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December 8, 1998

Mr. George Wellington, Chief  
 Foreign Carrier Licensing Division  
 Office of International Aviation  
 Department of Transportation  
 400 Seventh Street, S.W., Room 6412  
 Washington, D.C. 20590

Re: Application of Aerolitoral S.A. de C.V. for Statement of  
 Authorization to Wet Lease to Aerovias de Mexico, S.A. de C.V.

Dear Mr. Wellington:

Pursuant to 14 C.F.R. § 212.5 of the Department's Economic Regulations, Aerolitoral S.A. de C.V. ("Aerolitoral") requests renewal of its Statement of Authorization allowing it to wet lease aircraft on a long-term basis to Aerovias de Mexico, S.A. de C.V. ("Aeromexico"), a flag carrier of Mexico, for the provision of service in the Monterrey-Houston market. Aerolitoral requests that the authorization be effective for one additional year. By this application, Aerolitoral intends to invoke the automatic extension provisions of 5 U.S.C. § 558(c) and Part 377 of the Department's Special Regulations. In support of this application, Aerolitoral submits the following:

1. Aerolitoral, a wholly-owned subsidiary of Cintra S.A. de C.V., is a flag carrier of the United Mexican States and currently holds exemption authority to operate passenger charters between points in Mexico and points in the U.S. Notice of Action Taken, Docket OST-97-2619. Pursuant to statements of authorization, Aerolitoral currently conducts wet lease operations for Aeromexico in a number of Mexico-U.S. transborder markets including Monterrey-Houston.

2. Aeromexico, also a wholly-owned subsidiary of Cintra, S.A. de C.V., is a flag carrier of the United Mexican States and currently holds a foreign air carrier permit which authorizes service between Mexico and numerous U.S. points. Order 91-5-25. Pursuant to its permit and various exemption authorities, Aeromexico provides extensive service between Mexico and the United States. It holds permit authority to serve the Monterrey-Houston market.

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3. Under the arrangement, Aerolitoral is providing to Aeromexico Metro III aircraft or other small aircraft with crew for the operation of service in the Monterrey-Houston market under Aeromexico's name.

4. If the authorization is renewed, Aerolitoral will provide fully qualified and licensed crews and will be responsible for maintenance of the aircraft. The aircraft will be under the exclusive possession, direction and operational control of Aerolitoral, and the Aerolitoral captain will have complete discretion concerning preparation and flight of the aircraft.

5. Grant of the requested authority is in the public interest because it will permit Aeromexico to expand service in the Monterrey-Houston market with aircraft better suited to the market demand and in a more economical and efficient manner.

6. The situation here is no different than past instances where the Department has granted foreign and U.S. carriers authority to wet lease aircraft to foreign airlines. Aerolitoral already holds Department authority to operate wet lease services for Aeromexico in the Guaymas-Tucson and Hermosillo-Phoenix markets. In addition, the Department's Summary of Applications is replete with approvals of wet lease arrangements between two foreign airlines. For example, the Department recently has approved such arrangements between TAESA and STAF, TACA and TACA de Honduras, TACA and NICA, VASP and Ecuatoriana, and Lan Chile and Fast Air.

7. With regard to reciprocity, the Direccion General de Aeronautica Civil of Mexico has approved numerous cooperative arrangements between Mexican and U.S. airlines. That being the case, Aerolitoral has no reason to believe that the DGAC would not permit a wet lease arrangement between two U.S. airlines for transborder service.

For all the foregoing reasons, Aerolitoral respectfully requests that the Department grant a statement of authorization to conduct the proposed operations. Two additional copies of this letter are enclosed. Copies of the application have been served by U.S. mail upon those persons shown on the attached service list.

Very truly yours,



William C. Evans  
Counsel for Aerolitoral,  
S.A. de C.V.