

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

Joint Application of)
)
)
COMPANIA MEXICANA DE AVIACION,)
S.A. DE C.V.) Docket OST-99-_____
and)
UNITED AIR LINES, INC.)
)
for a statement of authorization under 14 C.F.R.)
212 and an exemption under 49 U.S.C. 40109)
permitting codeshare operations (U.S.-Mexico))

**JOINT APPLICATION FOR
STATEMENT OF AUTHORIZATION AND EXEMPTION**

Communications with respect to this document should be addressed to:

Jeffrey A. Manley
Bruce H. Rabinovitz
KIRKLAND & ELLIS
655 Fifteenth Street, N.W.
Washington, D.C. 20005
(202) 879-5161 (Phone)
(202) 879-5200 (Fax)
jeffrey_manley@kirkland.com (e-mail)

Counsel for United Air Lines, Inc.

Robert D. Papkin
Charles F. Donley II
SQUIRE, SANDERS & DEMPSEY L.L.P.
1201 Pennsylvania Avenue, N.W.
P.O. Box 407
Washington, D.C. 20044
(202) 626-6601

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

DATED: November 10, 1999

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

Joint Application of)	
)	
COMPANIA MEXICANA DE AVIACION,)	
S.A. DE C.V.)	Docket OST-99-_____
and)	
UNITED AIR LINES, INC.)	
)	
for a statement of authorization under 14 C.F.R.)	
212 and an exemption under 49 U.S.C. 40109)	
permitting codeshare operations (U.S.-Mexico))	

**JOINT APPLICATION FOR
STATEMENT OF AUTHORIZATION AND EXEMPTION**

Compania Mexicana de Aviacion, S.A. de C.V. (“Mexicana”) and United Air Lines, Inc. (“United”) hereby apply for the following authorities to allow them to expand their codeshare services between the United States and Mexico: (i) a statement of authorization under 14 C.F.R. 212 permitting Mexicana to display United’s two-letter designator code on scheduled flights operated by Mexicana between Chicago (O’Hare) and Monterrey, Mexico, and between Denver and Zacatecas, Mexico; and (ii) an exemption under 49 U.S.C. 40109 permitting United to hold out scheduled service between Chicago (O’Hare) and Monterrey, Mexico, and between Denver and Zacatecas, Mexico, under a codeshare with Mexicana. Mexicana and United request that Mexicana’s statement of authorization be granted for an indefinite period and that United’s exemption be granted through June 4, 2001, co-extensive with United’s existing exemption authority to serve Mexico pursuant to its codeshare with Mexicana and consistent with the

Joint Application of Compania Mexicana de
Aviacion, S.A. de C.V. and United Air Lines, Inc.
Docket OST-99-_____
November 10, 1999

Department's practice in prior instances.¹ Codeshare services on these routes will begin on December 17, 1999. In support of their joint request, Mexicana and United submit the following:

1. Mexicana and United were authorized initially by Order 97-7-31 in Docket OST-96-1988 to implement codeshare services in several U.S.-Mexico markets. Pursuant to that authority, United and Mexicana commenced codeshare services on July 28, 1997. This authority was confirmed and extended in June 1999.²

2. Mexicana and United now wish to extend their codeshare services to two additional transborder markets and one beyond gateway market served by Mexicana. Effective December 17, 1999, United will place its two-letter designator code on Mexicana's nonstop flights operated between Chicago (O'Hare) and Monterrey, Mexico, and between Denver and Zacatecas, Mexico. Mexicana's Denver-Zacatecas flight will additionally operate beyond Zacatecas to Leon, Mexico, carrying United's designator code on the intra-Mexico Zacatecas-Leon segment. Mexicana and United request expeditious approval of this application so that marketing and sale of these new services may begin without delay.³

¹ See *Joint Application of United Air Lines, Inc. and Compania Mexicana de Aviacion, S.A. de C.V.*, Order 99-6-6, June 4, 1999, and *Notice of Action Taken*, August 18, 1999, Dockets OST-97-3237 and OST-96-1988.

² Order 99-6-6

³ In accordance with the conditions imposed by Order 99-6-6, Mexicana and United hereby notify the Department of their intention to begin beyond gateway codeshare service between Zacatecas and Leon

Joint Application of Compania Mexicana de
Aviacion, S.A. de C.V. and United Air Lines, Inc.
Docket OST-99-_____

November 10, 1999

3. The same factors supporting the approval and renewal of the United-Mexicana codeshares in Dockets OST-96-1988, OST-97-3237 and OST-99-5582 apply with equal weight here. United's sale of services on Mexicana's Chicago-Monterrey and Denver-Zacatecas-Leon flights will increase competition on routes between the United States and Mexico and will, at the same time, provide Mexicana with an important source of additional revenue. The Department has found previously that approval of U.S.-Mexican carrier codeshare services is consistent with the public interest and the January 1999 Memorandum of Consultations addressing cooperative marketing arrangements, including codesharing.⁴

4. United and Mexicana will accept the standard conditions imposed on U.S.-Mexico codeshare authority. All codeshare services will be marketed in accordance with 14 C.F.R. 257.

5. Mexicana currently holds from the Department permit authority allowing it to operate scheduled services between Chicago and Monterrey, Mexico,⁵ as well as exemption authority permitting it to operate between Denver and Zacatecas/Leon, Mexico. Thus, Mexicana requires only a statement of authorization permitting it to display United's designator code on flights in the Chicago-Monterrey and Denver-

effective December 17, 1999. Mexicana will be the operating carrier. Mexicana will also submit this notice by letter directly to the Department's Office of International Aviation.

⁴ Order 99-6-6 at 6 ("exercise of [codeshare] rights will benefit travelers, shippers, businesses, cities, airlines, and airports, and grant of the authority is clearly in the public interest.").

Joint Application of Compania Mexicana de
Aviacion, S.A. de C.V. and United Air Lines, Inc.
Docket OST-99-_____
November 10, 1999

Zacatecas markets.⁶ United does not currently hold authority to serve the Chicago-Monterrey or Denver-Zacatecas markets, and therefore requires an exemption permitting it to offer scheduled services between these cities pursuant to its codeshare arrangement with Mexicana.⁷

6. The proposed codeshare service is governed by the United-Mexicana codeshare agreement that is already on file with the Department. The codeshare services proposed by United hereunder will not affect its commitment of equipment to the CRAF.

7. This application raises no environmental or energy issues. Mexicana will operate all flights with modern, noise-compliant aircraft. Similarly, since the applicants seek only to place United's designator code on flights operated by Mexicana, approval will not result in a near term increase in fuel consumption of ten million gallons or more.

⁵ *Compania Mexicana de Aviacion, S.A. de C.V., Foreign Air Carrier Permit*, Order 78-6-127.

⁶ Mexicana currently holds a statement of authorization permitting it to display United's code on the Zacatecas-Leon segment. In Order 99-6-6, the Department granted Mexicana a blanket statement of authorization permitting it to display United's code on flights operated by Mexicana within Mexico beyond United's Mexican gateways. See fn. 3 regarding notice to the Department of this service.

⁷ United currently holds a blanket exemption from the Department permitting it to engage in scheduled foreign air transportation between the United States and points in Mexico beyond its authorized Mexican gateways, for the purpose of codesharing with Mexicana. United therefore does not require an exemption to offer codeshare service beyond Zacatecas to Leon. Order 99-6-6. See fn. 3 regarding notice to the Department of this service.

Joint Application of Compania Mexicana de
Aviacion, S.A. de C.V. and United Air Lines, Inc.
Docket OST-99-_____
November 10, 1999

WHEREFORE, Compania Mexicana de Aviacion, S.A. de C.V. and
United Air Lines, Inc. jointly request the grant of authority described herein, or such other
authority as the Department deems consistent with this application and the public interest.

Respectfully submitted,

Robert D. Papkin
Charles F. Donley II
SQUIRE, SANDERS & DEMPSEY L.L.P.
1201 Pennsylvania Avenue, N.W.
P.O. Box 407
Washington, D.C. 20044
(202) 626-6601
Counsel to Compania Mexicana de Aviacion, S.A.
de C.V.

Jeffrey A. Manley
Bruce H. Rabinovitz
KIRKLAND & ELLIS
655 Fifteenth Street, N.W.
Washington, D.C. 20005
(202) 879-5161 (Phone)
(202) 879-5200 (Fax)
jeffrey_manley@kirkland.com (e-mail)
Counsel for United Air Lines, Inc.

DATE: November 10, 1999

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Joint Application has this day been served on all persons listed on the attached service list via telecopier or first class mail, postage prepaid.

Charles F. Donley II

DATED: November 10, 1999