

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

Application of

CONTINENTAL AIRLINES, INC.

for an exemption pursuant to 49 U.S.C. § 40109
(U.S.-Central America)

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Docket OST-98-3317

APPLICATION OF
CONTINENTAL AIRLINES, INC.
FOR RENEWAL OF EXEMPTION

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January 31, 2000

NOTICE: Answers supporting or opposing this application are due on or before
February 15, 2000.

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APPLICATION OF
CONTINENTAL AIRLINES, INC.
FOR RENEWAL OF EXEMPTION

Continental¹ applies to renew its exemption authority to engage in scheduled foreign air transportation of persons, property and mail between any point or points in the U.S. and any point or points in Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama and any point or points beyond those countries as well as between any point or points in Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama on flights serving the U.S. Continental also applies to renew its authority to provide scheduled foreign air transportation

¹ Common names are used for airlines.

between any point or points in the U.S. and Belize City, Belize.² Continental asks that its authority be renewed for a period of two years or until its application for a U.S.-Central America certificate of public convenience and necessity is granted.³

Continental states as follows in support of its application:

1. Continental's U.S.-Central America exemption authority was granted originally by Notice of Action Taken, March 30, 1998, later confirmed by Order 98-6-2. Absent renewal, Continental's exemption authority will expire on March 30, 2000.

2. Continental currently offers flights between Houston and Belize City, Guatemala City, Managua, Panama City, San Jose (Costa Rica), San Pedro Sula, and Tegucigalpa as well as between New York/Newark and Guatemala City, Panama City, San Jose and San Salvador. Continental also offers codeshare service on COPA's flights on the following segments: Miami-Panama City, Guatemala City-Managua/San Salvador/San Jose; Lima-Panama City; Managua-Panama City/San Jose; San Salvador-Managua/San Jose; San Pedro Sula-Panama City; Santo Domingo-Panama City and San Jose-Panama City.

² Continental is not seeking renewal of the integration authority granted in connection with its U.S.-Central America exemption since Continental's blanket integration authority (see Notice of Action Taken, May 5, 1999, Docket OST-97-2347) encompasses all of Continental's certificate and exemption authority.

³ Continental is filing simultaneously an application for U.S.-Central America certificate authority which would authorize the services for which Continental seeks renewal here.

3. Continental holds various certificates of public convenience and necessity and exemptions authorizing it to engage in scheduled air transportation of persons, property and mail (see Notice of Action Taken, November 19, 1999 (Docket OST-99-6538), Notice of Action Taken, October 26, 1999 (Docket OST-97-2845), and Notice of Action Taken, June 24, 1999 (Docket OST-98-4263)) and Continental is fit, willing and able to provide U.S.-Central America services.

4. Renewal of Continental's U.S.-Central America exemption authority is fully consistent with the bilateral agreements between the U.S. and the Central American countries concerned⁴ and with the state of aviation relations with Belize.

5. Renewal of Continental's U.S.-Central America authority is clearly in the public interest. Continental's service to Central America and beyond must be authorized to assure continuing competition for American, the Grupo TACA carriers, Delta and other carriers. Continental should continue to have flexibility to introduce U.S.-Central America service from a variety of gateways to meet demand as needed and ensure continuing competition for points throughout Continental's U.S.-Central America network. When the Department issued its final order approving the American/TACA alliance, it premised its approval on the then-new Central America services being proposed by Continental and other carriers, saying

⁴ See bilateral aviation agreements between the U.S. and Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama concluded in San Jose, Costa Rica, May 8, 1997.

“[t]hese newly introduced services should have a strong pro-competitive impact will afford enhanced daily services . . . [and] provide competitive alternatives to American’s hub at Miami for travelers to and from Central America.” (Order 98-5-26 at 14) Now, more than ever, Continental should be allowed to continue offering its pro-competitive Central America service.

6. Continental invokes the automatic extension provisions of 5 U.S.C. § 558(c), as implemented by Part 377 of the Department’s Special Regulations, to continue this authority in effect pending action on this application.

WHEREFORE, Continental asks the Department to renew its exemption to provide scheduled foreign air transportation of persons, property and mail between any point or points in the U.S. and any point or points in Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama and any point or points beyond those countries as well as between any point or points in Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama on flights serving the U.S. and to renew its authority to provide scheduled foreign air transportation between any point or points in the U.S. and Belize City, Belize. Continental asks that its

authority be renewed for a period of two years or until its application for a U.S.-
Central America certificate of public convenience and necessity is granted.

Respectfully submitted,

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January 31, 2000

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CERTIFICATE OF SERVICE

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

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January 31, 2000