

**BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.**

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Application of)	Docket No. OST-00-
)	
C.A.L. Cargo Air Lines Ltd.)	
)	
for an initial foreign air carrier)	
permit pursuant to 49 U.S.C. ' 41302)	
and 14 C.F.R. Part 211.20)	
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**Communications with respect to the
above should be addressed to:**

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**NOTICE: ANY PERSON WHO WISHES TO SUPPORT OR OPPOSE THIS
APPLICATION MUST FILE AN ANSWER WITH THE DEPARTMENT OF
TRANSPORTATION AND SERVE A COPY ON THE APPLICANT AND ALL OF THE
PERSONS SERVED WITH THIS APPLICATION BY MAY 4, 2000.**

**IT IS REQUESTED THAT THIS APPLICATION BE PROCESSED UNDER SUBPART B
OF THE DEPARTMENT'S REGULATIONS.**

Dated: April 13, 2000

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DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.**

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and 14 C.F.R. Part 211.20)	
)	

C.A.L. Cargo Air Lines Ltd. (C.A.L.) hereby submits this Application, pursuant to 49 U.S.C. § 41302 (formerly § 402 of the Federal Aviation Act of 1958, as amended) and Part 211.20 of the Department's Economic Regulations, for an initial foreign air carrier permit to provide foreign air transportation of property and mail between Tel Aviv and New York (JFK) \ Chicago (O'Hare) via Luxembourg and Gander, Newfoundland and to provide all cargo foreign air transportation under charter pursuant to the provisions of 14 C.F.R. Part 212. C.A.L. requests that its Application be processed in accordance with the simplified nonhearing procedures of Subpart B of the Department's Rules of Practice, 14 C.F.R. §§ 302.201, *et seq.* Concurrent with the filing of this Application, C.A.L. is applying for exemption authority pursuant to 49 U.S.C. § 40109(c). C.A.L. is fit, willing, and able to provide the foreign air transportation for which authority is requested and will comply with the Federal Aviation Act of 1958, as amended, and with all regulations promulgated by the Secretary of the Department of Transportation.

In support of this Application, C.A.L. states the following:

Request No. 1:

State the name and address of the applicant, the nature of its organization (individual, partnership, corporation, etc.), and, if other than an individual, the name of the country under the laws of which it is organized and the statutory citation of such laws, if any. 221.20(a).

Response:

C.A.L., whose address is 11 Galgalei Haplada Street, Herzliya, 46722, Israel, is a corporation organized and incorporated under the Israeli Companies Ordinance [New Version] 1983.

Request No. 2:

State the name and official address of the government air transport authority of applicant's country of citizenship having regulatory jurisdiction over applicant. 211.20(b).

Response:

The Israel Ministry of Transport, Civil Aviation Administration, at P.O. Box 8, 70100 Ben Gurion International Airport, has regulatory jurisdiction over C.A.L.

Request No. 3:

Supply the following information regarding the services proposed:

- (1) A complete statement of the authority sought; and
- (2) A description of the services proposed, specifying:
 - (i) The point or points in the United States proposed to be served;
 - (ii) The frequency of service planned at the start of operations, indicating any seasonal variations; whether the service proposed is to be scheduled,

nonscheduled or charter; whether the service would be passenger, or property and mail, or a combination; and the type of equipment (and configuration) to be used; and

- (iii) A service schedule stating the manner in which the service will be operated (e.g., nonstop or multi-stop, and the identity of proposed intermediate traffic and nontraffic points). 211.20(c).

Response:

C.A.L. requests an initial foreign air carrier permit, and by corresponding application, exemption authority, to provide scheduled foreign air transportation of property and mail pursuant to 49 U.S.C. 41301 and all cargo charter service pursuant to the Department's regulations.

C.A.L. proposes to commence service on or about May 16, 2000 between Tel Aviv and New York (JFK) utilizing Boeing 747-200 freighter aircraft. Specifically, C.A.L. proposes to provide service in accordance with the following schedule:

			DEPARTURE (GMT)	ARRIVAL (GMT)
ICL 2901	TLV/JFK	via LUX	Friday 2330	Saturday 1630
ICL 2902	JFK/TLV	via LUX	Saturday 2030	Sunday 1100
ICL 2903	TLV/JFK	via LUX	Tuesday 2330	Wednesday 1630
ICL 2904	JFK/TLV	via LUX	Wednesday 2030	Thursday 1100

The flights will make one stop in Luxembourg and an additional technical stop in Gander, Newfoundland. This service initially will be provided pursuant to an arrangement with CargoLux Airlines International, S.A. ("CargoLux") under which C.A.L. will wet-lease aircraft to CargoLux until November 2000. Thereafter, C.A.L. will provide service to New York (JFK) and Chicago (O'Hare)

via Luxembourg and Gander under its own designator code. This service also will be operated with Boeing 747 freighter aircraft.

Request No. 4:

Provide the names, addresses (both residence and business), and citizenship of all Directors, Officers and key management personnel, including the President, Vice Presidents, the Directors or Supervisors of Operations, Maintenance, and Finance, and the chief pilot and chief inspector. Indicate whether any of these persons are related by blood or marriage. 211.20(d).

Response:

The names, titles, addresses and citizenship of C.A.L.'s Directors, Officers and key management personnel are attached hereto as Exhibit A. None of these individuals are related by blood or marriage.

Request No. 5:

Provide the names and citizenship of all persons holding five percent (5%) or more of the capital stock or capital of the applicant. Also indicate the number and percentage of shares of stock or percentage of capital held by each. If five percent or more of the applicant's stock is held by a corporation or partnership, set forth the name and citizenship of each person holding five percent or more of the entire capital stock or capital of that corporation or partnership and the respective interest of each. If any shares are held for the benefit of another person, give the name and citizenship of that person. 211.20(e).

Response:

The following corporations hold five percent (5%) or more of the capital stock of C.A.L.:

<u>Name</u>	<u>Share</u>
1. Nir Shitufi National Cooperative Society for the Settlement of Hebrew Workers in Israel	33%
2. The Vegetable Production and Marketing Board	33%
3. The Production and Marketing Board of Ornamental Plants	33%

The following persons hold five percent (5%) or more of the above-listed stock holders.

The Vegetable Production and Marketing Board:

<u>Name</u>	<u>Share</u>
The Government of Israel	100%

The Production and Marketing Board of Ornamental Plants:

<u>Name</u>	<u>Share</u>
The Government of Israel	100%

Request No. 6:

If the applicant is not wholly owned by its homeland government, state whether the applicant (each officer, director, manager, or holder of five percent or more of the capital stock) holds any interest directly or indirectly (through brokers or holding companies) in any of the entities listed below.

If no interest is held, so state.

- (1) Any U.S. carrier;
- (2) Any other foreign air carrier;
- (3) Any persons engaged in the business of aeronautics; and

- (4) Any common carrier, or any person whose principal business is the holding of stock in, or control of, any air carrier. 3 211.20(f).

Response:

None of the directors, officers, key management personnel or shareholders of C.A.L. have any direct or indirect interest in any U.S. carrier, other foreign air carrier, persons engaged in the business of aeronautics, common carriers, or persons whose principal business is the holding of stock in, or control of, any air carrier.

Request No. 7:

Indicate the relationship between the applicant and its homeland government. If the applicant is wholly owned or substantially owned by the government, indicate which governmental department has responsibility for managerial decisions. 3 211.20(g).

Response:

C.A.L. is a private corporation. As mentioned above, 66% of its capital stock is held by two agricultural boards established pursuant to Israeli statute. While these two boards have authority, under law, to conduct business as any private corporation, major decisions of their respective managements, including approval of the annual budgets, are subject to the approval of the Minister of Agriculture and the Minister of Trade and Industry.

Request No. 8:

State whether the applicant=s insurance coverage meets or exceeds the liability limits of 14 CFR Part 205. State the name(s) of the insurance carrier(s). 3 211.20(h).

Response:

C.A.L.'s liability insurance coverage exceeds the minimum requirements of 14 CFR Part 205.

C.A.L. will supplement this Application with a copy of its insurance certificate.

Request No. 9:

Supply certified evidence, in English, of the applicant's operating authority issued by its government that relates to the operations proposed. The evidence must include a description of the applicant's present authority, the expiration date of this authority, and the manner in which it is expected to be renewed. 211.20(i).

Response:

A copy of C.A.L.'s authority, issued by the Government of Israel, to engage in all cargo foreign air transportation service between Israel and the United States, accompanied by an English translation of the authority, is attached hereto as Exhibit B.

Request No. 10:

Summarize the operating history of the applicant. Include the types of transportation services rendered, points served, etc., from the beginning of operations to the present. Also, if the applicant is a new airline (i.e. an airline that began direct air services within the past 12 months), briefly summarize the business experience of each officer, director and key management personnel, emphasizing any air transportation experience. 211.20(j).

Response:

C.A.L. was incorporated on July 15, 1976 by Israeli agricultural organizations. Its primary

objective was to offer the agricultural sector in Israel convenient and economical air transport to Europe. Until 1999, C.A.L.'s operating authority was limited to leased aircraft. In late 1999, C.A.L. was awarded an unrestricted license to operate foreign air transportation to and from Israel. In order to be able to perform the service, C.A.L. purchased, towards the end of 1999, one Boeing 747-200F aircraft from Atlas Air. Operations with this aircraft began in December 1999 between Israel and Europe. On the outgoing leg C.A.L. transports mainly agricultural products and, on the incoming leg, C.A.L. transports mainly industrial products. C.A.L. has a European hub in Liege, Belgium and is headquartered in Herzliya, Israel.

Request No. 11:

Provide a list of the aircraft owned, leased and operated by the applicant. State each aircraft registration number and the country of registration. If leased, state the address and citizenship of each lessor. Describe any plans for the acquisition or lease of additional aircraft if the present permit application is granted as proposed. If any of the listed aircraft will not be used exclusively by the applicant, explain its proposed use. State whether any aircraft are or will be wet-leased. § 211.20(k).

Response:

C.A.L. has a fleet of one aircraft which is registered in Israel (registration number 4X-ICL), which it will operate to provide the proposed service. C.A.L. does not plan to wet lease aircraft. C.A.L. does, however, initially plan to operate to New York (JFK) under a wet-lease arrangement with CargoLux. C.A.L. will provide fully qualified licensed crew and will be responsible for the maintenance of the aircraft. The aircraft will remain at all times under C.A.L.'s exclusive direction and operational control. Beginning in December 2000, C.A.L. will provide service to New York (JFK) and Chicago

(O'Hare) under its own designator code. Towards the end of 2000, C.A.L. intends to purchase an additional Boeing 747 freighter aircraft.

Request No. 12:

State where and by whom the maintenance of the aircraft is or will be performed. State whether the applicant's maintenance program complies with the provisions of ICAO Pilots and Airmen Annexes 1, 6 (Part 1) and 7. Also state whether the applicant's home country is a contracting State to the Convention on International Civil Aviation. 211.20(l).

Response:

Maintenance of the aircraft in Israel will be performed by GE-IAI, a company jointly owned and operated by General Electric Corporation and Israel Aircraft Industries Ltd. In the United States, maintenance will be performed under contractual arrangements with service providers currently available at John F. Kennedy Airport and Chicago (O'Hare). C.A.L.'s maintenance program complies with the provisions of ICAO Pilots and Airmen Annexes 1, 6 (Part 1) and 7. C.A.L.'s home country, Israel, is a party to the Convention on International Civil Aviation.

Request No. 13:

Briefly describe any agreements or cooperative working arrangements (e.g., block-space, wet-lease), both oral and written, entered with and between the applicant, or on behalf of the applicant, and any U.S. or foreign air carrier, affecting the proposed services to the United States that are not on file with the Department. If there are no such agreements, so state. 211.20(m).

Response:

C.A.L. has entered into an arrangement with CargoLux, a foreign air carrier, for the provision of wet lease service to the United States. Under this arrangement, C.A.L. will wet lease its aircraft to CargoLux which will provide service on the Tel Aviv, Israel - New York (JFK) routing until November, 2000. C.A.L. will submit the appropriate application to the Department regarding this wet lease arrangement shortly.

Request No. 14:

Supply financial data summaries setting forth in U.S. dollars the applicant's profit and loss statements and balance sheets for the two most recent available years (calendar or fiscal). These summaries must be accompanied by a statement from the applicant's official responsible for preparation of the summaries that the submissions are complete and accurate. These summaries must include the following data, but need not be more detailed than the financial data summaries published by ICAO:

- (1) The profit and loss summary shall identify:
 - (i) Total air transport operating revenues (separated into three categories: passenger, cargo, and other transport revenues);
 - (ii) Total air transport operating expenses;
 - (iii) Operating result (difference between (i) and (ii));
 - (iv) Non-operating items; and
 - (v) Profit or loss after income taxes.
- (2) The balance sheet summary shall state and identify:
 - (i) Current assets;

- (ii) Flight equipment (after depreciation);
- (iii) Other assets;
- (iv) Total assets (sum of (i) through (iii));
- (v) Current liabilities;
- (vi) Other liabilities;
- (vii) Long-term debt;
- (viii) Capital stock;
- (ix) Retained earnings (balance including capital surplus); and
- (x) Total liabilities and equity (sum of (v) through (ix)). ǎ 211.20(n).

Response:

The financial data summaries are attached hereto as Exhibit C.

Request No. 15:

Describe the amount, type and reason for financial assistance received or expected from the applicant=s home government, if any. ǎ 211.20(o).

Response:

C.A.L. receives limited financial assistance from the Government of Israel in the form of a reimbursement of 50% of its expenditures on security of cargoes.

Request No. 16:

Submit an estimate showing the total traffic and the financial results of the proposed services for the first full year of normal operations and the supporting data employed to calculate the financial forecast. ǎ 211.20(p).

Response:

C.A.L.'s forecasts of its total traffic and financial results for the Tel Aviv-New York (JFK) service are attached as Exhibit D.

Request No. 17

If the air transportation proposed is not covered by an air transport agreement, state in narrative form each of the elements of reciprocity or comity relied upon for the requested authority. If the authority requested is governed by an agreement, state whether the applicant has been formally designated by its homeland government, and, if so, cite the diplomatic note. 211.20(q).

Response:

The air transportation proposed herein is governed by the Air Transport Agreement between the Government of the United States of America and the Government of Israel, as amended by Protocol, signed on August 16, 1978, 29 U.S.T. 3144, and by principles of comity and reciprocity. Pursuant to the Protocol, carriers, designated by Israel, may operate between Israel and several points, including Luxembourg, to New York and four additional points in the United States. Israel has chosen Chicago as one of these additional points. Pursuant thereto, C.A.L. has been awarded license authority to provide this service. A formal diplomatic note, however, has not been issued. Although the Air Transport Agreement does not specifically provide for service to the United States via Gander, Newfoundland, authority to conduct this service should be granted on the basis of comity and reciprocity. The United States and Israel have an excellent aviation relationship and grant of this authority will further strengthen this relationship enjoyed by both countries.

Request No. 18:

To the extent not described in Request 17, state the policy of the applicant=s homeland government with respect to U.S. carriers= applications for scheduled and charter authority. Specifically state whether the homeland government grants Fifth Freedom traffic rights to U.S. carriers. 3 211.20(r).

Response:

Pursuant to the Air Transport Agreement between Israel and the United States, as amended, U.S. air carriers are granted Fifth Freedom traffic rights.

Request No. 19:

For the preceding 5 years, state whether the applicant has been involved in any safety or tariff violations or any fatal accidents. If so, furnish details. 3 211.20(s).

Response:

C.A.L. has not been involved in any safety or tariff violations or any fatal accidents.

Request No. 20:

Submit 3 completed copies of OST Form 4523 (Waiver of liability limits under the Warsaw Convention). 3 211.20(t).

Response:

Three completed copies of OST Form 4253 are attached hereto as Exhibit E.

C.A.L. is fit, willing and able to perform the foreign air transportation for which authority is requested, to conform to the provisions of the Federal Aviation Act of 1958 (as amended), and the rules and regulations promulgated thereunder. The services proposed herein would provide the benefits of competition for shippers in the United States and Israel and are authorized by the United States-

Israel Air Transport Agreement, as amended, and, accordingly, approval of the requested authority is in the public interest.

Based on the information provided in this Application and the Exhibits attached hereto, issuance of an initial foreign air carrier permit will not constitute a major regulatory action as provided for in the Energy Policy and Conservation Act of 1975 and 14 CFR Part 313.

WHEREFORE, C.A.L. respectfully requests that the Department issue a foreign air carrier permit pursuant to Section 402 of the Federal Aviation Act of 1958, as amended, authorizing it to engage in the foreign air transportation listed above, together with such additional relief as the Department may deem appropriate.

Dated: April 13, 2000

Respectfully submitted,

Thomas J. Whalen
Evelyn D. Sahr
Michelle R. Johnson
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Washington, D.C. 20036
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Attorneys for C.A.L. Cargo Air
Lines, Ltd.

Of Counsel:

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Suite 1450

Los Angeles, CA 90067

VERIFICATION

I, Evelyn D. Sahr, attorney for C.A.L. Cargo Air Lines, Ltd. ("C.A.L."), hereby state that, as evidenced by the attached power of attorney, I am duly authorized to execute this Verification on behalf of C.A.L. and that I have read the document and that the information stated in this Application, together with the Exhibits attached hereto, is true and complete to the best of my knowledge and belief.

Date: April 13, 2000

Evelyn D. Sahr

**DIRECTORS, OFFICERS AND KEY MANAGEMENT PERSONNEL
OF C.A.L. CARGO AIRLINES LTD.**

NAME	POSITION	BUSINESS TEL . FAX E-MAIL	HOME ADDRESS	HOME TEL .	CITIZENSHIP
Mr. Arie Nechamkin	Chairman	TEL.: 972-9-952-6669 FAX: 972-6-641-5161 E-MAIL:	MOSHAV NAHALAL	972-6-651-5879	ISRAEL
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Mr. Jacob Siton	Director	TEL.: 972-3-695-7985 FAX: 972-3-695-9766 E-MAIL:	MOSHAV YESHA 85430	972-7-996-5393	ISRAEL
Mr. Eitan Ben-David	Director	TEL.: 972-3-561-2718 FAX: 972-3-561-2717 E-MAIL:	MOSHAV MAZOR		ISRAEL
Mr. Danny Brunner	Director	TEL.: 972-3-563-2980 FAX: 972-3-561-4672 E-MAIL:	KIBUTZ CABRI	972-4-995-2302	ISRAEL
Mr. Zvi Rubin	Director	TEL.: 972-7-998-7201 FAX: 972-7-998-7230	KIBUTZ NIR OZ		ISRAEL

NAME	POSITION	BUSINESS TEL . FAX E-MAIL	HOME ADDRESS	HOME TEL .	CITIZENSHIP
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Mr. Gidon Rayf	Director	TEL.: 972-3-561-5026 FAX: 972-3-561-2646 E-MAIL:	MOSHAV GIVAT CHEN	972-744-5075	ISRAEL
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Mr. Jacob Carmi	Director- Maintenance	TEL.: 972-9-952-6683 FAX: 972-9-951-3232 E-MAIL: CarmiJ@cal.co.il		972-9-950-4264	ISRAEL
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Mr. Mordechai Stopper	Chief Pilot	TEL.: 972-9-952-6658 FAX: 972-9-951-3232 E-MAIL:	YARDEN 9 TALPIOT JERUSALEM	972-2-673-4093	ISRAEL

ESTIMATE OF TOTAL TRAFFIC (TONS)

ISRAEL – U.S.A. – ISRAEL

TRAFFIC SOURCE	HIGH	MOST LIKELY	LOW
Export to U.S.A.		10,400	
Import from U.S.A.		7,540	
Total		17,940	

REVENUES (\$)
FOR THE FIRST FULL YEAR OF OPERATION

REVENUE SUMMARY

ANNUAL TRAFFIC	HIGH RATE	LOW RATE
High		
Medium	29,200,000	
Low		

DATA USED TO CALCULATE FINNANCIAL FORECAST:

- U.S. AND ISRAEL GOVERNMENT INSTITUTIONS
- EMBASSIES
- IMF, WORLD BANK
- HANDLING AGENTS
- AIRLINES

EXHIBIT A

EXHIBIT B

EXHIBIT C

EXHIBIT D

EXHIBIT E