

European originating transatlantic charter market. While only 25 percent of U.S. citizens have traveled by air, only 2 percent of the world's population have used air transportation. The *low-cost* features characteristic of air charter travel are *best* able to attract this potential market to air travel. What is true in the U.S. is even more so in Europe.

Apart from the negative impact of travel restrictions, the supplementals, with government cooperation, can make a substantial and positive contribution to the balance of payments. We believe that with the cooperation of the Civil Aeronautics Board in granting necessary authorizations the U.S. supplementals would be able to mount large-scale programs of low-price inclusive tour charters³ which would have the potential of bringing as many as 50,000 additional foreign visitors to the U.S. in 1968 and 150,000 additional in 1969. These additional visitors would be diverted from ITC programs of foreign carriers already in effect serving points in Africa and Asia. See Tables 7 and 8.

To summarize a rather complex regulatory situation, U.S. supplementals are now authorized to perform affinity charters originating in foreign countries but they cannot charter aircraft to foreign tour operators for inclusive tour charters. The CAB has authorized several foreign supplementals to charter to foreign tour operators but has not as yet permitted U.S. supplementals to do so. A further obstacle to the successful promotion of foreign originating ITC programs by U.S. supplementals exists by virtue of the regulatory requirements (1) that the tour or "package" price must exceed 110 percent of the lowest available IATA scheduled fare, and (2) that the tour serve at least three separate points of destination. Each of these requirements serves to increase substantially the minimum price at which an inclusive tour to the U.S. can be offered.

These barriers to large-scale foreign-originating ITC programs by U.S. supplementals can be removed, and the members of NACA have requested the CAB to do so. With CAB assistance, the U.S. supplementals can, as shown below, achieve a significant gain for the U.S. balance of payments position by reaching a vast and thus far largely untapped source of foreign visitors to this country.

A. The European market is accustomed to the inclusive tour

For at least the past ten years inclusive tour charters for vacation travel purposes have been an increasingly substantial factor in the European travel market. This is evident from the following table with respect to ITC traffic carried outbound from the United Kingdom for the period 1961-1966.

TABLE 4.—INCLUSIVE TOUR CHARTER TRAFFIC (OUTWARD PASSENGERS CARRIED), SUMMER SEASONS, 1961-6

[Thousands]			
Year	All airlines	United Kingdom airlines	Foreign airlines
1961.....	295	225	70
1962.....	352	222	130
Increase or decrease (percent).....	+20	-1	+87
1963.....	441	261	180
Increase or decrease (percent).....	+25	+18	+38
1964.....	592	397	195
Increase or decrease (percent).....	+34	+52	+8
1965.....	744	555	188
Increase or decrease (percent).....	+26	+40	-3
1966.....	1,090	898	192
Increase or decrease (percent).....	+47	+62	+2

Source: United Kingdom Board of Trade.

Similar experience is reported for the inclusive tour operations outbound from Berlin as summarized in the following table which included destinations in the following areas: Bavaria, Austria, Italy, Spain, Portugal, Yugoslavia, Denmark, The Netherlands, and areas along the Black Sea and North Africa.

³ The inclusive tour charter enables a supplemental carrier to charter an entire aircraft to a tour operator who assembles in a single low price a package tour subject to certain CAB regulations.