

unnecessary. Important changes are occurring in the airline distribution system, especially the Internet's erosion of the airlines' dependence on the systems, and these developments may eliminate the need for many or all of our rules. 67 FR 69376–63977. Nonetheless, we tentatively concluded that at present rules should be maintained to protect airline competition and consumers. We have requested comment on whether we can eliminate some rules since airlines may have more bargaining leverage against the systems than we have found in past rulemakings, 67 FR 69368, and we will consider comments contending that additional rules can be eliminated or that the rules have become unnecessary.

Our notice of proposed rulemaking established a 60-day comment period and a 30-day reply comment period. Sabre and 18 other parties jointly asked us to extend the comment period by 60 days and the reply comment period by 30 days. We granted that request because providing the additional time was reasonable, due to the complexity of the issues, the length of our notice of proposed rulemaking, and the inclusion of three major holidays within the comment period. 67 FR 72869, December 9, 2002. Giving the parties adequate time for preparing comments will help us, since their comments should then be more thorough. The parties' petition to extend the comment period also included a request to extend the sunset date to September 30, 2003. We stated that we saw no reason to rule on that request and that we would consider that issue early this year. 67 FR 72870.

More recently Sabre filed a petition for a fact hearing. Sabre alleged that our notice of proposed rulemaking did not set forth an adequate factual basis for our proposals. We will address Sabre's request in a separate notice.

Proposed Extension of the Rules' Sunset Date

We have previously extended the sunset date five times, most recently to March 31, 2003. 62 FR 66272, December 18, 1997; 64 FR 15127, March 30, 1999; 65 FR 16808, March 30, 2000; 66 FR 17352, March 30, 2001; and 67 FR 14846, March 28, 2002.

We are again proposing to extend the expiration date for our CRS rules, to January 31, 2004, in order to maintain the rules while we complete our reexamination of the need for the rules and their effectiveness. The time needed for the parties' preparation of comments on our proposed rules, for our consideration of their comments and drafting of a final rule, and for the

review by the Office of Management and Budget ("OMB") will prevent us from issuing revised final rules by March 31, 2003. By changing the sunset date, we would preserve the status quo until we determine which rules, if any, should be adopted. We have tentatively determined that doing so would be in the public interest.

As noted above, in our notice of proposed rulemaking we tentatively concluded that the rules appear to be necessary, at least in the near term, to protect airline competition and consumers against potentially unreasonable and unfair CRS practices, despite the on-going changes in airline distribution and the CRS business, although those changes may well eliminate the need for CRS rules in the longer term. Furthermore, our obligation under 49 U.S.C. 40105(b), formerly section 1102(a) of the Federal Aviation Act, then codified as 49 U.S.C. 1502(a), to act consistently with the United States' obligations under bilateral air services agreements may justify a short-term continuation of the rules. 67 FR 69384. We may decide in our rulemaking that the elimination of all or most of the rules would be consistent with our bilateral agreement obligations. We have asked the parties to comment on that issue. *See, e.g.*, 67 FR 69399.

In addition, any expiration of the current rules could be disruptive, since systems, airlines, and travel agencies have been conducting their operations in the expectation that each system will comply with the rules. Our preliminary regulatory impact assessment tentatively concluded that the continuation of the existing rules would not impose substantial costs on the systems. 67 FR 69421. If the rules are effective, they may also lower the costs for airline participants and increase the efficiency of travel agency operations. Thus, we tentatively believe that we should maintain the CRS rules in effect for 10 more months, during which we intend to make our final decision on whether CRS rules should be readopted and, if so, with what changes. As stated above, we recognize the importance of adopting final rules that reflect current conditions in the CRS and airline distribution businesses, and we intend to complete our reexamination of our rules as soon as reasonably possible.

Regulatory Process Matters

Regulatory Assessment

This rulemaking is a significant regulatory action under section 3(f) of Executive Order 12866 and has been reviewed by the Office of Management and Budget under that order. The

proposal is also significant under the regulatory policies and procedures of the Department of Transportation, 44 FR 11034.

Maintaining the current rules for an additional 10 months should not, however, burden the systems with significant costs. Our notice of proposed rulemaking includes a preliminary regulatory assessment that explains why the existing rules do not appear to impose a significant burden on the systems or their users. 67 FR 69418–69423. We think the regulatory assessment included in our notice of proposed rulemaking should be applicable to our proposal to extend the rules' sunset date and that no new regulatory impact statement appears to be necessary. However, we will consider comments from any party on that analysis before we make this proposal final.

This rule would not impose unfunded mandates or requirements that would have any impact on the quality of the human environment.

Small Business Impact

Congress enacted the Regulatory Flexibility Act of 1980, 5 U.S.C. 601 *et seq.*, to ensure that small entities are not unnecessarily and disproportionately burdened by government regulations. The act requires agencies to review proposed regulations that may have a significant economic impact on a substantial number of small entities. For purposes of this rule, small entities include smaller U.S. airlines and smaller travel agencies.

This notice of proposed rulemaking sets forth the reasons for our proposed extension of the rules' expiration date and the objectives and legal basis for that proposed rule.

Our notice of proposed rulemaking on our overall reexamination of the CRS rules contains a tentative regulatory flexibility analysis on the rules' impact. That analysis appears to be valid for our proposed extension of the rules' termination date. Accordingly, we adopt that analysis as our tentative regulatory flexibility statement. We will consider any comments filed on that analysis in response to this proposal.

Our proposed rule contains no direct reporting, record-keeping, or other compliance requirements that would affect small entities. There are no other Federal rules that duplicate, overlap, or conflict with our proposed rules.

Interested persons may address our tentative conclusions under the Regulatory Flexibility Act in their comments submitted in response to this notice of proposed rulemaking.