and safety oversight functions, (4) technical personnel qualification and training, (5) technical guidance, (6) certification personnel and procedures, (7) surveillance obligations, and (8) resolution of safety issues. To achieve Category 1, the country must demonstrate that it meets the ICAO Standards for each of the eight elements. Category 2 means that the CAA was noncompliant in at least one critical element. The IASA assessment typically is conducted over the course of one week by a team consisting of a team leader and at least one expert in operations, maintenance, and aviation law. Each FAA expert works through the checklist with host country officials for each of the critical elements. The team looks at a representative sampling of records and processes, and it follows up with host country aviation officials if deficiencies appear.

The FAA assessment focuses on the ability of the host country’s aeronautical authorities to oversee the operational safety of its airlines. It does not assess the safety compliance of any particular air carrier (nor does it address aviation security, airports, or air traffic management). Although the FAA assessment team typically visits one or more air carriers during its mission, it does so only to verify the relationship between the carrier and the country’s aviation safety officials, not to assess the carrier itself.

Finally, the IASA category rating applies only to services to and from the United States and to codeshare operations, when the code of a U.S. air carrier is placed on a foreign carrier flight. The category ratings do not apply to a foreign carrier’s domestic flights or to flights by that carrier between its homeland and a third country. The assessment team looks at those flights only to the extent that they reflect on the country’s oversight of operations to and from the United States and to codeshare operations where a U.S. air carrier code is placed on a flight conducted by a foreign operator.

In short, a category 1 rating means that, as to the operations by a category 1 country’s carriers between that country and the United States, and when the code of a U.S. air carrier is placed on a foreign carrier flight, the FAA has found that the country’s civil aviation authorities exercise safety oversight over those carriers consistent with international safety standards. A Category 2 rating, on the other hand, means the FAA has found that, in at least one critical area, the safety measures adopted by the country’s civil aviation authorities do not meet international standards.

Current IASA category determinations for countries included in the IASA categorization system are available on the FAA Web site at: http://www.faa.gov/about/initiatives/iasa.

Issued in Washington, DC, on February 25, 2013.

Margaret Gilligan,
Associate Administrator for Aviation Safety.

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DEPARTMENT OF TRANSPORTATION
Office of the Secretary

14 CFR Part 254
RIN 2105–AE21
[Docket DOT–OST–2013–0044]

Domestic Baggage Liability

AGENCY: Office of the Secretary (OST), Department of Transportation (DOT).

ACTION: Final rule.

SUMMARY: In accordance with existing regulations, this final rule raises the minimum limit on domestic baggage liability applicable to air carriers to reflect inflation since July 2008, the basis month of the most recent previous revision to the liability limit. DOT regulations require that the Department of Transportation periodically revise the limit to reflect changes in the Consumer Price Index for All Urban Consumers (CPI–U). This revision adjusts the minimum liability limit from the current amount of $3,300, set by the Department in November 2008, to $3,400, to take into account the changes in consumer prices since the prior revision.

DATES: This rule is effective on June 6, 2013.

FOR FURTHER INFORMATION CONTACT: Nicholas Lowry, Senior Attorney, Office of the General Counsel, Department of Transportation, 1200 New Jersey Ave. SE., Washington, DC 20590; 202–366–9351, nick.lowry@dot.gov.

SUPPLEMENTARY INFORMATION:

I. Revision of Liability Limit

Part 254 of the Department’s rules (14 CFR part 254) establishes minimum baggage liability limits applicable to domestic air service. Section 254.6 of this rule requires the Department to review every 2 years the minimum limit of liability prescribed in Part 254 in light of changes in the CPI–U and to revise the limit of liability to reflect changes in that index as of July of each review year. Section 254.6 prescribes the use of a specific formula to calculate the revised minimum liability amount when making these periodic adjustments. The formula is below. $2,500 \times (a/b) \text{rounded to the nearest}$ 100

Where:

a = July CPI–U of year of current adjustment

b = the CPI–U figure in December 1999 when the inflation adjustment provision was added to part 254.

The review in 2010 indicated that no inflation adjustment was required. In 2012, the review indicated that an inflation adjustment is required.

Applying the formula to price index changes occurring between December 1999 (the basis month required by the formula) and July 2012 (the month for each biannual adjustment as specified in the formula), the appropriate inflation adjustment is $2,500 \times 228.723/168.8 \times [2,500 \times 1.355]$, which yields $3,387.50. (The base amount of $2,500 in the formula was the minimum liability limit in Part 254 at the time that this biennial indexing provision was added to the rule, 228.723 was the CPI–U for July 2012, and 168.8 was the CPI–U for December 1999. The CPI–U data are from the seasonally adjusted series.) Section 254.6 requires us to round the adjustment to the nearest $100, or to $3,400 in this case.

In its rule “Enhancing Airline Passenger Protections” (76 FR 23110, Apr. 25, 2011), the Department required the amount of compensation due to passengers in instances of denied boarding (DBC) to be adjusted to reflect CPI–U changes. Under 14 CFR 250.5(e), the review of denied boarding compensation was to take place every 2 years, with the first such review occurring in July 2012, to coincide with our review of the baggage liability amount. We have reviewed the compensation amounts stated in the 2011 rule according to the formula set out in section 250.5(e) and found that no change in DBC amounts is warranted in 2012.

II. Regulatory Analyses and Notices

The Administrative Procedure Act (APA) (5 U.S.C. 553) contains a “good cause” exemption which allows agencies to dispense with notice and comment if those procedures are impracticable, unnecessary or contrary to the public interest. We have determined that under 5 U.S.C. 553(b)(3)(B) good cause exists for dispensing with a notice of proposed rulemaking and public comment as the application of this rule does not involve any agency discretion. This rulemaking is required by the terms of 14 CFR
This means that approximately 2 million domestic scheduled passengers experience a mishandled bag each year (.003 multiplied by 652.2 equals 1,956,536). However, the vast majority of the instances of mishandled baggage do not result in a claim in an amount that is affected by the liability limit in this rule. We contacted a few carriers to determine how many of their domestic passengers have had claims that exceed the prior minimum liability limit of $3,300. Based on the information provided, we believe a little more than one half percent (0.0058) of the domestic passengers who experience a mishandled bag would benefit from an increase in the minimum limit on baggage liability, i.e., about 11,300 passengers. Therefore, we expect that there would be a cost to the airline industry of $1.1 million each year (the number of domestic passengers who receive a baggage settlement that exceeds the prior minimum liability limit of $3,300, which is 11,300 passengers multiplied by the maximum potential impact in those instances which is $100). There would also be a benefit to passengers in the same amount.

**Regulatory Flexibility Act**

The Regulatory Flexibility Act of 1980 (5 U.S.C. 601–612) requires an assessment of the impact of proposed and final rules on small entities unless the agency certifies that the proposed regulation will not have a significant economic impact on a substantial number of small entities. Since notice and comment rulemaking is not necessary for this rule, the provisions of the Regulatory Flexibility Act (Pub. L. 96–354, 5 U.S.C. 601–612) do not apply. However, DOT has evaluated the effects of this action on small entities and has determined that the action would not have a significant economic impact on a substantial number of small entities. An air carrier is a small business if it provides air transportation only with small aircraft (i.e., aircraft with up to 60 seats/18,000 pound payload capacity). See 14 CFR 399.73. This revision affects only flight segments operated with large aircraft and other flight segments appearing on the same ticket as a large-aircraft segment. As a result, many operations of small entities, such as air taxis and many commuter air carriers, are not covered by the rule. Moreover, any additional costs for small entities associated with the rule should be minimal and may be covered by insurance. Accordingly, we certify that this action will not have a significant economic impact on a substantial number of small entities.