

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

NEW U.S. – ARGENTINA COMBINATION)
SERVICE OPPORTUNITES) Docket OST-99-6210
)
)

**REPLY OF
DELTA AIR LINES, INC.**

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October 6, 1999

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**REPLY OF
DELTA AIR LINES, INC.**

Delta Air Lines, Inc. ("Delta") hereby replies to the answers of Continental Airlines, Inc. ("Continental") and United Air Lines, Inc. ("United") regarding the new U.S.-Argentina combination service opportunities.

Delta is the only new entrant competitor to Argentina with a successful track record of expanding services to Latin America and honoring its route case commitments in the region. If the Department wants to ensure that U.S.-Argentina travelers and shippers will enjoy the maximum service and competitive benefits allowed under the new agreement, then it is vital that Delta be awarded Year One Atlanta-Buenos Aires authority.

Continental's answer attempts to divert attention from its own failure to operate the services it proposed in three recent U.S.-South American route cases¹ by

¹ Houston-Sao Paulo, Newark-Rio de Janeiro and Newark-Santiago are all receiving less than the daily service Continental proposed.

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making extraneous references to U.S.-Japan service (which was a priority for all major U.S. carriers, including Continental in 1997). Continental ignores the fact that Continental/Continental Micronesia, along with several other carriers, holds unexercised authority to Japan. However, unlike the situation in South America, there was ample Japan authority to allow all near term U.S. carrier proposals, and no carrier wishing to serve Japan is currently prevented from doing so. Given the scarce and hotly contested history of the South American route awards as well as Continental's service defaults, the situation in Latin America is hardly comparable to Japan.

In light of Continental's failure to operate the South American route authority it has been granted, there is serious question whether Continental should be awarded any new Argentina authority, let alone Continental's unrealistic request for all 14 frequencies. Delta should receive primary authority for Atlanta in Year 1 and backup authority for New York in Year 2, especially if Continental is selected for an award, due to Continental's pervasive history of Latin American service defaults.

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Delta's decision to focus its presentation on Atlanta-Buenos Aires was based on Delta's recognition of its highest route priority and a determination not to burden the Department with an unrealistic request for all 14 frequencies. Delta continues to have a long-term interest in serving New York-Buenos Aires, and will institute service when additional frequencies become available -- either as new opportunities or as a service default triggering Delta's requested backup authority for that route.

Continental's answer makes the patently incorrect assertion that "Delta apparently does not even want Atlanta-Buenos Aires authority or JFK-Buenos Aires backup authority in the second year if Delta is not selected for Atlanta-Buenos Aires authority in the first year." Continental's erroneous assertions are belied by Delta's application which expressly states: "Although Delta should be awarded the seven Year 1 frequencies, Delta requests, in the alternative, seven Year 2 frequencies (for Atlanta-Buenos Aires) in the event Delta's primary request for Year 1 frequencies is not granted. Delta's request for Year 2 backup authority to operate JFK-Buenos Aires service is secondary to its Atlanta proposal." Delta application supplement at n.2.

Unlike Delta, which would be an important new entrant competitor to Argentina, United is a major incumbent and should not receive any additional Argentina authority. United's application for seven more frequencies on top of its existing 21 frequencies is as unrealistic as Continental's request for all 14

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frequencies. There is no basis for United's speculation that "LAPA will be codesharing with Delta" between Atlanta and Buenos Aires. There is no codeshare agreement between Delta and LAPA. Contrary to United's suggestion, Delta had no influence over LAPA's independent decision to serve Atlanta. LAPA's choice of U.S. gateways was significantly constrained by governmental restrictions, and it appears that Atlanta was the largest and most important U.S. city that LAPA was eligible to serve. Moreover, LAPA's minimal service offering of three weekly flights does not compare to the network service and competitive benefits that daily Delta service would provide.

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WHEREFORE, Delta Air Lines, Inc. respectfully urges the Department to grant Delta a Certificate of Public Convenience and Necessity and an allocation of seven frequencies in Year 1 for U.S.-Argentina service.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Reply of Delta Air Lines, Inc. was served this 6th day of October, 1999, on each of the following persons via facsimile, hand delivery, or first class mail, postage prepaid:

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