

# KIRKLAND & ELLIS

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December 22, 1998

Paul L. Gretch, Director  
Office of International Aviation  
Department of Transportation  
400 Seventh Street, SW  
Room 6402  
Washington, D.C. 20590

RE: Application of United Air Lines, Inc. for Statement of Authorization (Air Canada: MIA-CCS)

Dear Sir:

United Air Lines, Inc. ("United") hereby requests a Statement of Authorization pursuant to 14 CFR Part 212 to allow it to display the designator code of Air Canada ("AC") on United's scheduled service between Miami, Florida, and Caracas, Venezuela. United operates daily Miami-Caracas service with B-757 aircraft. In support of its application, United submits the following:

Both United and Air Canada hold the necessary underlying economic authority. By Order 92-7-9, the Department granted United a certificate of public convenience and necessity to provide services on Route 632 (Segment 1) between, inter alia, Miami and Caracas. 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. See Order 98-5-11. Air Canada is authorized by the governments of Canada and Venezuela to offer scheduled services between points in these countries.

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. The passengers carried by United under the AC\* code between Miami and Caracas will be passengers transported on AC

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flights between Canada and Miami. In other words, the MIA-CCS services will be a blind sector so far as concerns AC\* traffic.<sup>1</sup>

Third-country carrier code sharing is provided for under the Canadian open skies bilateral agreement 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. Third-country carrier code sharing to Venezuela involving U.S. carriers is supported under principles of comity and reciprocity. For example, a Costa Rican carrier (LACSA) recently requested authority from the Department to code share for a Venezuelan carrier (Aerpostal) between Caracas and San Juan, Puerto Rico.

Approval of this United/Air Canada code share is fully consistent with the public interest. United's display of Air Canada's code will offer additional online carrier competition for Canada-Venezuela traffic. Carriage of this Air Canada traffic will also make United more competitive in providing U.S.-Venezuela service. See, e.g., DOT, U.S. International Air Transportation Policy Statement (April 1995) at 3-6, 60 Fed. Reg. 21841-2 (May 3, 1995). The Department has also approved similar code-share arrangements involving American Airlines, Inc., and its Canadian flag partner, Canadian Airlines International, Inc. ("CAI"). See, e.g., Statements of Authorization #'s 97-70 (November 7, 1997) and 97-97 (January 21, 1998).

Indeed, Canada-Venezuela is the only market in South America which Air Canada is designated by its government to serve under Canada's "single designation" policy. United has urged the U.S. to seek a relaxation of that policy so that the United/Air Canada alliance can be more competitive with the American/CAI alliance which has been accorded preferential treatment by Canada for services between Canada and Latin America. Approval of this code share to Venezuela will be an important first step in the direction of inter-alliance competition between Canada and Latin America.

United's participation in the Civil Reserve Air Fleet program ("CRAF") will not be affected by the requested authority. The agreements between United and Air Canada under which this service will be operated are already on file with the Department.

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<sup>1</sup> See, e.g., Statement of Authorization #98-87 granting United a statement of authorization to display Air Canada's designator code between Los Angeles and Auckland, New Zealand. Approval dated September 15, 1998.

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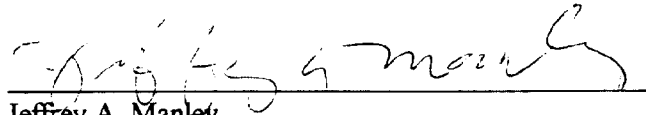
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For the reasons stated above, United requests approval of this statement of authorization for an indefinite period subject to the normal conditions. Approval of this statement of authorization would be fully consistent with the public interest, and is authorized under applicable bilateral air service agreements.

A check in the amount of \$8.00 is enclosed.

Respectfully submitted,



Jeffrey A. Manley  
Counsel for  
UNITED AIR LINES, INC.

cc: Service List

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