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

DEPARTMENT OF TRANSPORTATION

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DOCUMENT SECTION

Application of)
)
 AERO CALIFORNIA S.A. DE C.V.)
)
 for an exemption from 49 U.S.C.)
 § 41301 (codesharing))
)

Docket OST-98-4068

**JOINT ANSWER OF COMPANIA MEXICANA DE AVIACION, S.A. DE C.V. AND
UNITED AIR LINES, INC.**

Communications with respect to this document may be addressed to:

Stuart I. Oran
Executive Vice President—Corporate Affairs
United Air Lines, Inc.
P.O. Box 66100
Chicago, Illinois 60666

Robert D. Papkin
Charles F. Donley II
Squire, Sanders & Dempsey L.L.P.
1201 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
(202) 626-6601

Joel Stephen Burton
Ginsburg, Feldman and Bress, Chartered
1250 Connecticut Avenue, N.W.
Suite 800
Washington, D.C. 20036
(202) 637-9130

Counsel to Compania Mexicana de
Aviacion, S.A. de C.V.

Counsel to United Air Lines, Inc.

DATED: July 28, 1998

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**JOINT ANSWER OF COMPANIA MEXICANA DE AVIACION, S.A. DE C.V. AND
UNITED AIR LINES, INC.**

Compania Mexicana de Aviacion, S.A. de C.V. ("Mexicana") and United Air Lines, Inc. ("United") hereby jointly answer the application of Aero California, S.A. de C.V. ("Aero California") for an exemption to engage in scheduled foreign air transportation between Monterrey, Mexico and Chicago, Illinois pursuant to a codeshare agreement with American Airlines, Inc. ("American").

Mexicana and United have stated previously, and wish to reiterate, that they do not oppose grant of Aero California's exemption request or approval of American's application for a statement of authorization permitting it to display Aero California's designator code, provided that the Department approve simultaneously--if not sooner--the long-pending application of Mexicana and United for similar operating authority. This is a reasonable request, particularly in view of the fact

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that the application of Mexicana and United has been before the Department for more than seven months.¹

Choosing apparently to ignore this fact, and in a continuation of their harsh and repetitive rhetoric, American and Aero California now take the position that their applications, which were filed only within the past few weeks, should be approved first and that the Department ought to consider seriously denying the application of Mexicana and United. In support of their heavy-handed effort to block the inauguration of competitive service by Mexicana and United, American and Aero California again resurrect their tired and factually inaccurate theory that the Government of Mexico has conspired with the Cintra Group to contain their alliance as well as limit their ability to compete effectively in U.S.-Mexico markets.

Mexicana and United have addressed this fanciful suggestion on numerous prior occasions and have no intention of responding again. Nevertheless, Mexicana and United wish to make clear that any grant of authority to Aero California or American to codeshare on the Chicago-Monterrey route prior to the Department's approval of the December 1997 Monterrey-Chicago codeshare application of Mexicana and United would be not only grossly unfair but entirely inconsistent with the Department's stated policy goal of maximizing competition in international air transportation. Neither Aero California nor American has articulated a single compelling reason why their application should receive higher priority or be first approved. Mexicana and United therefore strenuously oppose any grant of authority to Aero California or American to codeshare on the

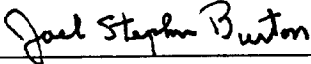
¹ See Joint Application of United Air Lines, Inc. and Compania Mexicana de Aviacion, S.A. de C.V., Docket OST-97-3237, December 12, 1997.

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Chicago-Monterrey route unless the Department approves the December 1997 request of Mexicana and United to codeshare on the same route.

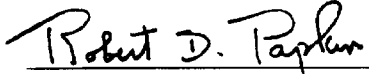
WHEREFORE, Compania Mexicana de Aviacion, S.A. de C.V. and United Air Lines, Inc. jointly request that the Department defer action on the applications of Aero California S.A. de C.V. and American Airlines, Inc. to codeshare on the Chicago-Monterrey route until such time as the Department grants the pending application of Mexicana and United, or take such other action as the Department deems necessary and appropriate.

Respectfully submitted,



Joel Stephen Burton *RDP*
Ginsburg, Feldman and Bress, Chartered
1250 Connecticut Avenue, N.W.
Suite 800
Washington, D.C. 20036
(202) 637-9130

Counsel to United Air Lines, Inc.



Robert D. Papkin
Charles F. Donley II
Squire, Sanders & Dempsey L.L.P.
1201 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
(202) 626-6601

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Aviacion, S.A. de C.V.

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