

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

U.S.-THAILAND ALL-CARGO	:	
FREQUENCY ALLOCATION CASE	:	Docket OST-96-1496

Application of	:	
AIR MICRONESIA, INC.	:	Docket OST-97-2825
for an exemption pursuant to 49 U.S.C. § 40109	:	
(delay in start-up)	:	

APPLICATION OF
AIR MICRONESIA, INC.
FOR RENEWAL OF EXEMPTION

Communications with respect to this document should be sent to:

William Meehan
President
AIR MICRONESIA, INC.
Guam International Airport
862 South Marine Drive
Tamuning, Guam 96931

R. Bruce Keiner, Jr.
CROWELL & MORING LLP
1001 Pennsylvania Avenue, N.W.
Washington, DC 20004-2595
(202) 624-2615

Counsel for
Air Micronesia, Inc.

November 2, 1999

NOTICE: Answers supporting or opposing this application are due on or before
November 17, 1999.

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

U.S.-THAILAND ALL-CARGO	:	
FREQUENCY ALLOCATION CASE	:	Docket OST-96-1496

Application of	:	
AIR MICRONESIA, INC.	:	Docket OST-97-2825
for an exemption pursuant to 49 U.S.C. § 40109	:	
(delay in start-up)	:	

APPLICATION OF
AIR MICRONESIA, INC.
FOR RENEWAL OF EXEMPTION

Pursuant to 49 U.S.C. § 40109 and Rule 401 of the Department's Rules of Practice, Air Micronesia¹ applies to renew its current exemption from the start-up condition in its certificate for Route 704 and on its frequencies, as amended by Orders 97-5-6, 97-9-20, 98-1-6 and Notices of Action Taken dated June 15 and

¹ Common names are used for airlines.

September 28, 1998, so Air Micronesia can institute U.S.-Thailand all-cargo service on April 30, 2000, with a standard 90-day dormancy condition from that date.

Air Micronesia states as follows in support of its application:

1. Air Micronesia was awarded a certificate for Route 704 to institute all-cargo service at Bangkok and allocated five Thailand all-cargo frequencies by Order 96-9-16.² Air Micronesia's frequency allocation was renewed for an indefinite period by Notice of Action Taken dated August 5, 1999. Under the terms of its most recent start-up exemption, however, Air Micronesia's frequencies will become dormant and revert to the Department on November 27, 1999. (See Notice of Action Taken dated September 28, 1998, Docket OST-97-2825) Although Air Micronesia had planned to initiate its proposed Thailand service on June 1, 1999,³ continuing economic instability in the region and lack of demand have thwarted Air Micronesia's attempts to commence operations. As the Washington Post has recently noted, Asia's economic recovery remains a work in progress. "Asia's recovery derives mainly from the severity of last year's slumps . . . Although the world economy may have escaped calamity, the neighborhood is still dangerous." ("Not Out of the Woods Yet," Washington Post, September 23, 1999, page A29)

² No carrier selection proceeding was required because all of the carriers seeking authority were accommodated within the number of frequencies available.

³ Air Micronesia informed the Department of its intention to begin Fifth-Freedom Bangkok-Kuala Lumpur/Manila service on June 1, 1999, by a letter to Paul Gretch dated March 31, 1999.

2. The Department has regularly granted start-up exemptions to airlines when unfavorable economic conditions prevent the initiation of proposed services. (See, e.g. Notice of Action Taken dated March 22, 1999, Docket OST-97-2209; Notice of Action Taken dated November 2, 1998, Docket OST-97-3261) Moreover, Polar, Federal Express and Northwest have each applied to renew the dormancy exemptions applicable to some or all of their Thailand frequencies. (See Application of Polar, October 28, 1999, Dockets OST-96-1496 and OST-97-3162; Application of Federal Express, October 18, 1999, Docket OST-97-3261; Application of Northwest Airlines, February 5, 1999, Docket OST-97-2209)

3. Grant of the requested exemption is in the public interest. Air Micronesia fully believes Thailand will again be an important Asian air cargo market. When the Thai economy improves and shippers again have a requirement for additional Thailand all-cargo services, Air Micronesia will commence operations and include Thailand in its all-cargo network. At that time, Air Micronesia's network will provide valuable competition for established U.S. and foreign carriers serving Thailand.

4. In light of the Department's policy "to permit the incumbent carrier to retain . . . rights provided that it has a reasonable plan to use them" (Order 96-9-26 at 5; see also Order 96-5-37 at 3), Air Micronesia's plan to institute five weekly Bangkok flights by April 20, 1999, as demand may require, justifies grant of the authority necessary for a temporary deferral of its service.

WHEREFORE, Air Micronesia asks that its exemption from the start-up deadline applicable to its Route 704 certificate authority and Thailand frequency allocation be renewed so it can institute five weekly Thailand all-cargo flights within 90 days after April 30, 2000.

Respectfully submitted,

CROWELL & MORING LLP

R. Bruce Keiner, Jr.
rbkeiner@cromor.com

Counsel for
Air Micronesia, Inc.

November 2, 1999

CERTIFICATE OF SERVICE

I certify that I have this date served the foregoing document on the following persons in accordance with Department's Rules of Practice:

Gilbert E. Robles
Executive Manager
Guam Airport Authority
Guam International Air Terminal
P.O. Box 8770
Tamuning, Guam 96911

Robert E. Cohn
Shaw Pittman
2300 N Street, N.W.
Washington, D.C. 20037
(for Delta)

Richard P. Taylor
Steptoe & Johnson LLP
1330 Connecticut Avenue, N.W.
Washington, D.C. 20036
(for Evergreen International)

Nathaniel P. Breed
Shaw Pittman
2300 N Street, N.W.
Washington, D.C. 20037
(for Federal Express)

Megan Rae Poldy
Managing Director, Government
Affairs and Associate
General Counsel
Northwest Airlines, Inc.
901 15th Street, N.W.
Suite 310
Washington, D.C. 20005

Jeffrey A. Manley
Kirkland & Ellis
655 Fifteenth Street, N.W.
Suite 1200
Washington, D.C. 20005
(for Polar and United)

David L. Vaughan
Kelley Drye & Warren LLP
1200 19th Street, N.W.
Suite 500
Washington, D.C. 20036
(for UPS)

R. Bruce Keiner, Jr.

November 2, 1999