

ATTACHMENT

By letter dated July 7, 1998, Northwest Airlines urges us to limit the duration of Aerolitoral's authority to wet lease to Aeromexico to 179 days (not to make a one-year grant, as the applicant requests). In support, Northwest notes that Mexican authorities continue to limit the duration of its code-share operation with Alaska Airlines to periods of six months and believes that if the Department limits Mexican carriers' requests for statements of authorization to 179 days, such actions will send a clear message to the Government of Mexico to resolve the on-going bilateral code-share issues.

By letter dated July 8, 1998, Aerolitoral responded to Northwest's position, asserting that we should grant its wet-lease request for one year. In support, Aerolitoral notes that the subject wet-lease application does not request authority to code-share, and that it is not aware of any instances where Mexican authorities have acted unfavorably on analogous requests.

We have decided to grant Aerolitoral authority to wet lease small equipment to Aeromexico through July 8, 1999, coextensive with Aeromexico's underlying authority to conduct scheduled operations in the Monterrey-Brownsville market. We find that the proposed operation meets the requirements of Part 212 and is in the public interest.

In taking this action, we note that our overall aviation relationship with Mexico supports grant of this authority and note that there is no evidence in the record of this case showing that Mexican authorities would act unfavorably on analogous wet-lease requests by U.S. carriers, or would limit durations of such authority to only six months. We also note that the operation proposed by Aerolitoral will enable Aeromexico to conduct bilaterally-agreed services in the U.S.-Mexico market.

As a final matter, we emphasize that we share Northwest's desire for an acceptable code-share arrangement with Mexico. Moreover, we expect favorable action on analogous wet-lease requests filed by U.S. carriers with the Government of Mexico. Should such favorable action not be forthcoming, we reserve our right to alter our decision in this case.