

98-439

August 10, 1998

**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

Approved under authorized authority \*  
on August 26, 1998;  
through 8/26/2000; No Renewal pending.  
*Albert F. Brewster*  
Director, Office of International  
Aviation  
\*subject to our standard  
codeshare conditions.

**Re: Joint Application of Air Canada and Air New Zealand  
for Statements of Authorization**

Dear Mr. Gretch:

Pursuant to 14 C.F.R. § 212.4, Air Canada and Air New Zealand apply for statements of authorization which would permit Air Canada to display Air New Zealand's "NZ" designator code on flights operated by Air Canada between any point or points served in the United States by Air New Zealand, and any point or points in Canada; and which would permit Air New Zealand to display Air Canada's "AC" designator code on flights operated by Air New Zealand between any point or points in the U.S., and any point or points in New Zealand.

Both Air Canada and Air New Zealand hold the necessary underlying economic authority. Air Canada holds a foreign air carrier permit authorizing it to operate scheduled service between any points in the United States and any points in Canada. Order 98-5-11. Under the 1995 Canada-U.S. Open Skies Agreement, Canadian carriers may hold out service to any point beyond the United States on a blind sector basis. Air New Zealand holds an exemption, pending final action on its application to amend its foreign air carrier permit, to conduct scheduled services between points behind New Zealand, via New Zealand and intermediate points, to points in the United States and beyond (see Notice of Action Taken March 31, 1998, confirmed by Order 98-7-13, and Order 90-10-50).

Under this arrangement, Air Canada would hold out service to and from New Zealand by placing its code on U.S.-New Zealand services operated by Air New Zealand, connecting with Air Canada's U.S.-Canada services, and Air New Zealand would hold out services to points in Canada by placing its code on U.S.-Canada flights operated by Air Canada, connecting with Air New Zealand's U.S.-New Zealand services. In addition, the code-share would allow Air New Zealand to hold out services between Canada, on one hand, and the United States and points in the South Pacific, on the other. Air Canada will not hold out Fifth Freedom services between the United States and New Zealand.

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Approval of these statements of authorization would be fully consistent with the public interest, and authorized under applicable bilateral air service agreements. Third-country code sharing is provided for under both the Canadian and the New Zealand open skies bilateral agreements with the United States. See, Air Transport Agreement Between the Government of the United States and the Government of Canada, paragraph 6 of Article 10, and the Agreed Minute signed by the Government of the United States and the Government of Canada, dated November 18, 1997; U.S.-New Zealand Air Transport Agreement signed June 18, 1997, paragraph 7(b) of Article 8. The Open Skies agreement between the United States and New Zealand incorporates Fifth Freedom traffic rights for Air New Zealand. The Air Canada-Air New Zealand code-sharing operation would greatly expand the transportation options for passengers and shippers and is plainly in the public interest.

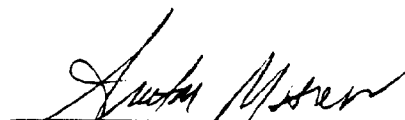
Initially, the reciprocal code-share will cover Air Canada's Vancouver-Honolulu and Toronto-Los Angeles services, connecting with Air New Zealand's Honolulu/Los Angeles-New Zealand services.

Air Canada and Air New Zealand request approval of this service for an indefinite period. Air Canada and Air New Zealand plan to begin to market this cooperative service on August 24, 1998. Accordingly, Air Canada and Air New Zealand request that DOT take favorable action on this application on or before August 17, 1998. Air Canada and Air New Zealand will serve all interested parties by facsimile, and will poll to determine whether there are any objections to this application.

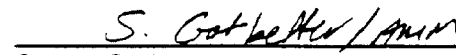
Air Canada and Air New Zealand intend to comply with the provisions of 14 C.F.R. § 399.88 concerning the display and marketing of code-share services.

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

Sincerely yours,

  
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