Background

The Air Transport Agreement between the United States and Greece, signed at Athens in 1991, had an initial term of five years but has been extended annually for one-year periods since 1996. The agreement is restrictive, with capacity and designation limitations, country-of-origin pricing, and no provision for code-sharing. In the past, Greece expressed interest in Open Skies, but progress in bilateral aviation relations was blocked by the GOG aviation authority's failure to achieve a "Category 1" assessment under the FAA's International Aviation Safety Assessment (IASA) program (indicating compliance with ICAO safety-oversight standards). U.S. carriers currently do not provide direct service to Greece, but are interested in third-country code-sharing. In late 2003, the state-owned Greek flag carrier Olympic Airways spun off its flight operations to a new, ostensibly private carrier, Olympic Airlines, which has maintained the parent company's flights to New York and Boston. In March 2004, the Commission began an investigation to determine whether state aid was involved in this restructuring, in violation of European Community rules.

We propose to continue our practice of extending the current agreement for one-year periods. Since 2003, the United States has been negotiating a comprehensive air services agreement with the EU that would bring Open Skies to the entire U.S.-EU market, including Greece. In the context of the negotiations, the Commission has indicated that it will not consent to bilateral discussions between the United States and Member States focusing on changing existing aviation agreements or arrangements. Furthermore, in late 2000, the Federal Aviation Administration (FAA) determined that the Greek civil aviation authority did not comply with ICAO safety-oversight standards and placed Greece in "Category 2" under its IASA program. Airlines from Category 2 nations are generally barred by the U.S. Department of Transportation from increasing service with their own aircraft to/from the United States and may not carry the code of a U.S. airline partner.

The Assistant Secretary for Economic and Business Affairs has authority to approve extension of the U.S.-Greece aviation agreement pursuant to the request for blanket authorization approved by the Under Secretary for Economic Affairs on July 15, 1999, subject to a review of the text by, and approval of, the appropriate regional bureau, L, and the Department of Transportation.

L has advised that the obligations contained in the proposed agreement are consistent with United States domestic law and existing international obligations. L further advises that there is sufficient authority to conclude the proposed agreement based on the President's foreign affairs authority under Article II of the Constitution, as exercised on his behalf on a day-to-day basis by the Secretary of State, pursuant to Section 2656 of Title 22, United States Code. The central role played by the Secretary of State with particular regard to international civil aviation agreements has been acknowledged by the Congress in Section 40105(a) of Title 49, United States Code (Transportation), which provides that:

> The Secretary of State shall advise the Administrator of the Federal Aviation Administration and the Secretaries of Transportation and Commerce, and consult with them as appropriate, about negotiations for an agreement with a government of a foreign country to establish or develop air navigation, including air routes and services.

Since the provisions of the agreement are of a routine and technical nature, no Congressional consultations are required.

Conclusion of this agreement will not require environmental documentation under Executive Order 12114. The Department of State commits neither funds nor personnel to the implementation of this agreement. Any overseas assignment in the future of USG Executive Branch personnel related to this agreement will be governed by established National Security Decision Directive (NSDD) 38 procedures.