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Weekly Intelligence Summary No. 12

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CIVIL AVIATION
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1. Signature of the US-Venezuela bilateral air agreement on 14 May, concluded, after protracted negotiation, Venezuela's first international air transport agreement authorizing routes for a Venezuelan airline. The agreement is in accord with the standard reciprocal type air agreement which the US has concluded with thirty-six other countries including, among Latin American nations, Argentina, Brazil, Chile, Ecuador, Paraguay, Peru, and Uruguay.

2. A Czechoslovak-Norwegian civil air agreement, providing for services between Praha and Oslo (via Copenhagen and Goteborg), was signed 7 April. In addition to existing agreements with the USSR and the other Satellites, Czechoslovakia has previously concluded formal air agreements with the US, UK, Netherlands, Ireland, Sweden, Denmark and Turkey. Moreover, the Czechoslovak airline (CSA) has been granted provisional operating rights into Belgium, France, Switzerland, Greece, Italy, Egypt, Iraq, and Lebanon.

3. The recent breakdown of US-Hungarian air negotiations (which were undertaken by the US on the ground that a satisfactory air agreement might contribute to the European Recovery Program by opening East-West trade channels) has evidently impressed upon some Western European nations the importance of coordinating their air policies vis-a-vis the Satellite States. Sir George Cribbett, Deputy Secretary of the British Ministry of Civil Aviation, has already urged that the US and Western European countries adopt a common aviation policy toward the Iron Curtain countries. Without such a coordinated policy, Cribbett fears that the Belgians and Dutch might weaken the airspace control of Western Europe by granting entry rights to Satellite air carriers without securing commensurate operating rights into Eastern Europe. The French also have evidenced concern, regarding penetration by Satellite airlines of Western Europe, by their continued refusal to permit the Rumanian national airline (TARS) to establish regular, scheduled flights into Paris. (The French still subscribe to the former US policy toward the Satellite States and, thus, do not consider an air agreement with Rumania sufficient compensation for the operation of a Soviet-controlled airline (TARS) into France.) The Italians, meanwhile, are frankly seeking guidance from the US concerning imminent negotiations with Yugoslavia and other Balkan States. The forthcoming Geneva Assembly of ICAO (International Civil Aviation Organization) will offer the delegates of the Western Powers an opportunity for informal, "off-the-record" discussions concerning a common civil aviation policy toward the nations within the Soviet orbit.

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~~SECRET~~A Draft Convention on "International Recognition of Rights in Aircraft"

The Second Assembly of the International Civil Aviation Organization (ICAO), convening at Geneva 1 June, will consider for approval and signature a draft convention on "International Recognition of Rights in Aircraft." The US Delegation considers this the most significant policy issue likely to arise during the Assembly meetings.

The US, as the world's leading producer and exporter of aircraft, would benefit materially by the adoption of such a convention. By codifying diverse and conflicting national laws into an international agreement, the convention would provide, for the first time, international legal recognition of valid financial and property interests in aircraft and aviation equipment. The draft convention presumes to provide reasonable legal security for creditors advancing the large amounts of capital required to purchase fleets of aircraft. Adoption of the Convention, its sponsors believe, would result in new sources of private credit becoming available to prospective aircraft purchasers.

The proposed draft was prepared by the Legal Committee of ICAO at Brussels in September 1947. It represents a substantial compromise between the widely divergent views of the United States and those of many other countries to whom certain American legal concepts and corporate financial procedures were either unfamiliar or totally unknown. Further consideration of the draft convention, however, as the result of an ICAO circular letter of October 1947 requesting comments thereon, has elicited a number of proposed amendments both as to the substance and wording of the Brussels draft. It is now feared that the general agreement achieved at Brussels may have been premature.

The US Delegation to the Geneva meeting has been instructed to oppose an anticipated move by several countries to defer action on the draft by returning it to the Committee for further study. Prolonged debate may be expected and it is possible that the Assembly will not have sufficient time to agree upon a text for signature.

(This is the third of a series of articles considering the principal questions which are expected to arise at this meeting. See also Transportation Group Weeklies of 3 and 10 May.)

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