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DEPT. OF TRANSPORTATION

BEFORE THE  
U.S. DEPARTMENT OF TRANSPORTATION  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C.

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Application of

CHINA AIRLINES, LTD.

For Renewal of Exemption Pursuant to  
49 U.S.C. § 40109 (Services Pursuant to the  
U.S.-Taiwan Open Skies Agreement)

Docket OST-1997-3138 - 8

APPLICATION OF CHINA AIRLINES, LTD.  
FOR RENEWAL OF EXEMPTION AUTHORITY

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Counsel for China Airlines, Ltd.

Dated: March 18, 2002

**NOTICE:** Answers to this application must be filed and served on all persons served with this application by April 2, 2002.

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APPLICATION OF CHINA AIRLINES, LTD.  
FOR RENEWAL OF EXEMPTION AUTHORITY

Pursuant to 49 U.S.C. § 40109(c) and Subpart C of the Department's Rules of Practice, China Airlines, Ltd. ("CAL") hereby applies for renewal of its exemption authority to:

- (a) conduct scheduled foreign air transportation of persons, property, and mail from points behind Taiwan, via Taiwan, and intermediate points, to points in the United States and beyond;
- (b) conduct charter foreign air transportation of persons, property, and mail between Taiwan and the United States, and between points not in Taiwan and points not in the United States pursuant to the terms of the Air Transport Agreement between the American Institute in Taiwan ("AIT") and the Taipei Economic and Cultural Representative Office ("TECRO"), initialed February 28, 1997 and entered into force March 18, 1998 (the "Open Skies Agreement");
- (c) conduct other charters pursuant to Part 212 of the Department's Economic Regulations; and
- (d) exercise all other rights enumerated in Annexes I and II of the Open Skies Agreement.

See Notice of Action Taken in Docket OST-1997-3138, dated March 20, 2000.

CAL requests that this exemption authority, which is currently set to expire

on March 20, 2002, be renewed for an additional two years. 1/ In support of this application, CAL submits the following:

1. CAL is the flag carrier of Taiwan. It currently serves 50 cities in 21 countries across the globe using its fleet of **56** aircraft.

2. CAL holds a foreign air carrier permit last issued by the Department in Order 86-5-48. CAL is authorized under its permit to provide service between the coterminal points Taipei and Kaohsiung, Taiwan; via intermediate points in the Pacific; and the coterminal points Guam; Honolulu, Hawaii; Los Angeles and San Francisco, California; Seattle, Washington; Dallas, Texas; and New York, New York; and beyond to Amsterdam, The Netherlands. CAL also is authorized by the permit to make technical stops in Anchorage and Fairbanks, Alaska and to provide charter foreign air transportation subject to the Department's regulations.

3. In addition to its permit, CAL holds an exemption authorizing it to: (a) conduct scheduled foreign air transportation of persons, property, and mail from points behind Taiwan, via Taiwan, and intermediate points, to points in the United States and beyond; (b) conduct charter foreign air transportation of persons, property, and mail between Taiwan and the

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1/ By this application, CAL intends to invoke the automatic extension provisions of 5 U.S.C. § 558(c) and Part 377 of the Department's Special Regulations.

United States, and between points not in Taiwan and points not in the United States pursuant to the terms of the Open Skies Agreement;

(c) conduct other charters pursuant to Part 212 of the Department's Economic Regulations; and (d) exercise all other rights enumerated in Annexes I and II of the Open Skies Agreement. Notice of Action Taken in Docket OST-1997-3138, dated March 20, 2000. CAL's authority under this exemption is set to expire March 20, 2002.

4. By this application, CAL requests that the Department renew this exemption authority for an additional two years.

5. Under 49 U.S.C. §§ 40109(c) and 41302, the Department may renew an exemption if it finds that such a grant is in the public interest. Elements of the public interest include whether: (a) the applicant is fit, willing, and able to perform the transportation in issue and to conform to U.S. aviation law and the Department's regulations; and (b) the application is consistent with the relevant bilateral air transport agreement, or is consistent with principles of comity and reciprocity. Under these standards, the renewal requested by CAL is in the public interest.

6. The Department has on several occasions found CAL fit to provide scheduled foreign air transportation services. Since the Department's last fitness findings, there has been no adverse change in

CAL's overall managerial competence, financial health, or positive compliance disposition. CAL continues to be fit to provide air transportation services to and from the United States.

7. The public interest in granting this renewal application is also found in the fact that the operations to be conducted under the renewed exemption authority are entirely consistent with the Open Skies Agreement governing air service between Taiwan and the United States. Indeed, approval of this renewal application is compelled by the Open Skies Agreement because CAL has been duly designated by TECRO according to Article 3 of that document and because the services covered by this application are expressly contemplated in the Annexes to the Open Skies Agreement.


8. The public interest also supports granting this application because the renewal will enable CAL to continue providing a valuable service for passengers and shippers in the Taiwan-U.S. market, further enhancing the commercial and cultural ties between the two countries.

9. Finally, given the limited nature of the relief requested by CAL, this application should not be controversial.

WHEREFORE, China Airlines, Ltd. requests that the Department  
renew its exemption authority for an additional two years so that CAL may  
continue to:

- (a) conduct scheduled foreign air transportation of persons, property, and mail from points behind Taiwan, via Taiwan, and intermediate points, to points in the United States and beyond;
- (b) conduct charter foreign air transportation of persons, property, and mail between Taiwan and the United States, and between points not in Taiwan and points not in the United States pursuant to the terms of the Open Skies Agreement;
- (c) conduct other charters pursuant to Part **212** of the Department's Economic Regulations; and
- (d) exercise all other rights enumerated in Annexes I and II of the Open Skies Agreement.

Respectfully Submitted,



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Dated: March **18, 2002**