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August 19, 1997

BY HAND

Mr. Paul Gretch
Director
Office of International Aviation
U.S. Department of Transportation
Room 6402
400 Seventh Street, S.W.
Washington, D.C. 20590

Re: Air Canada -- Wet Lease of Aircraft to Air New Zealand

Dear Mr. Gretch:

Pursuant to 14 C.F.R. Part 212, Air Canada hereby applies for a Statement of Authorization so that Air Canada may enter into a wet-lease arrangement with Air New Zealand.

Under the terms of this arrangement, Air Canada will provide Air New Zealand with a B-767-300 aircraft with crew, which would be operated on a Vancouver-Honolulu routing. The service is to operate twice a week -- Wednesdays and Sundays -- on a roundtrip basis. The arrangement is scheduled to commence on October 29, 1997. The flights at issue will be held out by Air New Zealand in conjunction with Air New Zealand's Auckland-Honolulu-Vancouver service. (Air New Zealand operates its own aircraft on the Honolulu-Auckland flight segment.)

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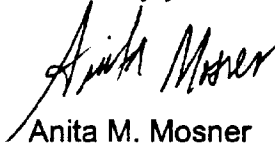
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Approval of this proposed wet-lease arrangement would be fully consistent with the public interest. Air Canada holds exemption authority to offer both scheduled and nonscheduled air transportation between any point in the United States and any point in Canada. See DOT Order 95-4-30 (Docket 50212).² The Government of Canada previously has approved wet-lease services similar to the one proposed herein. Therefore, approval of this service would be warranted on the basis of reciprocity. Moreover, the United States and New Zealand recently concluded an Open Skies arrangement which expressly authorizes the operation of wet-lease services.

In order to satisfy the need for Air Canada and Air New Zealand to finalize the commercial details pertaining to this arrangement in a timely manner, Air Canada requests that approval of this service be granted no later than September 2, 1997.

Please feel free to call me if you have any questions.

Sincerely yours,



Anita M. Mosner
Counsel for
Air Canada

Attachment

cc: Service List

² Air Canada will not be holding out any service to New Zealand pursuant to this arrangement.