

couraging overseas as opposed to domestic flights.

Mr. LoFRISCO. Yes; but of course there are two different associations. There is one association of international air carriers and one of domestic air carriers. So that they independently apply to the CAB for their approval of the various agreements and commission structures.

Mr. BYRNES. How is this business of domestic airlines agreeing to reduce their fares 50 percent to foreign visitors supposed to work?

Mr. GRIMES. Well, they will for any visitors that come from abroad, if they buy their ticket abroad or buy it here, if they are a nonresident of the United States they will be able to buy any domestic ticket to any destination at half price. This is what it amounts to.

Mr. BYRNES. All they have to show is that they are not citizens of the United States.

Mr. GRIMES. That is correct. Well, we are not sure yet just how it is going to work out because it just has been introduced.

Mr. BYRNES. Does that have to be approved by CAB?

Mr. LoFRISCO. That is correct. My understanding is that the airlines have come to an agreement among themselves, but the Civil Aeronautics Board so far as I know has not yet acted upon that proposal.

Mr. BYRNES. In other words, what they have done is agree to do this but it still has some of the Government redtape to go through before it becomes a reality?

Mr. LoFRISCO. It needs CAB approval; that is correct.

Mr. BYRNES. Your understanding is that it will cover point to point within the United States, not just the flight from a foreign point to the United States and return?

Mr. GRIMES. That is what I understand. It will cover any air travel in this country taken by a visitor.

Mr. BYRNES. Will it also cover the foreign travel, the Italian who wants to come and visit this country?

Mr. LoFRISCO. There has been a proposal which is now the subject of a discussion with the International Airline Association, I think it is scheduled for tomorrow. They are attempting to reduce the European originating traffic across the North Atlantic, to try to reduce that air fare.

The CHAIRMAN. By 50 percent.

Mr. LoFRISCO. I was not aware of the percentage.

Mr. BYRNES. That will also have to be approved by the CAB?

Mr. LoFRISCO. That is right. So far as the American air carriers are concerned, it will require the approval of the Civil Aeronautics Board.

Mr. BYRNES. There is an international treaty involved here, too.

The CHAIRMAN. If you will yield.

I had understood that it will be required that each and every airline, whether it be an American flag ship or a foreign flag ship, will have to agree to this proposed reduction in rates; otherwise it cannot go into effect because of some agreement we have with respect to rates overseas.

Mr. LoFRISCO. That is correct, Mr. Chairman. There is unanimity rule within the association of international lines. That is why each one of them will have to agree to it. The CAB approval is necessary