

ALASKA LEGISLATURE COMMITTEE FILES

1985-1986 86/2

3820

HTRA

SJR 30

896

U.S. CARRIERS DERIVE MORE THAN \$153 MILLION IN REVENUES FROM
PASSENGER SERVICE TO/FROM KOREA

	<u>Passengers</u>	<u>Miles</u>	<u>Passenger Miles</u> (000)
Seoul-Seattle/Beyond	96,520 (1)		
- Anchorage/Beyond	780 (1)		
- West Coast/Beyond via Tokyo	110,688 (2)		
Subtotal	<u>207,988</u>	6,154 (4)	1,279,958
- Taipei	25,277 (1)	917	23,179
- Manila	346 (1)	1,629	564
- Tokyo	<u>62,993 (3)</u>	762	<u>48,001</u>
Total 1982	296,604 (3)		1,351,702
Growth to 1984 @ 34.4% (5)			1,816,687
Total Revenue @ yield of 8.45¢/RPM (6)			<u>\$153,510,093</u>

Notes: (1) Revenue traffic by flight stage per ICAO Digest of Statistics No. 300 (1982).

(2) Estimated U.S.-SEL traffic via TYO @ 115% of SEL-SEA/beyond shown above, per relationship of frequencies in 1982.

(3) Total NWA enplaned traffic at SEL in 1982 was 148,302. Therefore, total traffic estimated at 296,604 (148,302 x2). All other traffic shown above totals 233,611, leaving a residual of 62,993. This traffic, regarded as fifth freedom traffic, brings total SEL-TYO flow to 173,681 (62,993 + 110,688). The resultant 173,681 is 23,498 less than the ICAO recorded traffic flow of 197,179.

(4) Average mileage of flight routings in 1982 between SEL and first (or last) U.S. mainland point.

(5) Growth in traffic from 1982 to YE 10/31/84 - air enplanements at Seoul per Table 10. Part of growth attributable to entrance of Pan American in market.

(6) NWA experience in scheduled trans Pacific service in 1984.

U.S. CARRIERS DERIVE MORE THAN \$68 MILLION
IN REVENUE FROM CARRIAGE OF FREIGHT TO/FROM KOREA

Year 1984 - U.S.-Korea freight carried by U.S. flag carriers	28,757.2 tons (1)
Northwest/PAA (2) - 43.5%	12,509
Flying Tiger (3) - 56.5%	16,248
Mileage - NWA (3)	5,540
FTL (3)	6,483
Ton-Miles - NWA	69,299,860
- FTL	<u>105,335,784</u>
Total	174,635,644
Yield/RTM (4)	39¢
Revenue Total	<u>68,107,901</u>

Notes (1) Per Department of Commerce, Bureau of Census.

(2) Distribution based on enplanements at SEL

NWA/PAA	11,047	43.5%
FTL	14,369	56.5
Total	<u>25,416</u>	<u>100.0%</u>

(3) Mileage as flown between SEL and first (last) U.S. mainland point by all-cargo aircraft.

(4) NWA and FTL yields on transpacific operations are the same. PAA's is 42¢/per ton mile but PAA share of traffic was minor.

U.S. CARRIERS SERVING KOREA
HAVE ACCESS TO LARGE FIFTH FREEDOM MARKETS

(Origin-Destination Traffic)

City	Total Passengers, All Carriers, Year Ending 31 December 1983			U.S. Flag Carrier Now Serving
	To SEL	From SEL	Total	
<u>3rd/4th Freedom</u>				
Honolulu	46,101	53,614	99,715	NW, PA
Los Angeles	94,121	101,392	195,513	NW
New York	<u>49,404</u>	<u>59,097</u>	<u>108,501</u>	NW, PA
Total	189,626	214,103	403,729	
Average	63,209	71,368	<u>134,576</u>	
<u>5th Freedom</u>				
Manila	25,217	20,688	45,905	NW
Osaka	192,631	182,819	375,450	PA
Taipei	137,800	117,145	254,945	NW, PA
Tokyo	<u>384,253</u>	<u>396,585</u>	<u>780,838</u>	NW, PA
Total	739,901	717,237	1,457,138	
Average	184,975	179,309	<u>364,285</u>	
City	Freight (tonnes), Year Ended 31 December 1983			U.S. Flag Carrier Now Serving
	To SEL	From SEL	Total	
<u>3rd/4th Freedom</u>				
Honolulu	216.02	1,661.20	1,877.22	NW, PA
Los Angeles	5,495.10	15,160.30	24,655.40	NW, FT
New York	<u>8,289.29</u>	<u>15,035.53</u>	<u>23,324.82</u>	NW, PA
Total	18,000.41	31,857.03	49,857.44	
Average	6,000.14	10,619.01	<u>16,619.15</u>	
<u>5th Freedom</u>				
Manila	900.51	1,241.51	2,142.02	NW
Osaka	6,219.29	5,275.02	11,494.31	PA
Taipei	7,045.13	2,092.95	9,138.08	NW, PA, FT
Tokyo	<u>20,183.48</u>	<u>26,369.15</u>	<u>46,552.63</u>	NW, PA, FT
Total	34,348.41	34,978.63	69,327.04	
Average	8,587.10	8,744.66	<u>17,331.76</u>	

Note: PA not included in above Osaka/Taipei traffic for 1983.

Source: ICAO, On-Flight Origin and Destination, Digest of Statistics No. 307.

U.S. CARRIERS SERVING KOREA OPERATE SUBSTANTIAL
CAPACITY IN THE FIFTH FREEDOM MARKETS

SERVICE PROVIDED BY U.S. FLAG CARRIERS IN
FIFTH FREEDOM SECTORS TO/FROM SEOUL
1978-1984 AND ESTIMATED 1985

<u>Year</u>	<u>Flights</u>	<u>Seats</u>
1978	936	368,784
1979	1,092	423,696
1980	1,430	535,002
1981	1,027	399,659
1982	897	353,418
1983	1,209	452,764
1984	1,716	595,736
Est. 1985	2,355 ^{1/}	707,462 ^{1/}

^{1/} Based on May 1985 Actual plus relationship of Annual to May seats for period 1978-1984.

Source: Official Airline Guides, Worldwide Edition, February, May, August, November, 1978 to 1984; April 1985.

U.S. CARGO CARRIERS SERVING KOREA CONDUCT
SUBSTANTIAL FIFTH FREEDOM OPERATIONS

SERVICE AND CAPACITY PROVIDED BY U.S. CARGO CARRIERS OVER
FIFTH FREEDOM SECTORS TO/FROM SEOUL
1978-1984 AND ESTIMATED 1985

<u>Year</u>	<u>Flights</u>	<u>Tons</u>
1978	949	96,213
1979	949	95,290
1980	897	103,155
1981	897	113,155
1982	845	97,175
1983	806	92,690
1984	923	106,145
Est. 1985	842 ^{1/}	96,172 ^{1/}

^{1/} Based on May 1985 Actual plus relationship of Annual to May tons for period 1978-1984.

Source: Air Cargo Guide, February, May, August, November 1978-1984, April 1985.

U.S. PASSENGER CARRIERS SERVING KOREA DERIVE SUBSTANTIAL
BENEFITS FROM FIFTH FREEDOM MARKETS

TRAFFIC OVER FIFTH FREEDOM SECTORS INTO/OUT OF SEOUL
Revenue Passengers

<u>FLIGHT STAGE</u>	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>	<u>1978</u>
<u>Seoul-Taipei</u>					
CX	154,649	136,761	117,216	126,699	124,977
KE	192,672	140,652	121,656	116,820	95,640
HI	30,239	21,825	17,610	2,793	-
<u>NW</u>	25,277	20,844	23,967	-	-
SQ	38,104	33,453	25,404	18,210	27,576
YG	71,803	51,315	35,424	20,757	14,118
Total	512,824	404,850	341,277	285,279	262,311
<u>Seoul-Tokyo</u>					
<u>BH</u>	-	-	534	414	-
JL	265,905	127,938	43,767 ^{1/}	162,462	176,943
KE	385,563	337,060	278,223	321,351	331,968
<u>NW</u>	197,179	179,964	150,198	198,393	111,723
CX	-	-	42,036	105,939	140,541
Total	848,647	644,970	514,750	788,559	761,175

^{1/} Complete data for year not available.

Note: The latest annual data available are for 1982.

Source: ICAO Digests of Statistics (Traffic by Flight Stage).

U.S. CARGO CARRIERS SERVING KOREA DERIVE SUBSTANTIAL
BENEFITS FROM FIFTH FREEDOM MARKETS

TRAFFIC OVER NON-U.S. SECTORS INTO/OUT OF SEOUL
Revenue Freight (Tonnes)

<u>FLIGHT STAGE</u>	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>	<u>1978</u>
<u>Seoul-Hong Kong</u>					
<u>FI</u>	324	-	513	-	-
<u>KE</u>	12,251	13,386	9,252	6,345	1,149
<u>NW</u>	662	1,521	1,071	1,137	507
<u>DN</u>	-	-	165	-	-
<u>TG</u>	-	-	9	-	-
<u>Total</u>	<u>13,237</u>	<u>14,907</u>	<u>11,010</u>	<u>7,482</u>	<u>1,656</u>
<u>Seoul-Osaka</u>					
<u>FI</u>	5,233	4,659	4,854	2,484	843
<u>JL</u>	1,213	1,845	816 ^{1/}	1,176	2,001
<u>KE</u>	8,559	9,516	0,709	8,223	5,838
<u>NW</u>	<u>3,277</u>	<u>3,498</u>	<u>1,605</u>	<u>1,395</u>	-
<u>Total</u>	<u>18,282</u>	<u>19,518</u>	<u>15,984</u>	<u>13,180</u>	<u>8,682</u>
<u>Seoul-Taipei</u>					
<u>CX</u>	4,864	4,959	4,179	4,527	3,591
<u>FI</u>	215	291	186	1,002	5,280
<u>KE</u>	9,279	7,611	5,286	5,094	3,516
<u>HI</u>	380	369	393	60	-
<u>HM</u>	2,515	3,501	2,703	3,471	1,614
<u>SQ</u>	1,276	1,056	768	729	741
<u>TG</u>	<u>1,765</u>	<u>1,155</u>	<u>894</u>	<u>642</u>	<u>561</u>
<u>Total</u>	<u>20,294</u>	<u>18,942</u>	<u>14,409</u>	<u>15,525</u>	<u>15,303</u>

U.S. CARGO CARRIERS SERVING KOREA DERIVE SUBSTANTIAL
BENEFITS FROM FIFTH FREEDOM MARKETS

TRAFFIC OVER NON-U.S. SECTORS INTO/OUT OF SEOUL
Revenue Freight (Tonnes)

<u>FLIGHT STAGE</u>	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>	<u>1978</u>
<u>Seoul-Tokyo</u>					
<u>BN</u>	-	-	3	3	-
<u>FY</u>	10,081	7,242	6,762	6,039	13,689
<u>JL</u>	7,884	5,085	2,163 ^{1/}	8,307	7,302
<u>KE</u>	20,316	24,345	23,052	22,425	20,322
<u>NW</u>	6,740	8,466	7,581	8,358	4,701
<u>CX</u>	-	-	1,170	3,243	3,009
Total	45,821	45,138	40,731	41,375	49,023

^{1/} Complete data for year not available.

Source: ICAO Digests of Statistics (Traffic by Flight Stage).

CHICAGO AND SAN FRANCISCO ARE RELATIVELY UNDERSERVED TO KOREA
CONSIDERING THEIR SIZE AND IMPORTANCE

WEEKLY NON-STOP AND ONE-STOP PASSENGER FLIGHTS
MAY 1985

<u>To/From</u>	<u>New York</u>	<u>Los Angeles</u>	<u>Chicago</u>	<u>San Francisco</u>
Seoul	22	16	16	12
Tokyo	56	70	34	49
Hong Kong	40	21	0	44
Taipei	10	28	5	17
Manila	0	11	9	17

1980 POPULATION OF TOP TEN U.S. METROPOLITAN AREAS 1/

	<u>1980</u> (000)
New York	17,539
Los Angeles	11,498
Chicago	7,937
Philadelphia	5,681
San Francisco	5,368
Detroit	4,488
Boston	3,972
Washington	3,251
Houston	3,101
Dallas/Ft. Worth	2,931

1/ Consolidated metropolitan statistical areas as defined by OMB as of June 30, 1983.

Source: Official Airline Guide, Worldwide Edition, April 1985;
Statistical Abstract of the United States, 1984, U.S. Department
of Commerce, Bureau of the Census.

CHICAGO AND SAN FRANCISCO ARE RELATIVELY UNDERSERVED TO KOREA
CONSIDERING THEIR SIZE AND IMPORTANCE

WEEKLY CARGO FLIGHTS

MAY 1985

<u>To/From</u>	<u>New York</u>	<u>Los Angeles</u>	<u>Chicago</u>	<u>San Francisco</u>
Seoul	19	19	9	8
Tokyo	62	36	31	38
Hong Kong	21	6	12	8
Taipei	21	13	15	14
Manila	6	0	4	0

Source: Air Cargo Guide, April 1985.

CHICAGO AND SAN FRANCISCO ARE RELATIVELY UNDERSERVED TO KOREA

USING JAPAN AS AN INDEX,
 AIR FREIGHT IN THE CHICAGO-REPUBLIC OF KOREA MARKET LAGS BEHIND
 NEW YORK/LOS ANGELES - REPUBLIC OF KOREA MARKETS
 (WHERE KAL PROVIDES SERVICE)
 (pounds in thousands)

Year 1984	NEW YORK		LOS ANGELES		CHICAGO		SAN FRANCISCO	
	Pounds	Rel. to Japan	Pounds	Rel. to Japan	Pounds	Rel. to Japan	Pounds	Rel. to Japan
U.S. Exports to - Republic of Korea	9,813	19.2	19,913	56.6	3,469	11.5	2,058	8.5
Japan	51,148	100.0	35,180	100.0	30,211	100.0	24,242	100.0
U.S. Imports from - Republic of Korea	41,503	39.7	29,214	28.6	10,609	14.5	11,864	13.8
Japan	104,608	100.0	102,095	100.0	73,077	100.0	86,228	100.0

Source: U.S. Department of Commerce, Bureau of the Census, IA-154, Imports, and EM 563, Exports, Monthly for 1984.

MEASURED AGAINST USA-JAPAN AIR FREIGHT MARKETS,
THE USA-REPUBLIC OF KOREA MARKETS MOST LAGGARD
ARE CHICAGO AND SAN FRANCISCO
1979-1984

	Six Year Total		Total	Index Japan = 100
	Export (000 pounds)	Imports		
<u>Chicago</u>				
Republic of Korea	18,100	35,259	53,359	14.2
Japan	152,872	222,837	375,709	100.0
<u>New York</u>				
Republic of Korea	45,975	148,302	194,357	30.0
Japan	264,992	382,992	647,984	100.0
<u>Los Angeles</u>				
Republic of Korea	100,213	115,736	215,949	36.5
Japan	213,841	377,859	591,700	100.0
<u>San Francisco</u>				
Republic of Korea	7,409	47,484	54,893	14.0
Japan	131,368	236,073	367,441	100.0

Source: U.S. Department of Commerce, Bureau of the Census, IA-154, Imports, and EM 563, Exports, Monthly for 1984.

Alaska State Legislature

House of Representatives

Committee on Transportation

File

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4858

Rep. Bette Cato, Chairman

DATE: 17 FEBRUARY 1986
TO: COMMITTEE MEMBERS
FROM: STAFF
RE: SJR 30 RELATING TO PASSENGER SERVICE BY KOREAN AIR LINES IN ANCHORAGE

This resolution requests the U.S. President to ratify the 1980 Memorandum of Understanding between the Republic of Korea and the United States so that Korean Air Lines will be permitted to pick up passengers in Anchorage.

The 1957 U.S. Republic of Korea Air Transport Services agreement has governed the U.S. and Korea air services for almost 30 years and have been expanded through amendments made including negotiations resulting in the 1978 and 1980 aviation agreements between the U.S. and Korea.

The 1978 Memorandum of Understanding allowed provisions for cargo handling by U.S. carriers. Before that, the U.S. had requested clarification of these provisions. In 1979 the U.S. demanded that the Korean Government construct or allow a U.S. carrier to construct a new cargo terminal for exclusive use of U.S. airlines.

The 1980 Memorandum of Understanding (MOU) conferred with the Korean government's request for an expansion of the route schedule so Korean Air Lines could offer service to additional points in the U.S. and points beyond. It also provided that the Korean Government would give a U.S. carrier the option to construct a new cargo terminal at Kimpo. That carrier being the Flying Tiger. Under the 1980 MOU the traffic rights granted to Korean Air Lines, except the traffic rights at Anchorage, were to be phased-in and tied to completion of the new cargo facility.

In 1983 the Flying Tiger notified authorities they did not have adequate funding for building the facility.

By choosing to forego construction, the Flying Tiger delayed progress on the new terminal, preventing Korean Air Lines from exercising its new traffic rights.

The Korean Government is constructing (or has constructed) the terminal at Kimpo . Construction of the facility should resolve the terms of the 1980 agreement in a manner which would be satisfactory to the United States.

Representative Ray or staff will provide additional testimony on the necessity of this resolution.

Voting record:

Senate Transportation - concur - Coghill, P. Fischer, Faiks, Josephson

Senate Floor - Yeas	16
Nays	0
Absent	3
Excused	1

The 1980 MOU has not been ratified.

SJR 30 " A RESOLUTION ALLOWING KOREAN AIRLINES TO PICK UP PASSENGERS AT ANCHORAGE AIRPORT"

THIS RESOLUTION RESPECTFULLY REQUESTS THE PRESIDENT OF THE UNITED STATES TO RATIFY THE 1980 MEMORANDUM OF UNDERSTANDING BETWEEN THE REPUBLIC OF KOREA AND THE UNITED STATES SO THAT KOREAN AIR LINES WILL BE PERMITTED TO PICK UP PASSENGERS IN ANCHORAGE.

PASSENGERS FLYING TO KOREA FROM ANCHORAGE NOW HAVE TO FLY TO TOKYO AND CHANGE PLANES OR FLY TO SEATTLE TO FLY DIRECTLY TO SEOUL, EVEN THOUGH KOREAN AIR LINES STOPS IN ANCHORAGE TO REFUEL.

ANYTIME TRADE MISSIONS FROM THE STATE HAVE GONE TO KOREA THEY HAVE HAD TO HAVE STATE DEPARTMENT APPROVAL TO FLY DIRECT TO SEOUL FROM ANCHORAGE.

KOREAN AIR LINES IS THE ONLY FOREIGN AIRLINES THAT STOPS IN ANCHORAGE AND NOT ALLOWED TO PICK UP PASSENGERS.

ALL 7 TRANSPORTATION COMMITTEE MEMBERS SIGNED THE COMMITTEE REPORT "DO PASS"

Introduced: 1/13/86
Referred: Transportation

1 IN THE SENATE

BY RAY

2

SENATE JOINT RESOLUTION NO. 30

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

Relating to passenger service by Korean

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Air Lines in Anchorage.

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

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WHEREAS under the 1978 Memorandum of Understanding between the Republic of Korea and the United States, Korean Air Lines has the right to

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operate between Korea and Los Angeles or New York with a stopover in

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Anchorage, but may not pick up passengers in Anchorage; and

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WHEREAS the 1980 Memorandum of Understanding between the two countries

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that would allow Korean Air Lines to pick up passengers in Anchorage has

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not been ratified; and

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WHEREAS in 1983 Korean Air Lines' request to provide passenger service

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between Anchorage and Korea was rejected because the 1980 Memorandum of

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Understanding has not been ratified; and

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WHEREAS Korean Air Lines operates about 40 flights each week to New

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York and Los Angeles that use Anchorage as a technical stop; and

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WHEREAS Korean Air Lines also operates three flights each week between

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Seoul and Europe that use Anchorage as a technical stop; and

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WHEREAS no direct passenger service is provided between Korea and

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Anchorage so that passengers travelling between those points must use

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connecting passenger service that is inconvenient, time-consuming, and

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infrequent; and

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WHEREAS existing air cargo service between Korea and Anchorage is

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neither direct nor frequent; and

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WHEREAS there exists a pressing need for improved air transportation

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service between Korea and Alaska; and

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1 WHEREAS if Korean Air Lines could pick up passengers in Anchorage
2 during stops it must make anyway, service between Anchorage and other
3 points served by the airline would be improved in an efficient manner;

4 BE IT RESOLVED by the Alaska State Legislature that the President of
5 the United States is respectfully requested to ratify the 1980 Memorandum
6 of Understanding between the Republic of Korea and the United States so
7 that Korean Air Lines will be permitted to pick up passengers in Anchorage.

8 COPIES of this resolution shall be sent to the Honorable Ronald
9 Reagan, President of the United States; the Honorable Elizabeth Dole,
10 Secretary of the Department of Transportation; the Honorable George P.
11 Shultz, Secretary of the Department of State; and to the Honorable Ted
12 Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable
13 Don Young, U.S. Representative, members of the Alaska delegation in Con-
14 gress.

FIRST READING AND REFERENCE OF SENATE BILLSSB 330

SENATE BILL NO. 330 by Faiks, entitled:

"An Act relating to civil liability for veterinary care; and providing for an effective date."

was read the first time and referred to the Judiciary Committee.

COMMUNICATIONS

The following letter, dated February 18, 1986, was sent to the Governor from Speaker Grussendorf:

"Dear Governor Sheffield,

Pursuant to AS 41.37, I am to appoint two public members to the Citizen's Advisory Council on Federal Areas in Alaska. I am hereby appointing Mr. Andy Hope III, and reappointing Ms. Dorothy Jones.

Sincerely,

/s/

Representative Ben Grussendorf
Speaker of the House"

REPORTS OF STANDING COMMITTEESSJR 30

The Transportation Committee has considered SENATE JOINT RESOLUTION NO. 30 (relating to passenger service by Korean Air Lines in Anchorage) and reports it back as follows: Cato (Chairman), Shultz, Herrmann, Marrou, Furnace, Davis and Pignalberi recommend do pass. A zero fiscal note was attached.

SJR 30 was referred to the Rules Committee for placement on the calendar.

CSSB 45 (HESS) am

The Judiciary Committee has considered COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 45 (HESS) amended (relating to hospital inspections and investigations by the Department of Health and Social Services), recommends it be replaced with HOUSE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 45 (Judiciary) (same title) and reports it back as follows: M.M. Miller (Chairman), Sund, Gruenberg, Taylor, Pettyjohn and Phillips recommend do pass; Clocksin has no recommendation.

CSSB 45 (HESS) am was referred to the Finance Committee.

HB 407

A zero fiscal note with analysis was received from the Rules Committee for HOUSE BILL NO. 407 (relating to the use of game as bait), and it appears in House Journal Supplement No. 88.

HB 407 is in the Rules Committee.

HB 424

The Labor & Commerce Committee has considered HOUSE BILL NO. 424 (establishing the Board of Behavioral Science Examiners; amending Rule 504 of the Alaska Rules of Evidence; effective date), recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 424 (L&C):

"An Act establishing the Board of Behavioral Science; amending Rule 504 of the Alaska Rules of Evidence; and providing for an effective date."

and reports it back as follows: Davis and Boucher recommend do pass; Navarre (Chairman), Collins, Hanley, Koponen and Pearce have no recommendation.

A fiscal note appears in House Journal Supplement No. 88.

HB 424 was referred to the Judiciary Committee.

HB 452

The Community and Regional Affairs Committee has considered HOUSE BILL NO. 452 (relating to restricting the use of grant funds) and reports it back as follows: Phillips and Marrou recommend do pass; Furnace recommends do pass "good bill"; Wallis recommends do not pass; Goll (Chairman), Gruenberg and Koponen have no recommendation. A zero fiscal note was attached.

HB 452 was referred to the Finance Committee.