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VIA ELECTRONIC MAIL

Mr. Paul L. Gretch
Director
Office of International Aviation
Department of Transportation
400 Seventh Street, S.W.
Room 6402
Washington, DC 20590

Re: Request of ExpressJet, Inc. for Designations
(Houston-Acapulco, Mexico City, and Morelia)

Dear Mr. Gretch:

ExpressJet Airlines, Inc. d/b/a Continental Express ("ExpressJet") asks the Department to designate it for Houston-Acapulco, Mexico City and Morelia scheduled combination service. ExpressJet plans to initiate seasonal Houston-Acapulco flights in October and Houston-Mexico City and Morelia flights in June using Embraer regional jet aircraft.

ExpressJet is authorized to operate U.S.-Mexico service pursuant to § 206.5 of the Department's regulations, and the proposed service complies fully with the terms of the U.S.-Mexico Air Transport Services Agreement ("U.S.-Mexico Agreement"), as amended. Route 1(a) of the U.S.-Mexico Agreement authorizes carriers designated by the United States to operate from "a point or points in the United States to a point or points in Mexico." (U.S.-Mexico Agreement, Annex I, A(1)(a))

The U.S.-Mexico Agreement also provides that “[e]ither of the parties shall be entitled to designate up to two airlines to provide scheduled combination services on any city pair between the two territories that may be served under the agreement.” (U.S.-Mexico Agreement, Annex I, B(4))

Continental is currently designated for scheduled combination service between Houston and both Acapulco and Mexico City and plans to continue serving both cities. Although the Department has previously designated both Continental and Continental Express for U.S.-Mexico service in the same transborder city-pair, the U.S. position is that a “separate [U.S.-Mexico] designation is not necessary for Continental Express, Inc. [now ExpressJet Airlines, Inc.], which does not advertise or sell service in the market.” (Designation No. 1953, November 10, 1999, at 2) Continental Express asks the Department to designate both Continental Express and Continental for Houston-Acapulco and Mexico City service until Mexican aviation authorities assent to the U.S. position. At that time, another designation will become available on each route in the unlikely event that another U.S. carrier wants to offer additional service between these points.

No other U.S. carrier is currently providing scheduled combination service between Houston and Morelia. Thus, designating ExpressJet will not preclude any other carrier from offering Houston-Morelia service since another designation will remain available. ExpressJet will offer the only nonstop flights between Houston and Morelia, and designating ExpressJet will provide travelers and shippers with new U.S.-Mexico service options and expand competition among the U.S. and foreign carriers serving Mexico.

ExpressJet has served all airlines currently offering U.S.-Mexico combination service with this request.

Respectfully submitted,



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Counsel for
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cc: Carolyn Coldren, Linda Lundell
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