SCOMM

64:6

Alaska State Legislature

HOUSE OF REPRESENTATIVES

Official Business

P.O. Box V
State Capitol
Juneau, Alaska 99811

TO: Senator Mike Szymanski
Chairman
Senate Special Committee on International Trade & Tourism

FROM: Representative Kay Brown

DATE: March 28, 1990

RE: CS HJR 73 (Foreign Trade)

I am submitting to you a request for a hearing on CS HJR 73 (Foreign Trade), relating to air travel between Alaska and the Soviet Union. Briefly, CS HJR 73 (Foreign Affairs) would direct the Governor and the Alaska delegation in the United States Congress to

- encourage the establishment of regularly scheduled air routes between cities in Alaska and the USSR;
- direct the appropriate federal agencies to coordinate and simplify the landing procedures for Soviet charter flights to Alaska;
- direct the appropriate federal agencies to negotiate with their Soviet counterparts to simplify the international air notification requirements.

On February 16, 1990 a Memorandum of Consideration was signed by the United States Federal Aviation Administration and the Soviet Ministry of Civil Aviation. The immediate effect was that Bering Air, Inc. is now allowed to operate charter flights between Nome Alaska and Provideniya, Magadan Oblast without carrying a Soviet navigator.

In London, on March 1, 1990 A Memorandum of Consultations was agreed between representatives from the U.S.A. State Department and the U.S.S.R. Ministry of Foreign Affairs. It was agreed in principle to:

- establish additional Atlantic air routes;
- establish a North Pacific air route from points in the USA to Magadan and Kabarovsk;
- establish a new Pacific air route from a point or points in the USSR with a mandatory stop in Anchorage with landing rights in San Francisco.

Another work session between representatives from the U.S.A. State Department and the U.S.S.R. Ministry of Foreign Affairs is scheduled for April. It is possible that the memorandum of consultations will be finalized during the April meeting or at the Gorbachev-Bush Summit to be held in Washington D.C. in June.

HJR 73 is a timely resolution and demonstrates that the Alaska State Legislature recognizes the benefits that will accrue from facilitating and fostering business, trade, cultural, scientific, and educational contacts with the Soviet Far East.

Thank you for your consideration.

MEMORANDUM OF CONSULTATIONS

Delegations representing the Government of the United States of America and the Government of the Union of Soviet Socialist Republics met in London, Feburary 27 - 28, 1990, to discuss the expansion of air services between the two countries. Delegation lists are attached. During these discussions, the delegations focused their attention on designations, routes, commencement of new services, frequencies, and charters. The delegations understood that matters relating to financial arrangements and other "doing business" issues would be addressed at a subsequent round of discussions.

The delegations agreed in principle, on an ad referendum basis, and subject to later agreement on all remaining issues, to the following provisions:

1. Routes:

For the U.S. - Designated Airlines

From a point or points in the U.S. via intermediate points on a North Atlantic routing to Moscow, Leningrad, Kiev, Riga, Minsk, and Tbilisi.

From a point or points in the U.S. on a North Pacific routing to Magadan and Khabarovsk.

Note: Not more than two combination and one all cargo carriers may operate the route New York/Washington to Moscow/Leningrad. Not more than two U.S. designated carriers may operate between any other U.S./U.S.S.R. city pair.

For the Soviet - Designated Airlines

From a point or points in the U.S.S.R. via intermediate points on a North Atlantic routing to (1) New York and Washington; (2) Chicago; and, (3) Miami with beyond rights to two points in South America to be mutually agreed later.

From a point or points in the U.S.S.R. on a North Pacific routing to Anchorage (mandatory stop) and San Francisco.

Note (1): The mandatory stop at Anchorage shall cease to be required on March 31, 1993.

Note (2): Not more than two combination and one all cargo carriers may operate the route Moscow/Leningrad and New York/Washington. Not more than two U.S.S.R. designated carriers may operate between any other U.S.S.R./U.S. city pair.

2. Designations:

Prior to April 1, 1991, the Government of the United States of America designates Pan American World Airways, Inc., to operate the agreed services on the routes specified in this agreement. On and after April 1, 1991, the Government of the United States of America may designate an additional four combination carriers and two all-cargo carriers to operate the agreed services on the routes specified in this agreement.

Prior to April 1, 1991, the Government of the Union of Soviet Socialist Republics designates Aeroflot (Soviet Airlines) to operate the agreed services on the routes specified in this agreement. On and after April 1, 1991, the Government of the Union of Soviet Socialist Republics may designate an additional six other airlines to operate the agreed services on the routes specified in this agreement.

3. Frequencies:

A. Until March 31, 1991, the U.S. designated airline may operate fifteen point one (15.1) round trip equivalent flights per week between the United States and Moscow/Leningrad. Until March 31, 1991, the Soviet designate airline may operate up to fifteen point one (15.1) round trip equivalent flights per week between the U.S.S.R. and New York/Washington.

The round trip equivalent flights are based on the following aircraft equivalent capacity conversion factors:

1	B-737/B-727/IL-62M	= 1
1	A-310/Stretch DC-8/ B-767/IL-86 with 220 seats	= 1.3
1	L-1011/A-300/IL-86 with 250 seats	= 1.5
1	B-747	= 2

New or other types of aircraft may be operated based on a conversion factor which most closely approximates the seating capacity for the listed aircraft.

B. From April 1, 1991 until March 31, 1992, the U.S. designated airlines may operate up to twenty-two (22) round trip equivalent flights per week between the U.S. and Moscow/Leningrad. Beginning on April 1, 1992, the U.S. designated airlines may operate up to thirty-seven (37) round trip equivalent flights per week between the U.S. and Moscow/Leningrad.

From April 1, 1991 until March 31, 1992, the Soviet designated airlines may operate up to twenty-two (22) round trip equivalent flights per week between the U.S.S.R. and New York/Washington. Beginning on April 1, 1992, the Soviet designated airlines may operate up to thirty-seven (37) round trip equivalent flights per week between the U.S.S.R. and New York/Washington.

C. From April 1, 1991 to March 31, 1993, the U.S. designated passenger/combination airlines may operate up to ten (10) round trip equivalent flights per week between the United States and Kiev, Riga, Minsk, Tbilisi, Magadan, and Khabarovsk, with none of these cities receiving more than seven (7) weekly equivalent frequencies.

From April 1, 1991, to March 31, 1992, the U.S. designated all-cargo airlines may operate up to ten (10) round trip equivalent flights per week between the United States and Moscow, Leningrad, Kiev, Riga, Minsk, Tbilisi, Magadan, and Khabarovsk, with none of these cities receiving more than ~~fourteen~~ (7) weekly equivalent frequencies. From April 1, 1992, to March 31, 1993, the U.S. designated all-cargo airlines may operate up to eleven (11) round trip equivalent flights per week between the United States and Moscow, Leningrad, Kiev, Riga, Minsk, Tbilisi, Magadan, and Khabarovsk, with none of these cities receiving more than seven (7) weekly equivalent frequencies. A schedule for the introduction of these frequencies will be discussed at the next round of talks in the context of commercial and financial questions.

D. From April 1, 1991, to March 31, 1992, the Soviet designated airlines may operate up to twenty (20) round trip equivalent flights per week between the U.S.S.R. and New York/Washington, Chicago, Anchorage, Miami, and San Francisco of which not more than ten (10) may operate to New York/Washington, and not more than seven (7) may operate to any one of the other cities specified. From April 1, 1992, to March 31, 1993, the Soviet designated airlines may operate up to twenty-one (21) round trip equivalent flights between the U.S.S.R. and New York/Washington, Chicago, Anchorage, Miami, and San Francisco of which not more than eleven (11) may operate to New York/Washington, and not more than seven (7) may operate to any one of the other cities specified. A schedule for the introduction of these frequencies will be discussed at the next round of talks in the context of commercial and financial questions.

4. Personnel:

For airlines of the Soviet Union, total staff at New York and Washington may: increase to twelve (12) upon signature of the final agreement; and, increase to a total of sixteen (16) after January 1, 1991. On and after January 1, 1991, total staff of the designated airlines of the Soviet Union outside of New York and Washington may not exceed six (6) with not more than three (3) assigned to any one point.

For airlines of the United States, total staff at Moscow and Leningrad may: increase to twelve (12) upon signature of the final agreement; and, increase to a total of sixteen (16) after January 1, 1991. On and after January 1, 1991, total staff of the designated airlines of the United States outside of Moscow and Leningrad may not exceed six (6) with not more than three (3) assigned to any one point.

5. Charters:

The airlines of each Contracting Party may operate commercial charter flights into points in the territory of the other Contracting Party. The total number of such round-trip flights for the airlines of each Contracting Party on the North Atlantic route shall not exceed one hundred (100) charter flights per year. Charter flights over the number mentioned above shall receive positive consideration of the Aeronautical authorities of the respective Contracting Party on the basis of comity and reciprocity. The above quotas may be changed subject to agreement between the respective authorities of the Contracting Parties.

Temporarily, on the North Pacific route, charter flights shall not be subject to a quota but shall be given positive consideration on the basis of comity and reciprocity.

Subject to advance approval of routings and points in compliance with entry, transit, customs and immigration and in accordance with the safety and national security requirements of the receiving Contracting Party, decisions on charter applications shall be made within 20 days of receipt of the application; in the event of denial, the denial shall specify the reason therefore: 1) reciprocity, 2) safety, or 3) national security considerations. Applications filed on short notice shall receive sympathetic consideration.

All charter applications shall receive positive, sympathetic consideration by the aeronautical authorities of the Contracting Parties. Such applications shall be subject to advance approval of routings and points in accordance with the safety and national security requirements of the Contracting Party receiving the application.

All flights not "engaged in the carriage of passengers, cargo, or mail for remuneration or hire", within the meaning of Article 5, paragraph 2, of the Convention on International Civil Aviation, are governed by that Article, and are not subject to quota under this Agreement.

Charter flights shall be operated in accordance with the charter rules of the country in which the charter traffic originates.

The Delegations agreed to resume consultations in London during the last week of April 1990.

For the U.S. Delegation:

Paul R. Wisgerhof
Chairman

For the U.S.S.R. Delegation:

Leonid S. Selliverstov
Chairman

London
March 1, 1990

U.S. DELEGATION

Paul Wiegerhof, Chairman
Director, Office of Aviation Negotiations
Department of State

Paul Gretch
Director, Office of International Aviation
Department of Transportation

Victoria Nuland
Office of Soviet Union Affairs
Department of State

Peter Bloch
Office of the General Counsel
Department of Transportation

Donald Comlish
Air Transport Association

Ralph Ditano
National Air Carrier Association

SOVIET DELEGATION

Leonid S. Selivorstov, Chairman
Director, International Affairs Department
Ministry of Civil Aviation

Gennadi G. Matveev
Director, Europe and America Division
International Affairs Department
Ministry of Civil Aviation

Yuri E. Kuranov
Director, Legal Division
International Affairs Department
Ministry of Civil Aviation

Vasiliy Vorobiev
Director, U.S.A. Division
International Commercial Department
Aeroflot Soviet Airlines

Vladimir L. Plemennly
Regional Manager for U.S.A. and Canada
Aeroflot Soviet Airlines

Offered: 3/7/90
Referred: Transportation

6-2025E

Original sponsor(s): REP. BROWN, M.Davis

IN THE HOUSE BY THE HOUSE SPECIAL COMMITTEE ON FOREIGN TRADE

CS FOR HOUSE JOINT RESOLUTION NO. 73 (Foreign Trade)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

Relating to air travel between Alaska and the Soviet Union.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS unprecedented trade, educational, and cultural opportunities are resulting from the growing restructuring of the relationship between Alaska and the neighboring areas of the Soviet Union; and

WHEREAS the nature of air routes through Alaska and the Pacific Rim Basin is changing due to the improvements in technology and the opening of air routes over the Soviet Union; and

WHEREAS flights between Alaska and the Soviet Far East have existed in the past, but present flights are very expensive and difficult to arrange; and

WHEREAS the United States government has approved Native visa free travel between Alaska and the Soviet Far East; and

WHEREAS established air routes would expedite the many agreements concluded by state and federal agencies and by private and public organizations in the Soviet Far East; and

WHEREAS the citizens and the local and state governments of Alaska desire to have an efficient and expedient route of travel between Alaska and their neighbor, the Soviet Far East; and

WHEREAS many benefits will accrue to Alaska from developing business, trade, cultural, scientific, and educational contacts with the Soviet Far East;

BE IT RESOLVED that the Alaska State Legislature respectfully requests the Governor and the Alaska delegation in the United States Congress to

CS HJR 73

initiate and promote efforts to

(1) encourage the U.S. Department of Transportation and Department of State to facilitate and negotiate a mutually agreeable bilateral agreement on regularly scheduled air routes between cities in Alaska and the Soviet Union, including Anchorage-Khabarovsk, Anchorage-Magadan, Nome-Provideniya, and Kotzebue-Lavrentiya, in order to accommodate United States passengers and freight carriers interested in expanding opportunities in the Soviet Far East;

(2) encourage the U.S. Department of State, Customs Service, Immigration and Naturalization Service, Department of Agriculture, and Federal Aviation Administration to coordinate and simplify the notification requirements for flight arrangements in order to make it easier for Soviet Union planes to travel from the Soviet Far East to Alaska; and

(3) encourage the U.S. Department of State, the Federal Aviation Administration, and other federal agencies to work with their Soviet Union counterparts to simplify international air notification requirements for chartered flights between Alaska and the Soviet Far East, including navigator waivers on certain established chartered routes.

COPIES of this resolution shall be sent to the Honorable George Bush, President of the United States; the Honorable James A. Baker III, Secretary of the U.S. Department of State; the Honorable Eduard A. Shevardnadze, Minister for Foreign Affairs of the U.S.S.R.; the Honorable Samuel K. Skinner, Secretary of the U.S. Department of Transportation; the Honorable Nicholas F. Brady, Secretary of the U.S. Department of Treasury; the Honorable Richard L. Thornburgh, U.S. Attorney General; the Honorable Clayton K. Yeutter, Secretary of the U.S. Department of Agriculture; the Honorable Robert A. Mosbacher, Sr., Secretary of the U.S. Department of Commerce; the Honorable Gennadi Gerasimov, Chief of Information for the Ministry of Foreign Affairs of the U.S.S.R.; the Honorable Paul L. Gretch,

Director of the U.S. Office of International Aviation; the Honorable James B. Busey, U.S.N. (Ret.), Administrator of the Federal Aviation Administration; the Honorable Michael H. Lane, Commissioner of the U.S. Customs Service; the Honorable Gene McNary, Commissioner-Designate of the U.S. Immigration and Naturalization Service; the Honorable James W. Glosser, Administrator of the U.S. Animal and Plant Health Inspection Service; the Honorable Valentine Plehanov, Director of International Flights in the U.S.S.R. Ministry of Civil Aviation; the Honorable Victor Trezubov, Director of the Magadan Branch of the U.S.S.R. Ministry of Civil Aviation; the Honorable Vladimir Srkybnik, Head of the Far East Branch of the U.S.S.R. Ministry of Civil Aviation; Vladimir Kourkov, Director of North American Flights for Aeroflot; Iraklee Zhurabich Chechibaja, Director of the Aeroflot Washington D.C. Office; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION: CSHJR 73(FT) No
PUBLISH DATE: HOUSE 3/7/90

FISCAL NOTE

REQUEST:

Revision Date:
Title: Air travel between Alaska and the Soviet Union
Sponsor: H. Spec. Comm. on Foreign Trade
Requestor: H. Spec. Comm. on Foreign Trade

Agency Affected: Commerce & Economic Dev.
BRU: Tourism
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary) No fiscal impact for FY 90.

Prepared by: Dana Brockway, Director
Division: Tourism
Phone: 465-2012
Date:

Approved by Commissioner: Larry Mercuilieff
Agency: Department of Commerce & Economic Development
Date: 6-Feb-90

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

LW/dg162540/25

Fiscal Note

MAR 23 1990

UNIVERSITY OF ALASKA FAIRBANKS

Associated Students University of Alaska Fairbanks
Fairbanks, Alaska 99775-0220 • (907) 474-7355

ASUAF Senate Resolution 90-10

Title: Related to the support for Soviet-Alaskan relations
Sponsor: LAMKIN, Otterbacher
Date: March 18, 1990

Whereas the Soviet Union and the United States are showing an increased interest in expanding their relations; and

Whereas the benefits that would accrue from such expansion would not only include educational exchange programs, but advancements in joint geological surveys, tourism, marine transportation, construction materials, mining, sports, commercial fishing, and research; and

Whereas an essential element required in order to initiate these advancements is effective air transportation between the two nations; and

Whereas the Alaska State Legislature is currently considering a joint resolution (HJR 73) to support the establishment of air routes between Alaska and the Soviet Far East; therefore

Be It Resolved that the Associated Students of the University of Alaska- Fairbanks fully support any relationship between Alaska and the Soviet Union that will promote said program advancements.

Be It Further Resolved that copies of this resolution be sent to ASUAA, ASUAS, the Honorable Governor Steve Cowper, the Honorable Lt. Governor Stephen MacAlpine, the Honorable Senate President Tim Kelly, the Honorable Speaker of the House Sam Cotten,.the Honorable Representative Kay Brown, and the Honorable Representative Mike Davis.

ASUAF President _____ (date) 3-19-90

ASUAF Senate President _____ (date) MARCH 19, 1990

ASUAF Senate Clerk Kathy Mayer (date) 3-19-90 Vote: UC

Resolution U of A

Resolution of the Alaska Municipal League

Resolution No. 90-16

A RESOLUTION REQUESTING THE STATE AND FEDERAL GOVERNMENTS TO WORK TOWARD REMOVING REGULATORY OBSTACLES TO EXCHANGES WITH THE SOVIET FAR EAST

WHEREAS, Alaska and the Soviet Far East have a common interest in promoting cultural, governmental, and commercial trade;

NOW, THEREFORE, BE IT RESOLVED that the Alaska Municipal League requests the state and federal governments to work toward the elimination of regulatory obstacles to travel, communications, and trade in the Soviet Far East through the diplomatic process.

Adopted at Annual Business Meeting o November 17, 1989 o Juneau, Alaska

AMU Resolution

ISER WORKING PAPERS

Alaska and Soviet Far East
Current Events Brief

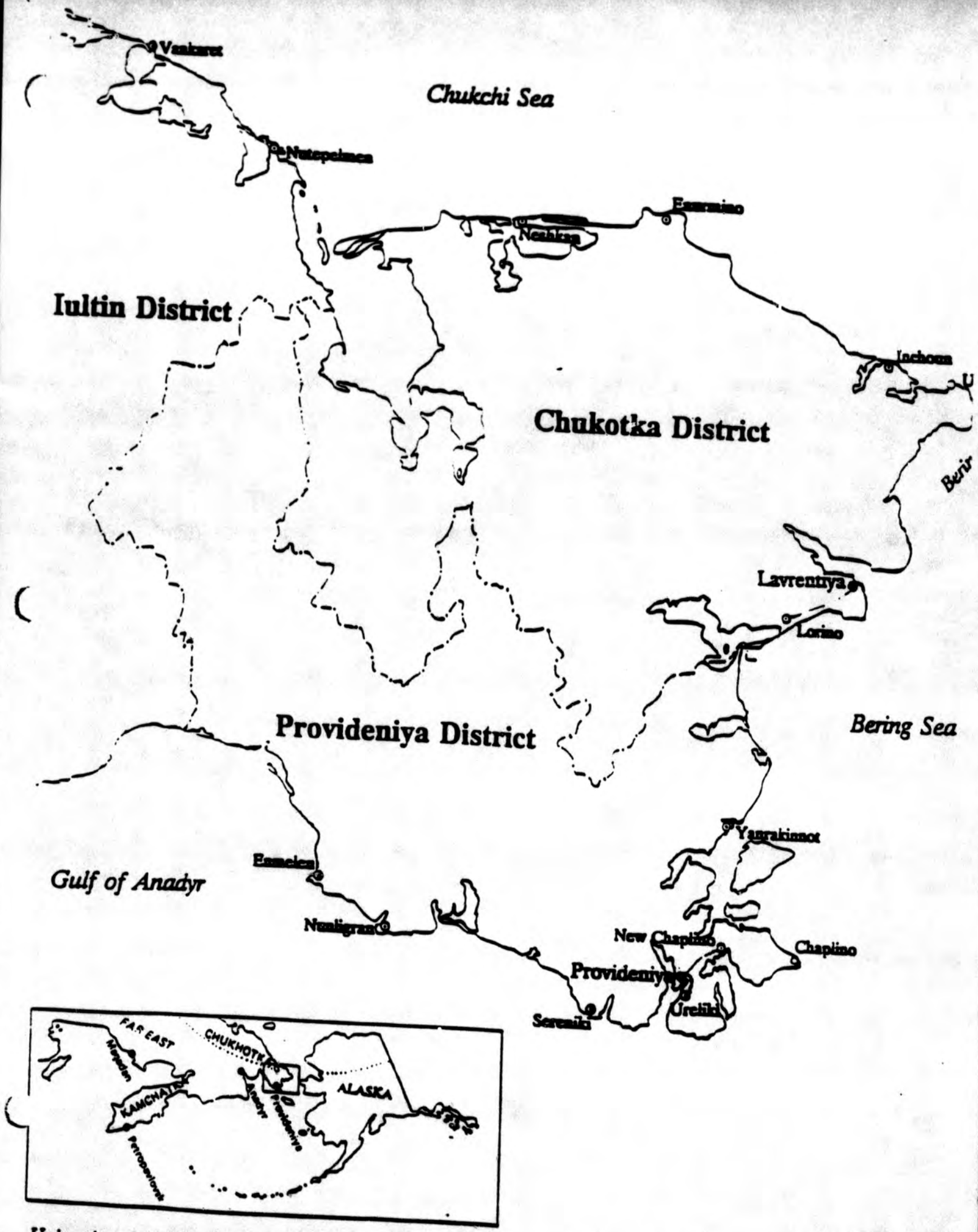
John Tichotsky
Institute of Social and Economic Research
University of Alaska Anchorage
3211 Providence Drive
Anchorage, Alaska 99508
(907) 786-7710

DRAFT
NOT FOR CITATION

February 1, 1990

Note: this is the first draft when the concept of the paper was meant to have more depth. Due to funding, a less detailed 4 page summary will be coming out in about 2 weeks.

ISER working Papers



University of Alaska Anchorage, Institute of Social and Economic Research 1990

THE SOVIET FAR EAST

THE SOVIET FAR EAST AND ALASKA

THE SOVIET UNION

University of Alaska Anchorage, Institute of Social and Economic

Mark Air is considering flights to Leningrad. There has been a proposal by the Soviets for a joint-venture between an Alaskan airline and Magadan Aeroflot as a plan to circumvent the Soviet navigator clause for flights to the Soviet Union.

Aeroflot has plans to use four types of airplanes. Tupolev 154 (TU-154), Ilyishin 76 (IL-76) and the Antonov 24 and 26 (The AN-24 and 26), the AN-26 is a cargo version of the AN-24.

The Soviets intend to also have a modified IL-76 that will be able to carry 44 metric tons of cargo. In addition, the IL-76 has a relatively large cargo door that drops from the back (2.93 by 2.96 by 20 meters).

A AN-24 or 26 flying from Provideniya to Anchorage will need 4 metric tons of fuel to return to Provideniya. The cost of which will most likely be the responsibility of the American organization sponsoring the flight.

The Soviets are also planning to introduce the AN-12 cargo plane which can carry 12 metric tons as an intermediate alternative to the An-24 and the IL-76.

Any Alaskan organization ordering or depending on the arrival of an Aeroflot flight should be aware of the process by which Aeroflot secures permission to fly into American airspace.

1) Soviet organizations sends a letter to local Ministry of Civil Aviation (MinCivAir)

2) Local MinCivAir puts in a request to Moscow Aeroflot (Aeroflot is a "brand" name that MinCivAir uses).

3) Moscow Aeroflot sends request to Ministry of Foreign Affairs.

4) Ministry of Foreign Affairs sends request to Soviet Embassy in Washington D.C.

5) Soviet Embassy sends request to State Department.

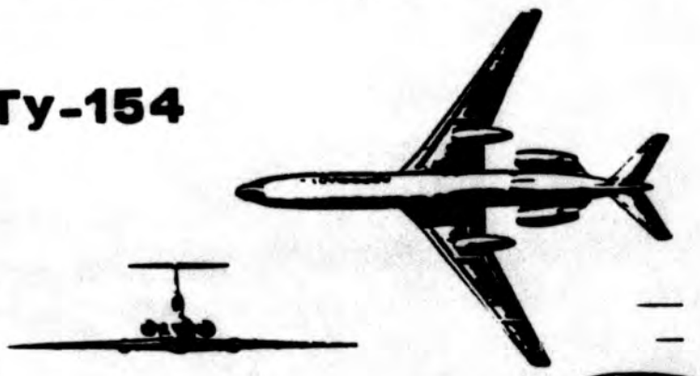
6) State Department if it approves the flight sends answer to US Embassy in Moscow. The State Department also briefs local, Alaska customs and immigrations (sometimes within 6 hours of the flight). Local customs demands 48 hour notice.(Local Soviet MinCivAir are obligated to follow protocol and cannot directly contact local, Alaskan customs.)

7) US Embassy informs Ministry of Foreign Affairs.

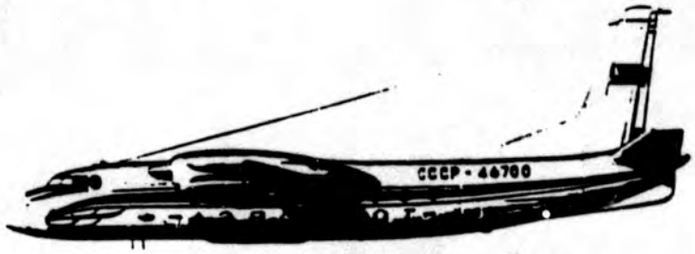
8) Ministry of Foreign Affairs contacts MinCivAir in Moscow.

AEROFLOT JETS AVAILABLE FOR FLIGHTS FROM THE FAREAST

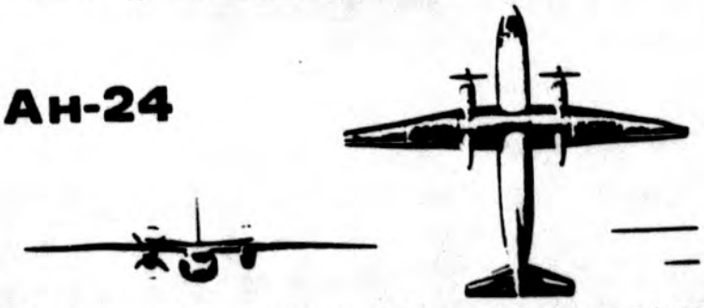
Ту-154



Ил-76Т



Ан-24



Plane:	TU-154
Number of passengers:	164
Amount of cargo (no passengers, metric tons):	18T
Estimated cost by Aeroflot (roubles an hour):	3,500 r/h
Cost of a round trip (in roubles) Magadan-Anchorage-Magadan:	25,636 r
Estimated travel time Anchorage-Magadan (hours):	4.42 h
Cruising speed:	900 km/h
Base city:	Magadan
Cargo dimensions (meters):	0.7*1.0*1.8
Plane:	IL-76
Number of passengers:	-
Amount of cargo (no passengers, metric tons):	40T
Estimated cost by Aeroflot (roubles an hour):	6,000 r/h
Cost of a round trip (in roubles) Magadan-Anchorage-Magadan:	75,348 r
Estimated travel time Anchorage-Magadan (hours):	4.83 h
Cruising speed:	850 km/h
Base city:	Magadan
Cargo dimensions (meters):	2.93*2.96*20
Plane:	AN-24
Number of passengers:	30
Amount of cargo (no passengers, metric tons):	3 to 4T
Estimated cost by Aeroflot (roubles an hour):	1,500r/h
Cost of a round trip (in roubles) Magadan-Anchorage-Magadan:	20,526 r
Estimated travel time Anchorage-Magadan (hours):	9.33 h
Cruising speed:	450 km/h
Base city:	Anadyr and Maga
Cargo dimensions (meters):	0.7*1.0*1.8

Source: *Izobrazitel'noe iskusstvo*, Moscow 1989 and Institute of Social and Economic Research, January 1990

AEROFLOT JETS AVAILABLE FOR FLIGHTS FROM THE FAREAST (not pictured)

Plane: AN-26 (not pictured, cargo version of the AN-24)

Number of passengers:	-
Amount of cargo (no passengers, metric tons):	3 to 4T
Estimated cost by Aeroflot (roubles an hour):	1,500r/h
Cost of a round trip (in roubles) Magadan-Anchorage-Magadan:	20,526 r
Estimated travel time Anchorage-Magadan (hours):	9.33 h
Cruising speed:	450 km/h
Base city:	Anadyr and Magadan
Cargo dimensions (meters):	1.8*1.6*10

Plane:	AN-12 (not pictured, intermediate between AN-24 and IL-76)
Number of passengers:	-
Amount of cargo (no passengers, metric tons):	13.7 T
Estimated cost by Aeroflot (roubles an hour):	1,500r/h
Cost of a round trip (in roubles) Magadan-Anchorage-Magadan:	26,988 r
Estimated travel time Anchorage-Magadan (hours):	6.92 h
Cruising speed:	550 km/h
Base city:	Magadan
Cargo dimensions (meters):	2.2*2.6*11

Source: *Sovetskoe Rossiya* [illegible]. Moscow 1989 and Institute of Social and Economic Research, January 1990.

Valantine Plehanov
Moscow Aerflot Official Responsible for International Flights
Telephone: Moscow 115-54-40

AMERICAN CONTACTS:

State Department, Soviet Desk
Victoria Nuland
(202) 647-9370
(Has assisted Alaskans in attaining permission for Soviet charter flights)

US Department of Transportation
Mary Pett
International Aviation Section
(202) 366-2370
(Is knowledgable about DOT position on Alaska-Soviet Far East flights)

Alaska Airport Authority
Gina-Marie Lindsey
(907) 266-2542

Mark Butler
(907) 266-2545
(Both have been involved in meetings with Soivet Aeroflot delegations on behalf of the State.)

Local FAA
Frank Cunningham, Regional Director
Donald Keil, Deputy Regional Director
(907) 271-5645
(Both have travelled to the Soviet Far East)

Local Immigrations
Anchorage International Airport
(907) 243-1400

Local Customs
Anchorage International Airport
(907) 243-4312
(Must be informed 48 hours before an Areoflot flight)

Alaska Airlines
Doug Verstig, vice -president
Jim Johnson
(206) 433-3379

Bill Mckay, Alaska Regional Manager
(Alaska Airlines representatives that are dealing with the proposal for scheduled flights between Alaska and the Soviet Far East.)

Alaska Airlines Cargo
(907) 243-3322
(Have loaded cargo for Aeroflot planes)

KAL chooses Siberian route

Airline's new flight plan will cut into Anchorage airport revenue

Anchorage Daily News Thursday

Airline News Articles

By HAL BERNTON
Daily News reporter

Korean Air plans to end Europe-Asia passenger flights through Alaska in favor of a Siberian shortcut opened by the Soviet policies of glasnost.

The Alaska bypass would cost Anchorage International Airport an estimated $3.85 million in landing fees and other revenue, or about 7 percent of last year's operating budget, according to airport officials.

"This is a big hit, no doubt," said Mark Butler, marketing director of the Alaska International Airport System.

The Anchorage pull-back by one of the airport's largest users is scheduled to take effect March 25. "It's almost 99 percent certain," said K.M. Moon, the airline's Anchorage station manager.

Korean Air, like most international carriers, uses Anchorage as a refueling stop on long-haul flights, funneling its passengers into airport duty shops during the one-hour break.

Korean Air plans to divert all 18 weekly Europe-Asia flights to a Siberian route that cuts about four hours off the 18-hour route through Anchorage, Moon said.

Another 13 weekly passenger flights between New York and Asia will remain routed through Anchorage, as well as 39 cargo flights.

Korean Air's route changes are part of a major shift away from Anchorage by international carriers eager to cut passenger travel time by flying the shorter Siberian route. Lufthansa has already pulled out of Anchorage and Japan Air Lines says that by 1991 it will cut Anchorage stopovers from 17 flights a week to four. Most other international airlines flying through Anchorage also have announced shifts to the Soviet route.

Until recently, it appeared Korean Air would be one of the last to leave Anchorage due to the chilly relations between South Korea and the Soviet Union. In 1984, a Korean Air

Please see Page C-6, KAL

KAL: Diverting passenger flights

Continued from Page C-1

passenger jet was shot down by the Soviets when it strayed into Siberian airspace. "As a result, they have been the last carrier to begin negotiations with the Russians," Butler said.

Moon said the company has been planning a Siberian route for many months. In January, Korean Air got permission for a temporary route through Siberia to avoid volcanic ash from Redoubt Volcano.

Moon said Redoubt's continued eruptions have helped speed up the airline's partial withdrawal from Anchorage, advancing the schedule several months.

Korean Air's pull-out cuts about 16 percent of the lucrative international passenger travel through Anchorage. While planes refuel at the airport, passengers buy furs, liquor, cigarettes and dozens of other items at the international terminal's Duty Free Shoppers concession.

The airport receives up to 19 percent the Duty Free sales revenue, and that money provides a major share of its operating budget, Butler said.

Duty Free employs about 260 people at the international terminal, and the company has not yet decided whether to lay off any employees, said William Foss, a senior vice president for Duty Free Shoppers. "The (Korean Air) decision obviously came as a great disappointment to us," Foss said.

Airport officials also are trying to expand the airport's already booming cargo traffic, much of which results from North America-Asia trade. Cargo traffic through Anchorage increased 12 percent last year, further consolidating Anchorage's claim as the number one cargo airport in the nation.

But cargo flights can't match the revenue generated by international passenger flights. They offer no tourists to pump currency into duty free shops, and require smaller flight crews in need of lodging.

According to airport statistics, it takes nearly five air freight flights to equal the airport revenue provided by one passenger flight.

The loss of flights through the airport also will ripple through other segments of the Anchorage economy. Korean Air relies on an Anchorage caterer to provide meals and lodges its crews in downtown hotels.

Much of the airport revenue lost by Korean Air's flight diversions may be made up by increasing rates charged other airport users, said Butler. "It will raise the cost of flying here," Butler said. "And may raise tickets."

But airport officials also are seeking to gain revenue through new business.

They are promoting Alaska to international tourists, hoping that will persuade some carriers to view Anchorage as a destination, rather than a refueling point.

Fairbanks backed for air route

By DOUG FORD
Times Business Writer

Alaska Sens. Ted Stevens and Frank Murkowski have thrown their support for a potentially lucrative new United States-Japan air cargo route behind an Emery Worldwide ACF Co. proposal to use Fairbanks as its U.S. gateway, Stevens confirmed Tuesday.

Emery is competing with a United Parcel Service proposal to use Anchorage as an entry and exit point for the Japanese market.

As a result of last year's bilateral airline agreement between the United States and Japan, a new U.S. cargo carrier will gain landing rights in Japan beginning in October 1990.

Emery, with its cargo hub in Dayton, Ohio, and UPS, with its center in Louisville, Ky., are the leading applicants for the route.

Both airlines are trying to line up state and community support for their proposals. A U.S. Transportation Department administrative law judge will use various criteria in awarding the route, including civic support and economic impacts.

'That a senator (Stevens) from Anchorage would support Fairbanks rather than Anchorage surprised us.' — Doug Kuelpman, UPS

"Heavy freight service between Dayton and Tokyo is essential for keeping the pipeline restoration (corrosion repair) project on schedule," said Stevens in a prepared statement read to The Times by his Washington, D.C. office. Dayton is a center for pipeline suppliers, the statement said.

Murkowski's office would not confirm that the senator had supported Emery's application. "Emery is pleased with the senators' support," said Michael Critchley, Northwest division manager for Emery. "You can't ask for more support than that."

Doug Kuelpman, public affairs manager for UPS, said his company was shocked and disappointed at the news of the senators' support for the Emery application.

"That a senator (Stevens) from Anchorage would support Fairbanks rather than Anchorage surprised us," Kuelpman said. Murkowski, who is from Fairbanks, was expected to back Emery, Kuelpman said.

Congressman Don Young has not taken a public position on the issue. Gov. Steve Cowper remains neutral, supporting both applications, said Dave Ramscur, the governor's spokesman.

Due to the size of UPS' Alaska and worldwide operations, many industry analysts view UPS as the leading applicant. The company had $11 billion in sales last year.

See Route, page E-4

U.S. Sen. Ted Stevens . . . prefers Emory to UPS

Route

Continued from page E-1

UPS has 150 employees in the state and four flights a day through Anchorage International Airport. UPS is the only company that delivers to all U.S. addresses, including those in Alaska, Kuelpman said.

Emery has seven employees in Alaska but delivers statewide through local contractors, Critchley said. Emery is a division of Consolidated Freightways Inc., a $4 billion trucking and freight forwarding company.

Emery has operated more than 100 cargo flights through Fairbanks over the past two years, said Dave Carlstrom, spokesman for Fairbanks Industrial Development Corp. "They have had a positive experience here, facility-wise and personnel-wise," he said.

Emery runs three flights a week to East Asia through Anchorage, Critchley said. The company does not run scheduled flights through Fairbanks at this time, he added.

"Because of Emery's choice of Fairbanks in the grand overall scheme of things for the state, Emery is the better choice," Carlstrom said. The Fairbanks Industrial Development Corp. has petitioned the judge to intervene in the proceedings on behalf of the municipality and civic groups in the city.

"We are real disappointed that the senators would play this kind of parochial partisan kind of politics. Not only is it bad for Anchorage but for the entire state," said Scott Hawkins, president of the Anchorage Economic Development Corp.

AEDC has applied to participate in the proceedings on behalf of Anchorage and UPS, he said.

"The best thing is to develop one major cargo hub in Anchorage," Hawkins said. It does not help the state to divide the cargo business between two airports several hundred miles apart, he said.

"The warehousing and distribution for Alaska's oil industry is out of Anchorage," he said, disputing Stevens' position that oil pipeline equipment must be shipped via Fairbanks.

The Alaska seafood industry faces a shortage of air cargo capacity to eastern Asia, Hawkins said. Moving additional cargo flights to Fairbanks will not help the industry, he said.

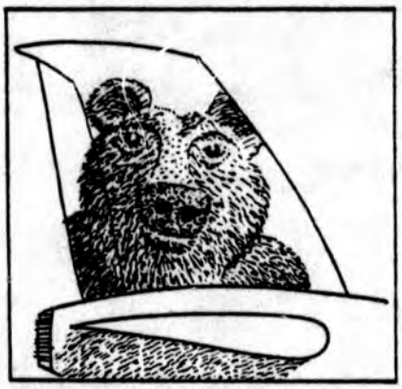
Times - 3/7/90

Crossroads

Glasnost transforms Anchorage air traffic

Glasnost in the Soviet Union has been good to Alaska in many ways. The Soviets' greater openness has thawed the ice curtain between Alaska and Siberia. It has allowed Native families here to visit their Soviet relatives and has stirred a whirlwind of cultural, scientific and business exchanges.

But when it comes to Alaska's historic role as a transcontinental airline hub, glasnost is a more mixed blessing. It has started to cut into the heart of Anchorage's aviation trade, servicing jets on polar routes between the Lower 48, Europe and Asia.



Before glasnost, flights between Europe and Asia had to skirt Soviet territory. Anchorage and Fairbanks served as friendly refueling outposts. Now the Soviets are opening their skies. Carriers can fly direct, skipping their Alaska stops. Korean Air Lines announced last week it will route 18 flights a week across Siberia instead of Alaska. Most other international carriers stopping here have made or plan similar moves.

But glasnost brings a new set of aviation opportunities, too. Under a U.S.-Soviet deal nearing fruition, Anchorage will become a hub for flights between the United States and the Soviet Far East. Several Alaska carriers hope to enter the new market.

One of Alaska's best assets going into the 1990s is our role as the back door between the Lower 48 and the Soviet Far East. As U.S.-Soviet trade and ties grow, so will air traffic in Anchorage. Serving the Soviets will help win back some of the air trade lost to glasnost. Anchorage can still be the Air Crossroads of the World, but glasnost will force the city to work harder at keeping the title.

Times ANCHORAGE & ALASKA

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Sunday, February 25, 1990

Soviet-Alaska air pact nears takeoff

By DEAN FOSDICK
Associated Press

The way is being cleared for new air routes across the North Pacific, with several airlines expressing interest in flying people and cargo between Alaska and the Soviet Far East.

Regional cooperation is speeding agreements between both areas because the deals don't have to be cleared first in Moscow or Washington, D.C., FAA spokesman Paul Steucke said Thursday.

"The Federal Aviation Administration and the Soviet Union's Ministry of Civil Aviation have been given a green light to begin negotiating on a regional level so we can resolve problems that exist and open up regular air commerce between the two areas," Steucke said.

The Soviet Union and Alaska soon will begin exchanging air traffic controllers and meteorologists, he said.

Both nations are working to get navigation aids set on common frequencies, and weather information also will be shared, Steucke said.

"A scheduled carrier cannot take off . . . without knowing what the weather is at the destination," he said. "That's a legal requirement."

Designating Provideniya as an international airport also may ease the way for more flights between Alaska and the Soviet Union. That could involve customs inspectors being stationed at Provideniya and Nome, Steucke said.

"Once we get the aviation system established, that should make it easier for those carriers to get permission to operate in the Soviet Union," he said.

"In addition to opening things up for tourism, it may provide a lot of opportunity for cargo. I understand now it has to go from here to Tokyo and back up (to the Soviet Union)," Steucke said.

Bering Air, which operates out of Nome, has been making charter flights to Provideniya since last summer.

Alaska Airlines has been negotiating with the Soviets for scheduled air service into the country for more than a year.

"We're open to (serving) Provideniya, but longer-term opportunities for us are the larger cities," said Lou Cancelmi, an Alaska Airlines spokesman in Seattle. "But that's all government-to-government stuff."

Markair withdrew its application for a route into the Soviet Far East but probably will renew it once the links are established, a spokesman said.

Northern Air Cargo said it would be interested in flying its prop-driven DC-6 aircraft to and from the Soviet Far East.

Anchorage Daily News Monday, March 5, 1990

Opening of Soviet Union interests airline officials

By JEFF BARNARD
The Associated Press

Alaska Airlines executives say they are encouraged by a preliminary agreement that could lead to the first scheduled air service to the Soviet Far East by the summer of 1991.

"It's definitely a market we think has a lot of potential and will and should open up," Doug Versteeg, vice president for administration, said Friday from his office in Seattle.

"We see tourism as the largest component of the market. Tourists we bring to Alaska already each season we think would be interested in extending their trip to the Soviet Far East."

U.S. and Soviet negotiators meeting in London on Thursday announced an agreement in principle to open commercial air service between Anchorage and the Soviet Far East cities of Magadan and Khabarovsk.

If a final agreement is reached, Alaska Airlines hopes to offer two to three flights a week during the summer, starting in 1991.

Versteeg said it was too early to project how many people might take advantage of the planned service, but he foresaw business people already traveling between the United States and the Soviet Union using the routes as well as tourists.

"Both countries want to do business," he said.

Gov. Steve Cowper said the memorandum of consultation between the two countries could lead to regular air travel to other Soviet cities by American carriers and service by the Soviet carrier Aeroflot to San Francisco.

"Regular air service to the major cities in the Soviet Far East is the ticket to permanent relationship without Soviet neighbors," Cowper said.

Anchorage Daily News Wednesday, March 7, 1990

Northern Air seeks Soviet Union route

The Associated Press

Northern Air Cargo has applied for rights to open air cargo service between Alaska and the Soviet Far East in anticipation of an aviation agreement being adopted this summer between the two nations, the carrier's president said Tuesday.

Wilson Hughes, Northern Air president, said the company has applied to fly once a week between Anchorage and Magadan, a regional center on the northern shore of the Sea of Okhotsk.

Hughes said he expected to be carrying construction materials and consumer goods, such as snow machines, chain saws, televisions and VCRs, on the 1,700-mile trip to Magadan, and returning with Soviet goods such as vodka, furs and refined metals.

Hughes said he believed there was a pent-up demand in the Soviet Far East for American goods.

Northern Air still has questions about the quality of fuel, ground handling, flight control and weather information that will be available in Magadan, Hughes said.

The company serves the far-flung reaches of Alaska, flying into the towns and villages scattered throughout the nation's biggest state.