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**BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.**

DEPARTMENT OF TRANSPORTATION
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DOCKET SECTION

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Joint Application of

AEROFLOT RUSSIAN INTERNATIONAL
AIRLINES

Docket OST-97- 3092

for an exemption from 49 U.S.C. § 41301
.....

.....
Application of

CONTINENTAL AIRLINES, INC.

for an exemption pursuant to § 40109 (Miami-Moscow)
.....

.....
Joint Application of

Undocketed

AEROFLOT RUSSIAN INTERNATIONAL
AIRLINES, CONTINENTAL AIRLINES, INC.
AND CONTINENTAL EXPRESS, INC.

for statements of authorization under Parts 207 and
Part 212 of the Department's Regulations to engage
in code-sharing
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Communications with respect to this document should be addressed to:

PAUL B. GAINES, Director
HOYT L. BROWN, Deputy Director
Department of Aviation,
City of Houston
16930 John F. Kennedy Blvd.
Houston, TX 77032
(281) 233-3000

RAYMOND J. RASENBERGER
RACHEL B. TRINDER
BIANCA C. BENNETT
Zuckert, Scutt & Rasenberger, L.L.P.
888 Seventeenth Street, N.W.
Washington, D.C. 20006
(202) 298-8660

MIGUEL R. SAN JUAN
President, World Trade Division
Greater Houston Partnership
1200 Smith, Suite 700
Houston, TX 77002
(713) 844-3639

Counsel for the City of Houston
and the Greater Houston Partnership

November 21, 1997

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DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.**

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Joint Application of
 AEROFLOT RUSSIAN INTERNATIONAL Docket OST-97-
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Dated: November 21, 1997

**ANSWER OF THE CITY OF HOUSTON
AND THE GREATER HOUSTON PARTNERSHIP**

Continental Airlines/Continental Express and Aeroflot have filed a joint exemption application seeking authority to provide various services under a code-share agreement. Under the agreement, flights operated by Continental between Newark and Moscow will

display the Aeroflot "SU" designator, and Aeroflot's Miami-Moscow flight via Shannon will display the "CO" code. Domestically, Continental flights between Newark and Houston, and Miami and Houston will display the "SU" code.

In strong support of Continental's application, the City of Houston and the Greater Houston Partnership ("Houston Parties") state the following:

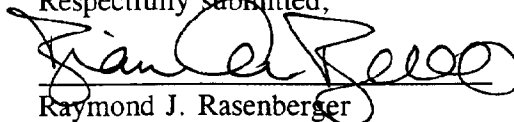
1. Houston has long-standing economic ties with Moscow and the former Soviet Bloc countries. Since before the break-up of the Soviet Union and the emergence of the successor states, leaders of this region have recognized Houston as the center of the international oil industry. There is a high concentration of Houston oil and gas industry equipment, technical services, exploration and production companies in this region, making Houston one of the focal points of the region's economy. The interdependence of the Houston and Soviet Bloc economies reach beyond the energy sector. There are 177 subsidiaries of Houston-based companies at the forefront of the engineering, computer, telecommunications transportation and medical sectors of the region. Since the demise of the Soviet Union, seaborne and air cargo trade levels have indicated growing economic ties. This network has blossomed as the new states open their markets to the West. All of these states are currently served by Aeroflot, and under the proposed code-share agreement, would be more accessible to Houston via Continental.

2. The code-share arrangement is in the public interest, as it will promote competition by providing alternate transportation options to Moscow travelers. Currently, Delta offers the only U.S.-flag service in the Newark/New York-Moscow market. If this application is approved, Continental will compete with that service. In addition, this

arrangement will enhance Continental's existing international network, which allows Houston to better compete with other international gateways.

For the foregoing reasons, the Houston parties urge the Department to grant Continental's motion.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Raymond J. Rasenberger", written over a horizontal line.

Raymond J. Rasenberger

Rachel B. Trinder

Bianca C. Bennett

Zuckert, Scoutt & Rasenberger, L.L.P.

888 Seventeenth Street, N.W.

Washington, D.C. 20006

Counsel for the City of Houston
and the Greater Houston Partnership

November 21, 1997