

BEFORE THE  
DEPARTMENT OF TRANSPORTATION  
WASHINGTON, D.C.

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NEW U.S.-ARGENTINA COMBINATION  
SERVICE OPPORTUNITIES  
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Docket OST-99-6210

CONSOLIDATED REPLY OF  
CONTINENTAL AIRLINES, INC.

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October 6, 1999

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The City of Houston and the Greater Houston Partnership have supported Continental's<sup>1</sup> Newark/Houston-Buenos Aires application, while Delta, the Georgia and Atlanta Parties and United have opposed it. Since only Continental's proposal offers two new gateways for U.S.-Argentina traffic and a new nationwide network competitive with existing services offered by American/Aerolineas Argentinas and United, Continental's request for Newark/Houston-Buenos Aires authority should be granted and the other applications should be denied.

Continental replies as follows to the answers submitted in this proceeding:

1. Only Continental has proposed a comprehensive U.S.-Argentina service pattern, incorporating, first, competitive service throughout the eastern

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<sup>1</sup> Common names are used for airlines.

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United States through its Newark hub and, second, competitive service throughout the western United States through its Houston hub. Continental's new Argentina service at its two primary hubs will provide nationwide benefits. In contrast, Delta seeks authority only at Atlanta, with backup authority at JFK only if Delta secures Atlanta authority for the first year, and United plans to continue serving two U.S. gateways where it lacks hub strength (New York and Miami) and pre-empt effective new entry between Continental's two hubs and Argentina by operating Los Angeles-Buenos Aires service.

2. Although Delta itself has suspended Portland-Fukuoka service and never instituted Portland-Osaka service, it argues that Continental's offers of less-than-daily service in certain South America markets would justify an award to Delta. Continental offers far more South American service at its Newark hub than Delta offers at its Atlanta hub, and Delta has never even proposed nonstop service between Atlanta and either Rio de Janeiro or Santiago, much less offered such service. Nonetheless, Delta argues that Continental's provision of less-than-daily service between Newark and Santiago, Newark and Rio de Janeiro and Houston and Sao Paulo should disqualify it from receiving Newark/Houston-Buenos Aires authority. If any carrier should be disqualified from this proceeding, Delta should be disqualified because of its termination of all South America service in the past, its failure to offer the Portland-Osaka service it proposed at all and its termination of Portland-Fukuoka/Seoul/Taipei service. Delta's claims that it is a "proven contender for service to Latin America" and the claim by the Atlanta and Georgia

Parties that Delta's Latin American services are a "resounding success" ring hollow in light of Delta's service defaults in Asia, the fact that its re-entry into South America is so recent, the termination of Delta's through service between Cincinnati and South America and its reductions in Atlanta-Central America capacity.

3. United fails to recognize that Continental's Houston service can fill the "dramatic service void in the West" which results because "there is not a single gateway to Argentina west of Chicago." (United Answer at 2) Although Los Angeles has two daily single-plane Buenos Aires flights, neither Houston nor Newark has any single-plane service.<sup>2</sup> Given the double-daily Los Angeles-Buenos Aires flights already offered, it is no wonder that Los Angeles currently boasts more Buenos Aires traffic than Houston. As the Houston Parties have pointed out, Houston's trade and economic ties with Argentina will support the rapid development of Houston-Argentina traffic. Moreover, Continental's Houston hub can provide less circuitous connections than Los Angeles for many points throughout the western U.S. as well as providing competition for United's Chicago hub and American's Miami hub for traffic throughout the midwest and the

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<sup>2</sup> American and Aerolineas Argentinas have agreed to codeshare on flights between Atlanta, Dallas/Ft. Worth and Los Angeles, on the one hand, and Buenos Aires, on the other, but they have indicated no plans whatever to serve either Newark or Houston jointly. (See Amendment No. 4 to Codeshare Agreement between American and Aerolineas Argentinas, Annex B)

south/southwest. Understandably, United wants to preclude Continental from instituting New York/Newark service through Continental's Newark hub since Continental will be able to compete with United's JFK flights for both New York-Buenos Aires traffic and connecting traffic from throughout the eastern United States. The public interest will be well-served, however, by awarding Continental Newark and Houston-Buenos Aires authority to provide a competitive U.S.-Argentina network.

For the foregoing reasons, Continental urges the Department to grant its application for Newark/Houston-Buenos Aires authority and deny the applications of Delta and United.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that I have this date served a copy of the foregoing document on all parties participating in this proceeding in accordance with the Department's Rules of Practice.

October 6, 1999  
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R. Bruce Keiner, Jr.