AD is affected, the owner/operator must request approval for an alternative method of compliance in accordance with paragraph (e) of this AD. The request should include an assessment of the effect of the modification, alteration, or repair on the unsafe condition addressed by this AD; and, if the unsafe condition has not been eliminated, the request should include specific proposed actions to address it.

Compliance: Required as indicated in the body of this AD, unless already accomplished.

To prevent possible compression cracks and other damage in the wood spar wing, which, if not detected and corrected, could eventually result in in-flight structural failure of the wing with consequent loss of the airplane, accomplish the following:

(a) At the first annual inspection that occurs 3 calendar months or more after the effective date of this AD or within the next 15 calendar months after the effective date of this AD, whichever occurs first, accomplish the following:

(1) Install inspection holes in the top and bottom surface of each wing in accordance with American Champion Aircraft Corporation (ACAC) Service Letter 417, Revision A, dated October 2, 1997. Assure that all drainage holes are installed as depicted in this service letter, and install drainage holes as necessary.

(2) Inspect (detailed visual) both the front and rear wood wing spars for cracks; compression cracks; longitudinal cracks through the bolt holes or nail holes; and loose or missing rib nails (referred to as damage hereafter). Accomplish these inspections in accordance with ACAC Service Letter 406, dated March 28, 1994.

(3) If any spar damage is found, prior to further flight, accomplish the following:

(i) Repair or replace the wood wing spar in accordance with Advisory Circular (AC) 43–13–1A, Acceptable Methods, Techniques and Practices; or other data that is approved by the FAA for wing spar repair or replacement.

(ii) If the wing is recovered, accomplish the installations required by paragraph (a)(1) of this AD, as applicable.

(4) Install inspection hole covers on the top and bottom surface of the wing in accordance with ACAC Service Letter 417, Revision A, dated October 2, 1997.

(b) Within 12 calendar months or 500 hours TIS (whichever occurs first) after accomplishing all actions required by paragraph (a) of this AD, and thereafter at intervals not to exceed 12 calendar months or 500 hours TIS, whichever occurs first, accomplish the inspection, repair, replacement, and installation required by paragraphs (a)(2), (a)(3), as applicable; including its subparagraphs; and (a)(4) of this AD.

(c) If, after the effective date of this AD, any of the affected airplanes are involved in an incident/accident that involves wing contact damage (e.g., surface deformations such as abrasions, gouges, scratches, or dents, etc.), prior to further flight after that incident/accident, accomplish the inspection, repair, replacement, and installation required by paragraphs (a)(2), (a)(3), as applicable; including its subparagraphs; and (a)(4) of this AD.

(d) Special flight permits may be issued in accordance with sections 21.197 and 21.199 of the Federal Aviation Regulations (14 CFR 21.197 and 21.199) to operate the airplane to a location where the requirements of this AD can be accomplished.

(e) An alternative method of compliance or adjustment of the initial or repetitive compliance time that provides an equivalent level of safety may be approved by the Manager, Chicago Aircraft Certification Office (ACO), 2300 E. Devon Avenue, Des Plaines, Illinois 60018. The request shall be forwarded through an appropriate FAA Maintenance Inspector, who may add comments and then send it to the Manager, Chicago ACO.

Note 2: Information concerning the existence of approved alternative methods of compliance with this AD, if any, may be obtained from the Chicago ACO.

(f) All persons affected by this directive may obtain copies of the documents referred to herein upon request to American Champion Aircraft Corporation, P.O. Box 37, 32032 Washington Avenue, Highway D, Rochester, Wisconsin 53167; or may examine these documents at the FAA, Central Region, Office of the Regional Counsel, Room 1558, 601 E. 12th Street, Kansas City, Missouri 64106.

Issued in Kansas City, Missouri, on October 27, 1997.

Mary Ellen A. Schutt,

Acting Manager, Small Airplane Directorate, Aircraft Certification Service.

[FR Doc. 97–28984 Filed 10–31–97; 8:45 am]

BILLING CODE 4910–13–U

DEPARTMENT OF TRANSPORTATION

Office of the Secretary

14 CFR Part 255

[Docket No. OST–97–3057; Notice No. 97–11]

RIN 2105–AC67

Computer Reservations System (CRS) Regulations (Part 255)

AGENCY: Office of the Secretary, (DOT).

ACTION: Notice of proposed rulemaking.

SUMMARY: The Department is proposing to revise its rules governing airline computer reservations systems (CRSs) by changing the rules' expiration date from December 31, 1997, to March 31, 1999. If the Department does not change the expiration date in the rules (14 CFR Part 255), they will terminate on December 31, 1997. The proposed extension of the current rules will cause those rules to remain in effect while the Department carries out an extensive reexamination of the need for CRS regulations. The Department tentatively believes that the current rules should be maintained because they appear to be necessary for promoting airline competition and helping to ensure that consumers and their travel agents can obtain complete and accurate information on airline services.

DATES: Comments must be submitted on or before November 18, 1997.

ADDRESSES: Comments must be filed in Room PL–401, Docket OST–97–3057, U.S. Department of Transportation, 400 7th St. SW., Washington, DC 20590. Late filed comments will be considered to the extent possible. To facilitate consideration of comments, each commenter should file six copies of its comments.

FOR FURTHER INFORMATION CONTACT: Thomas Ray, Office of the General Counsel, 400 Seventh St. SW., Washington, DC 20590, (202) 366–4731.

SUPPLEMENTARY INFORMATION: The Department in 1992 adopted its rules governing CRS operations—14 CFR Part 255—because CRSs had become essential for the marketing of airline services for almost all airlines operating in this country. 57 FR 43780, September 22, 1992. We concluded that the rules were necessary to ensure that the owners of the systems—all of which were airlines or airline affiliates—did not use them to unreasonably prejudice the competitive position of other airlines or to provide misleading or inaccurate information to travel agents and their customers. CRS practices can injure airline competition because travel agents rely on CRSs to provide airline information and bookings for their customers and because almost all airlines rely heavily on travel agencies to distribute their services. Our rules will expire on their sunset date, December 31, 1997, unless we readopt them or extend the expiration date. We have begun a proceeding to determine whether the rules are necessary and should be readopted and, if so, with what modifications. 62 FR 47606, September 10, 1997. We are proposing here to extend the expiration date for the current rules to March 31, 1999, so that they will remain in force while we conduct our overall reexamination of the rules.

We have set a short comment period of fifteen days so that we can publish a final decision on this proposal before the rules' current expiration date. We note that our advance notice of proposed rulemaking has already given interested persons notice of our intent to propose an extension of the rules' expiration date. 62 FR at 47610–47611.

The CRS Business

Four CRSs—each affiliated with one or more U.S. airlines—operate in the United States. A CRS consists of a periodically-updated central database that contains information on airline services and other travel services sold through the system. The major users of the information and transaction capabilities provided by CRSs are travel agents, who access CRSs through computer terminals, which are normally leased from the system. Consumers can also access a CRS through an on-line computer service or an Internet website. A CRS enables travel agents and other users to find out what airline seats and fares are available, book a seat, and issue a ticket on each airline that ''participates'' in the system, that is, that makes its services saleable through the CRS.

Each CRS obtains most of its revenues from airlines and other travel suppliers participating in the system. An airline participant pays a fee whenever the system is used to make a booking on that airline (most of the systems also charge fees for related transactions, such as booking changes and cancellations). Other travel suppliers pay similar fees. While travel agencies subscribing to the system may also pay fees, subscriber fees, unlike airline fees, are disciplined by competition. Many travel agencies obtain CRS services at little or no charge.

Regulatory Background

CRSs became essential for airline distribution in the early 1980s. At that time each of the systems operating in the United States, with one exception, was owned by a single airline (one system was owned by a non-airline firm, but it had a small market share and was later sold to an airline CRS). Each owner airline used its system to prejudice airline competition and give consumers biased or incomplete information in order to obtain more bookings. These factors caused the agency formerly responsible for the economic regulation of airlines, the Civil Aeronautics Board (''the Board''), to adopt rules governing the operations of airline-affiliated CRSs. 49 FR 32540, August 15, 1984. The Board found that regulations were essential to keep the systems from causing substantial harm to airline competition. The Board adopted its regulations primarily under its authority under section 411 of the Federal Aviation Act, later recodified as 49 U.S.C. 41712, to prevent unfair methods of competition and unfair and deceptive practices in air transportation and the marketing of airline transportation. On review the Seventh Circuit upheld the Board's rules. *United Air Lines* v. *CAB*, 766 F.2d 1107 (7th Cir. 1985).

The Board's major rules required each system to make participation available to all airlines on non-discriminatory terms, to offer at least one unbiased display, and to make available to each airline participant any marketing and booking data from bookings for domestic travel that it chose to generate from its system. The Board's rules also prohibited certain contract terms that limited the travel agencies' ability to choose which system to use.

We assumed the Board's responsibilities for airline regulation, including its regulation of CRSs, after the Board's sunset on December 31, 1984. *See United Air Lines, supra,* 766 F.2d at 1109.

To ensure that we would reexamine the need for the rules and their effects, the Board included a sunset date of December 31, 1990, in its rules. To carry out that reexamination we held a rulemaking proceeding to determine whether the rules should be readopted or modified. 54 FR 38870, September 21, 1989, (advance notice of proposed rulemaking); 56 FR 12586, March 26, 1991, (notice of proposed rulemaking); and 57 FR 43780, September 22, 1992, (the final rule). Since we did not complete that rulemaking by December 31, 1990, the rules' original expiration date, we extended that date to keep the rules in effect until the rulemaking's completion. 55 FR 53149, December 27, 1990; 56 FR 60915, November 29, 1991; 57 FR 22643, May 29, 1992. In the rulemaking we relied in part on the findings made in the staff's study of the rules and the CRS business. Secretary's Task Force on Competition in the U.S. Domestic Airline Industry, *Airline Marketing Practices: Travel Agencies, Frequent-Flyer Programs, and Computer Reservation Systems* (February 1990).

In our rulemaking we concluded that CRS rules remained necessary: market forces still did not discipline the price or level of service offered participating airlines by the systems, CRS owners would still use their control of the systems to prejudice airline competition if there were no rules, and systems could still bias their displays of airline services if there were no rules requiring unbiased displays. 57 FR at 43783–43787. We therefore readopted the Board's rules with several changes intended to further promote competition in the airline and CRS industries.

To ensure that we would reexamine the need for our rules and their effectiveness, our rules, like the Board's rules, included a sunset date, December 31, 1997. 14 CFR 255.12; 57 FR, 43829–43830, September 22, 1992. If we do not readapt the rules or extend their expiration date, the rules will end on that date.

We recently published an advance notice of proposed rulemaking asking interested persons to comment on whether we should readapt the rules and, if so, with what changes. 62 FR 47606, September 10, 1997. We did not issue the advance notice earlier due to

the on-going study of the CRS business and the impact of the rules being conducted by the staff, which was begun by Order 94–9–35 (September 26, 1994) and is examining such recent developments as the growth in Internet booking services.

Since we adopted the rules, we have proposed two amendments to them. One proposed rule would prohibit each system from imposing contract terms on participating airlines that require an airline to participate in a system at least as high a level as the airline participates in any other system, at least when the airline participant did not own or market a competing system. 61 FR 42197, August 14, 1996. The second proposal would revise our rules on CARS displays to promote airline competition and ensure that systems provide reasonable displays of airline services. 61 FR 42208, August 14, 1996.

Our Proposed Extension of the CARS Rules

We are proposing to change the expiration date for our CARS rules to March 31, 1999, so that the rules will remain in effect while we conduct our reexamination of the need for the rules and the rules' effectiveness. Given the time required for completing the overall reexamination of our rules, including the need to give parties an adequate opportunity to file comments and reply comments in response to the advance notice of proposed rulemaking and to our future notice of proposed rulemaking, we will not be able to complete that proceeding by the current expiration date of our rules.

A temporary extension of the current rules will preserve the status quo until we determine which rules, if any, should be adopted. Allowing the current rules to expire could be disruptive, since the systems, airlines, and travel agencies have been conducting their operations in the expectation that each system will comply with the rules. Systems, airlines, and travel agencies, moreover, would be unreasonably burdened if the rules were allowed to expire and if we later determined that those rules (or similar rules) should be adopted, since they could have changed their business methods in the meantime.

We tentatively find that a short-term continuation of the current rules is necessary, primarily because of the need to protect airline competition and consumers against unreasonable practices. Before adopting our current rules we carefully considered the CARS business and airline marketing, both as part of the Secretary's study of domestic airline competition and through the rulemaking. We concluded in that CARS rulemaking, completed in 1992, that CRSs were still essential for the marketing of the services of virtually all airlines. 57 FR 43780, 43783–43784, September 22, 1992. Each airline's need to participate in each system meant that market forces did not discipline the terms offered by the systems for airline participation.

Although the staff has not completed its current study of the CARS business and although we have only begun a rulemaking to reexamine the need for the rules, we tentatively believe that the findings made in our last CARS rulemaking on the need for CARS rules are still valid, at least for the purpose of a short-term extension of the rules' expiration date. If we continue the current rules, those regulations will protect airline competition and consumers against the injuries that might otherwise occur, given our earlier findings on the market power of the systems and each airline owner's potential interest in using its affiliated CARS to prejudice the competitive position of other airlines. Continuing the rules in effect should not impose significant costs on the systems and their owners, since they have already adjusted their operations to comply with the rules and since the rules do not impose costly burdens of a continuing nature on the systems.

The need for the rules results from the airlines' dependence on travel agencies, the agencies' dependence on CRSs, the use by most travel agency offices of only a single CARS, the difficulty of creating alternatives for CRSs and getting travel agencies to use them, and the airlines' inability to cause agencies to use one CARS instead of another. Because of these factors, almost all airlines must participate in each CARS, and the CRSs have no need to compete for airline subscribers.

In recent years seventy percent of all airline bookings in the United States have been made by travel agencies, and travel agencies have relied almost entirely on CRSs to determine what airline services are available and to make reservations for their customers. 57 FR at 43782. Few travel agency offices make extensive use of more than one CARS. 57 FR at 43783.

If an airline does not participate in one system, the travel agents using that system must call the airline to obtain information and make bookings, which is substantially less efficient than using a CARS. Travel agents are less likely to book an airline when doing so is significantly more difficult than booking a competing airline participating in the agents' CARS. As a result, the non-participating airline will receive fewer bookings than it would obtain if it participated in the agents' system. The importance of marginal revenues in the airline industry means that an airline's loss of a few bookings on each flight is likely to substantially reduce its profitability. 57 FR at 43783–43784.

Most airlines do not have practicable alternatives to CARS participation. An airline could try to mitigate the loss of bookings caused by non-participation in a system by establishing a direct electronic link between the travel agencies using that system and its own internal reservations system, but doing so is expensive and potentially less convenient for travel agents.

We doubt that any airline could successfully create a new CARS, since doing so would be extremely costly. In addition, any new system could not easily obtain a significant number of subscribers. Moreover, due to the economies of scale in the CARS business, a system without a large subscriber base is unlikely to be profitable. 57 FR at 43783–43784. We recognize that U.S. Travel Agency Registry has announced a plan to create a new CARS, but its system would apparently not be available until late 1998, and a few industry sources have questioned USTAR's plans. *See Travel Distribution Report*, vol. 5, no. 11, August 28, 1997, at 1, 4. We will welcome new competition in the CARS business, but USTAR's plans do not undermine the apparent need for a short-term extension of the rules.

Airlines could exert some competitive pressure on the systems if they could encourage travel agencies to use one system instead of another, but that has not been practicable. 57 FR at 43831.

In our recent notices of proposed rulemaking on airline parity clauses and CARS displays, we tentatively concluded that market forces did not discipline the terms offered by a system for airline participation. *See, e.g.*, 61 FR at 42198. The Department of Justice filed comments in the parity clause rulemaking which supported our tentative findings. The Justice Department thus stated, Justice Dept. Comments at 2–3, Docket OST–96–1145 (footnote omitted):

> Each CARS provides access to a large, discrete group of travel agents, and unless a carrier is willing to forego access to those travel agents, it must participate in every CARS. Thus, from an airline's perspective, each CARS constitutes a separate market and each system possesses market power over any carrier that wants travel agents subscribing to that CARS to sell its airline tickets.

We are aware of the changes in the CARS business and airline marketing

practices since our last major CARS rulemaking, but we are reluctant to change our existing regulations until we have completed our study of the impact of those changes.

Many airlines and travel agencies and some CRSs now offer booking sites on the Internet that consumers may use, but few consumers currently book airline services through the Internet. Despite the rapid growth in the number of consumers using the Internet for airline bookings, airlines will probably remain dependent on travel agencies for most of their revenues for at least the next few years. Furthermore, many of the websites use a CARS for a booking engine, so CRSs have captured a significant share of the Internet business.

In addition, several new low-cost airlines began operations without making their services saleable through any CARS. Initially those airlines' adoption of that strategy suggested that airlines could compete successfully without CARS participation. However, some of these low-cost airlines—Western Pacific and ValuJet, for example—have recently announced plans to make their services available through CRSs, and other low-cost airlines—Reno and Frontier, for example—have always relied on CARS participation in their marketing. As a result, while Southwest has managed to prosper without participating in any CARS except Sabre, it appears that virtually no other airline has been able to duplicate Southwest's method of operations enough to avoid CARS participation.

Our tentative conclusion that CARS rules remain necessary, at least on a short-term basis, is supported by current airline complaints about CARS practices. For example, a number of airlines (including Delta, one of the three largest airlines in the United States and a part-owner of a CARS) have complained about the continuing increases in booking fees and the airlines' inability to exert any check on those increases. Justice Dept. Comments at 5, Docket OST–96–1145. There are also disputes between some participating airlines and some systems over the systems' imposition of booking fees on transactions that participating airlines believe are of no benefit to them. *See, e.g., Travel Distribution Report*, vol. 5, no. 2, April 24, 1997, at 1.

Finally, there is an additional basis for our tentative determination that we should keep the current rules in place pending our reexamination of the rules. Our goals of promoting airline competition and preventing consumer deception were not the only bases for our adoption of the rules. We also relied on our obligation under section 1102(b) of the Federal Aviation Act, recodified as 49 U.S.C. 40105(b), to act consistently with the United States' obligations under treaties and bilateral air services agreements. Many of those bilateral agreements assure the airlines of each party a fair and equal opportunity to compete. We have held that the fair and equal opportunity to compete includes, among other things, a right to have an airline's services fairly displayed in CRSs. Our rules against display bias and discriminatory treatment help to provide foreign airlines with a fair and equal opportunity to compete in the United States. 57 FR at 43791–43792. We note in that regard that the European Union, Canada, and Australia, among other countries, have adopted rules regulating CARS operations that help give U.S. airlines a fair opportunity to sell their services in the countries covered by the rules.

Regulatory Process Matters

Regulatory Assessment

This rule is a nonsignificant regulatory action under section 3(f) of Executive Order 12866 and has not been reviewed by the Office of Management and Budget under that order. Executive Order 12866 requires each executive agency to prepare an assessment of costs and benefits for each significant rule under section 6(a)(3) of that order. The proposal is also not significant under the regulatory policies and procedures of the Department of Transportation, 44 FR 11034.

Maintaining the current rules should impose no significant costs on the CRSs. The systems have already taken all the steps necessary to comply with the rules' requirements on displays and functionality, and operating in compliance with the rules does not impose a substantial burden on the systems. Maintaining the rules will benefit participating airlines, since otherwise they would be subjected to unreasonable terms for participation, and will benefit consumers, who otherwise might obtain incomplete or inaccurate information on airline services. Several provisions of the rules, moreover, are designed to prevent abuses in the systems' competition with each other for travel agency subscribers.

When we conducted our last major CARS rulemaking, we included a tentative regulatory impact statement in our notice of proposed rulemaking and made that analysis final when we issued our final rule. We believe that analysis remains applicable to our proposal to extend the rules' expiration date. As a result, no new regulatory impact statement appears to be necessary. However, we will consider comments from any party on that analysis before we make our proposal final.

This rule does not impose unfunded mandates or requirements that will have any impact on the quality of the human environment.

Initial Regulatory Flexibility Analysis

The Regulatory Flexibility Act of 1980, 5 U.S.C. 601 *et seq.*, was enacted by Congress to ensure that small entities are not unnecessarily and disproportionately burdened by government regulations. The act requires agencies to review proposed regulations that may have a significant economic impact on a substantial number of small entities. For purposes of this rule, small entities include smaller U.S. and foreign airlines and smaller travel agencies. Our notice of proposed rulemaking sets forth the reasons for our proposed extension of the rules' expiration date and the objectives and legal basis for that proposed rule.

In addition, we note that keeping the current rules in force will not modify the existing regulation of small businesses. Our notice of proposed rulemaking in our last major CARS rulemaking contained an initial regulatory flexibility analysis on the impact of the rules, and we discussed the comments on that analysis in our final rule. Our analysis appears to be valid for our proposed extension of the rules' termination date. Accordingly, we adopt that analysis as our tentative regulatory flexibility statement and will consider any comments filed on that analysis in connection with this proposal.

The continuation of our existing CARS rules will primarily affect two types of small entities, smaller airlines and travel agencies. To the extent that airlines can operate more efficiently and reduce their costs, the rule will also affect all small entities that purchase airline tickets, since airline fares may be somewhat lower than they would otherwise be, although the amount may not be large.

Continuing the rules will protect smaller non-owner airlines from certain potential system practices that could injure their ability to operate profitably and compete successfully. No smaller airline has a CARS ownership interest. Market forces do not significantly influence the systems' treatment of airline participants. As a result, if there were no rules, the systems' airline owners could use them to prejudice the

competitive position of other airlines. The rules provide important protection to smaller airlines. For example, by prohibiting systems from ranking and editing displays of airline services on the basis of carrier identity, they limit the ability of each system to bias its displays in favor of its owner airlines and against other airlines. The rules also prohibit charging participating airlines discriminatory fees. The rules, on the other hand, impose no significant costs on smaller airlines.

The CARS rules affect the operations of smaller travel agencies, primarily by prohibiting certain CARS practices that could unreasonably restrict the travel agencies' ability to use more than one system or to switch systems. The rules prohibit CARS contracts that have a term longer than five years, give travel agencies the right to use third-party hardware and software, and prohibit certain types of contract clauses, such as minimum use and parity clauses, that restrict an agency's ability to use multiple systems. By prohibiting display bias based on carrier identity, the rules also enable travel agencies to obtain more useful displays of airline services.

The Regulatory Flexibility Act also requires each agency to periodically review rules which have a significant economic impact upon a substantial number of small entities. 5 U.S.C. 610. Our rulemaking reexamining the need for the CARS rules and their effectiveness will constitute the required review of those rules.

Our proposed rule contains no direct reporting, recordkeeping, or other compliance requirements that would affect small entities. There are no other federal rules that duplicate, overlap, or conflict with our proposed rules.

Interested persons may address our tentative conclusions under the Regulatory Flexibility Act in their comments submitted in response to this notice of proposed rulemaking.

The Department certifies under section 605(b) of the Regulatory Flexibility Act (5 U.S.C. *et seq.*) that this regulation will not have a significant economic impact on a substantial number of small entities.

Paperwork Reduction Act

This proposal contains no collection-of-information requirements subject to the Paperwork Reduction Act, Pub. L. No. 96–511, 44 U.S.C. Chapter 35.

Federalism Implications

The rule proposed by this notice will have no substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government. Therefore, in accordance with Executive Order 12812, we have determined that the proposed rule does not have sufficient federalism implications to warrant preparation of a Federalism Assessment.

List of Subjects for 14 CFR Part 255

Air carriers, Antitrust, Consumer protection, Reporting and recordkeeping requirements, Travel agents.

Accordingly, the Department of Transportation proposes to amend 14 CFR Part 255, Carrier-owned Computer Reservations Systems, as follows:

PART 255—[AMENDED]

1. The authority citation for Part 255 continues to read as follows:

Authority: 49 U.S.C. 1301, 1302, 1324, 1381, 1502.

2. Section 255.12 is amended to read as follows:

§ 255.12. Termination.

Unless extended, these rules shall terminate on March 31, 1999.

Issued in Washington, D.C. on October 27, 1997.

Rodney E. Slater,

Secretary of Transportation.

[FR Doc. 97–29001 Filed 10–31–97; 8:45 am]

BILLING CODE 4910–62–P

DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration

15 CFR Part 960

[Docket No. 951031259–7103–02]

Licensing of Private Land Remote-Sensing Space Systems

AGENCY: National Oceanic and Atmospheric Administration, Commerce.

ACTION: Notice of proposed rulemaking.

SUMMARY: The National Oceanic and Atmospheric Administration (NOAA) proposes regulations revising its regime for the licensing of private Earth remote-sensing space systems under Title II of the Land Remote Sensing Policy Act of 1992, 15 U.S.C. 5601 *et seq.* (1992 Act). These proposed regulations implement the licensing provisions of the 1992 Act and the Presidential Policy announced March 10, 1994. They are intended to facilitate the development of the U.S. commercial remote-sensing industry and thus promote the collection and widespread availability of Earth remote sensing data while preserving essential U.S. national security, international obligations and foreign policy interests. A fundamental principle is that restrictions imposed on a licensee must appropriately balance promoting competitive capabilities of U.S. commercial firms and the protection of national security, international obligations and foreign policy. The proposed regulations also describe when a system, though privately owned, has received sufficient financial or other support from the U.S. Government that the operator may have to comply with a nondiscriminatory data access policy that applies to all Government systems. These regulations reflect that policy.

DATES: Comments must be received by January 2, 1998.

ADDRESSES: Comments should be sent to, Charles Wooldridge, NOAA, National Environmental Satellite, Data, and Information Service, 1315 East-West Highway, Room 3620, Silver Spring, MD 20910–3282.

FOR FURTHER INFORMATION CONTACT: Charles Wooldridge at (301) 713–2024, ext. 107 or Kira Alvarez, NOAA, Office of General Counsel at (301) 713–1217.

SUPPLEMENTARY INFORMATION: Tile II of the 1992 Act authorizes the Secretary of Commerce (Secretary) to issue licenses for operation of private remote sensing space systems. The authority to issue licenses has been delegated to the Administrator of NOAA and redelegated to the Assistant Administrator for Satellite and Information Services.

On July 10, 1987, NOAA published final regulations (1987 Regulations) implementing Title IV of the Land Remote Sensing Act of 1984 (the 1984 Act) setting forth the requirements for obtaining a license. In 1988 the Radio Television News Directors Association (RTNDA) filed a Petition for Rulemaking requesting NOAA to reopen these regulations in light of the President's January 5, 1988 Decision Directive encouraging commercial space development. On January 18, 1989, NOAA responded to this Petition, agreeing to reopen the rulemaking and incorporate certain principles favorable to commercial development that were consistent with the Directive. *see* 54 FR 1995.

Shortly thereafter, Congress began to review the 1984 Act and, on October 28, 1992, enacted the 1992 Act which repealed and succeeded the 1984 Act. The 1992 Act made significant changes to the 1984 Act, particularly with regard to the latter's requirement that all unenhanced data must be provide on a nondiscriminatory basis. The 1992 Act also provided for judicial review of