

**TESTIMONY OF LEO F. MULLIN  
PRESIDENT AND  
CHIEF EXECUTIVE OFFICER  
DELTA AIR LINES, INC.**

In this route case proceeding, the Department of Transportation has the historic opportunity to select a new combination carrier for service to China for the first time in nearly two decades. As a consequence of the highly restrictive bilateral agreement, U.S.-China travelers have few nonstop or direct service options today, and there are no nonstop U.S.-China services available from any East Coast U.S. city.

The absence of service from New York is a glaring omission in the current pattern of U.S.-China services. New York is the largest and most important international gateway in the United States. It is also by far the largest U.S.-China market without nonstop service. The public interest urgently requires that the Department take action to alleviate the critical service deficiency at New York by selecting Delta Air Lines as the new entrant designee for service to China.

For many decades, the vast distance of the Pacific and unfortunate government restrictions have conspired to limit the level of trade, travel and commerce that would otherwise take place between the United States and China. Delta's New York service proposal would have a profound effect on unlocking these restrictions by uniting New York – the largest city in the United States and the center of the business and financial world – with the two largest and most important cities in China -- Beijing and Shanghai.

At nearly seven thousand miles, Delta's New York-China service will rank as one of the world's great nonstop routes. Not only would Delta's China service span the entire distance of the Pacific, but it would do so from the East Coast of the United States – a feat unmatched by any existing or proposed new China carrier. Delta's service will improve roundtrip elapsed travel times between New York and China by over seven hours. And, by providing the first nonstop air link between New York and China, the selection of Delta will do more to enhance business, trade, and cultural ties between the United States and China than any other applicant.

This historic new service is made possible not merely by the advent of new long range aircraft, but also through the hard-fought diplomatic efforts of the United States in securing a new China designation opportunity along with the requisite frequencies to enable the new entrant carrier to implement service. Delta's proposed package of service benefits make it the overwhelmingly clear choice for the award of this authority.

The U.S.-China marketplace has not seen a new U.S.-flag passenger carrier in nearly 20 years, and it would be a public interest travesty for the Department to pass up this opportunity to provide U.S.-China travelers with new service and competitive options in favor of a cargo carrier that is already firmly established in the U.S.-China marketplace. Delta's proposed services will benefit not only passengers, but also shippers, through the substantial availability of belly cargo space on Delta's widebody aircraft. By contrast, a cargo carrier can accommodate only freight. Passengers are very selective about the identity of the carrier upon which they are traveling, whereas U.S.-

China cargo carriers (including express package carriers) can and do effectively utilize third-party carriers and interline arrangements to serve China.

Delta's New York-Beijing/Shanghai flight is the centerpiece of its service proposal. However, Delta has taken great care to craft a comprehensive proposal that will bring enhanced service to as many U.S. communities as possible. In that regard, Delta will operate single-plane service behind JFK to and from Delta's major hub at Atlanta. The Southeastern United States is currently one of the most underserved regions of the country in terms of China service, and no carrier is better positioned to serve the Southeast than Delta at Atlanta.

Delta will also operate three weekly nonstop flights between its second largest hub in Cincinnati and Beijing, with cross-connecting service to Shanghai. Cincinnati is ideally positioned to provide effective network flow between the Eastern United States and China. Moreover, Cincinnati is the only all-jet airline hub in the United States. Delta's recent acquisition of Comair will enable Delta to use regional jet equipment to benefit the most small and medium-sized communities that presently do not have good service to China.

Before proceeding with a more detailed review of the many reasons favoring the selection of Delta's China proposal, I would like to highlight the following key service and competitive benefits:

- **Delta will provide the first-ever nonstop service between New York and China – the largest unserved U.S.-China market.**
- **Delta's nonstop service will improve roundtrip travel times by more than 7 hours over existing services.**
- **Delta is the only applicant proposing service that would alleviate the critical gap in China service from the Eastern United States. All existing China gateways are located on the West Coast or in the Midwest.**
- **Delta expects to carry nearly 160,000 passengers on its New York-China services, including almost 100,000 New York-China nonstop passengers.**
- **Delta's nonstop Cincinnati-Beijing flight will benefit an additional 67,000 U.S.-China passengers, for a grand total of 226,000 passengers.**
- **Delta will provide 182 U.S. points with online service to China, including 41 points with first single connection service.**
- **Delta's 10 frequency B-777 aircraft proposal will provide 290,000 annual nonstop China seats and over 21,000 annual tons of cargo lift.**
- **An award to Delta will maximize market structure benefits by achieving U.S.-flag parity with Chinese-flag combination carriers.**
- **An award to Delta will promote enhanced competition for nonstop U.S.-China service. In order to compete, incumbent carriers will be required to more effectively utilize existing China frequencies for nonstop, rather than one-stop services.**

### **Delta's Service Proposal**

Delta has requested a China designation and an award of 10 U.S.-China frequencies to operate two complementary service patterns between the United States and China. Delta would use seven frequencies to operate daily single plane service on the Atlanta-New York (JFK)-Beijing-Shanghai route. Delta would use three additional

frequencies to operate nonstop service between Cincinnati and Beijing, with convenient cross connections to Shanghai. DL-101. The combination of daily New York nonstop service coupled with three weekly flights from Cincinnati will provide multiple complementary service options for China passengers located throughout the underserved Eastern United States. Delta intends to commence its proposed China operations on April 1, 2001, the first effective date of a new U.S-China air service opportunity.

### Aircraft

Delta is committed to a major fleet renewal plan and has substantial numbers of new Boeing aircraft on order. Given the length of haul and large unmet demand for nonstop service, New York-China is ideally suited to Delta's new flagship international aircraft – the Boeing 777. Delta's B-777 aircraft accommodate 277 passengers in a two-class international configuration of 52 BusinessElite and 225 coach seats. DL-400. This modern and efficient aircraft will comfortably span the 6,800 mile distance between New York and China, resulting in improved round-trip elapsed travel time of more than seven hours on the route. DL-110. Once Delta's China service plan is fully implemented, it will deliver over 290,000 annual nonstop seats to China. DL-157.

While Delta would prefer to inaugurate service with B-777 aircraft immediately, existing demands on Delta's international fleet resources and constraints on delivery of new aircraft will require Delta to use alternate equipment during a brief six-month transitional phase. During the initial ramp-up phase, Delta will operate its U.S.-China services using MD-11 aircraft, which are the current mainstay of Delta's Pacific

international fleet. The MD-11 is also well suited to transpacific service, and will enable Delta to promptly institute service on April 1, 2001. Delta's Pacific-route MD-11 aircraft are outfitted with 260 seats, only 17 seats fewer per operation than the B-777.

It should be emphasized that the introduction of service with the MD-11 aircraft is an interim measure only, and that Delta considers nonstop U.S.-China service to be a B-777 route. Given that there has not been a new U.S. combination carrier designation opportunity to serve China in over twenty years, and that the Department may not have another opportunity to designate a new combination carrier for years to come, Delta's six month interim aircraft selection should not be a significant decisional factor in assessing the best long-term needs of the U.S.-China marketplace.

#### Behind-Gateway Atlanta Service Benefits

Delta's service proposal merits an award of the available U.S.-China designation on the strength of its New York-China nonstop service alone. However, Delta's comprehensive package of service benefits extend far beyond this single route. Delta will operate single-plane service behind New York to Atlanta – the largest single airline hub in the world. Delta operates more nonstop flights to more destinations from Atlanta than any other airline at any other competing hub. DL-142, 143. Atlanta is located in the heart of the burgeoning Southeastern region of the United States – a region that is critically deficient in terms of U.S.-China service. DL-103. Delta's single plane service via its major hub in Atlanta will dramatically improve service and competition for U.S. travelers and shippers located throughout Atlanta's broad catchment area. DL-141.

Cincinnati-China

The second prong of Delta's China service proposal will be the introduction of three weekly nonstop flights between Delta's second-largest hub at Cincinnati and Beijing. The Cincinnati flight will be timed for ideal cross-connections to Delta's New York-Shanghai service, giving passengers traveling over the Cincinnati gateway seamless access to Shanghai. Delta operates more than 500 daily flights to over 110 cities on a nonstop basis from Cincinnati.

A unique attribute of Delta's Cincinnati hub is its status as the only all-jet hub anywhere in the world. DL-146. Delta recently acquired Comair and is in the process of restructuring the Cincinnati hub to make maximum use of Comair's regional jet assets. Regional jets make it possible to provide jet service to many small and medium size communities that would otherwise not be able to sustain regular jet operations. Thus, the combination of nonstop China service from Cincinnati and Delta's unique regional jet capabilities will provide more small and medium size U.S. communities with nonstop jet connections to China than any other applicant.

**The Department Should Make  
Nonstop Service At New York Its First Priority**

New York urgently needs and can readily support nonstop U.S.-China service.

New York is, by far, the largest U.S.-China market without nonstop service. DL-104. In terms of annual China passengers, New York is more than twice as large as the second-largest U.S. city without nonstop China service, Chicago. DL-105.

At present, all existing U.S.-China services are concentrated on the West Coast or in the Midwestern region of the United States. DL-103. The Northeastern region of the United States generates over 27 percent of U.S.-China traffic, yet has zero percent of U.S.-China service. Conversely, the Midwest has only 11.5 percent of China passengers, yet accounts for 44 percent of U.S.-flag China service. Delta's Atlanta-New York proposal will remedy the critical China service gap on the East Coast of the United States by providing nonstop and single-plane China services to the full third of U.S.-China passengers that lack this important convenience. DL-103.

China is the largest Asia-Pacific nation without direct service to New York. DL-106. With over 1.2 billion people, China has not a single flight to New York, whereas a tiny nation such as Singapore supports eleven weekly direct services. Id. Beijing and Shanghai are the largest international cities within nonstop range of New York that do not have nonstop service. DL-107, 108. Tokyo, which is of similar size, supports 39 nonstop flights. Id.

China is also the largest Asia-Pacific economy without nonstop or direct service to New York. At \$4.4 trillion dollars, China is by far the largest economy in Asia, eclipsing even Japan by a substantial margin. However, unlike every other major Asian economy (including economies less than a tenth China's size) China lacks direct service to New York. DL-109.

The absence of nonstop service at New York is not reflective of the needs of the marketplace, but rather is a result of the highly restrictive nature of the U.S.-China bilateral agreement and the network shortcomings of the two U.S.-flag China incumbents, United and Northwest, neither of which has a significant international presence at New York. Without an award to Delta in this case, the needs of this critically important U.S. gateway will continue to go unmet. Conversely, the Department can be assured of the successful implementation of nonstop New York-China service by Delta, given Delta's strong presence in New York and successful track record of developing long-haul international services from JFK. DL-113.

New York (JFK) is Delta's premier international gateway. Delta offers over 110 daily nonstop flights from JFK to more than 50 points around the world. DL-112. Not only will Delta's proposed service meet the needs of the large number of New York-China local passengers, but Delta's nonstop feeder routes into JFK will provide convenient new service options for the large numbers of U.S.-China passengers located in the Eastern region of the United States. DL-111. Accordingly, Delta is well-positioned to develop critically important new nonstop China routes from its JFK gateway.

New York is the largest metropolitan area in the United States. Indeed, it is larger than Chicago, San Francisco and Detroit combined. DL-120. As a consequence of its huge population base and enormous local economy, New York generates more international passengers than any other U.S. city. DL-114. With respect to China in particular, the Department's O&D survey shows that New York generates over 75,000 annual air passengers – more than double that of the next-closest gateway proposed by American at Chicago. DL-105. New York-China traffic has been growing at an average rate of ten percent since 1996, outpacing the U.S.-China average by more than two percentage points. DL-115.

In terms of population, income, cultural ties and other demographic factors indicative of demand for nonstop service, New York stands head and shoulders above any other applicant gateway. New York has the greatest population and most households of any U.S. metropolitan area. DL-120, 121, 122. The New York metropolitan area accounts for more personal income than any other U.S. metropolitan area. DL-123. New York residents have greater buying power than residents of any other city, and there are more households in New York with a greater effective buying income of more than \$150,000 than Chicago, San Francisco and Detroit combined. DL-124-129. New York also has more business establishments and produces more in retail sales than any other U.S. city. DL-133-137.

New York has significant cultural and historic ties to China. There are more Chinese-Americans living in New York than anywhere else in the United States. Even

San Francisco, with its legendary China Town, has over 50,000 fewer ethnic Chinese residents than New York. DL-131, 132.

These economic and demographic factors combine to put New York at the top of the list in terms of trade with China. New York does over \$10 billion a year in trade with China – more than twice that of either San Francisco or Chicago. DL-117. New York-China exports have been holding steady over the past several years, while those of Detroit and Chicago have shrunk, respectively, by 38 and 25 percent. DL-119.

Given the urgent and compelling need for New York-China nonstop service, the absence of a nonstop air link between New York and China is a puzzling anathema that can only be explained by the unfortunate and highly restrictive bilateral circumstances. The Department should seize this opportunity to ensure that New York gets the nonstop China service the traveling public needs by selecting Delta to receive the available China designation.

### **Delta's Atlanta Single Plane Service**

The benefits of Delta's New York-China Nonstop Service Proposal are further bolstered by Delta's plan to operate single-plane behind-gateway service to Atlanta. Atlanta is the business and cultural center of the Southeastern United States, making Atlanta an important destination in its own right. Delta expects to carry over 6,500 local Atlanta passengers on its single-plane service to China.

Of course, Atlanta's Hartsfield International Airport is home to Delta's primary hub—the largest airline hub in the world. As a consequence of Delta's tremendous level

of flight activity at Atlanta, Hartsfield now lays claim to the title of “world’s busiest airport.” Atlanta Hartsfield was designed not just to serve a community, but to serve an entire region of the country.

By every conceivable measure – whether in terms of number of departures, number of nonstop cities, or numbers of passengers and planes, Delta’s Atlanta hub exceeds every other carrier-gateway combination. DL-142, 143, 144. As a consequence of Delta’s well-developed network operation, Delta’s proposal will provide 182 U.S. points with online service to China, including 41 U.S. points with first single connection service to China. DL-203.

There is currently no single-plane China service available from any Southeastern gateway. DL-103. Accordingly, Delta’s Atlanta service proposal will provide an important benefit for Southeast passengers. Delta’s unmatched level of flight operations emanating from its Atlanta hub will promote enhanced China service and competitive options for many underserved communities in the Southeast region. DL-141.

**Delta’s Cincinnati-Beijing Services  
Will Enhance Network Competition**

Cincinnati is well positioned to compete for connecting traffic moving between the United States and China. DL-145. Delta operates over 500 flights to and from over 110 nonstop cities from Cincinnati. Delta has more flight operations at Cincinnati than American does from its proposed Chicago gateway. DL-143.

In 1999, AC Nielsen and the Official Airline Guide rated Cincinnati the Number One airport in the United States for service and convenience. And, with Delta’s decision

to make Cincinnati the first and only all-jet hub in the world, the service and connecting opportunities for Delta passengers traveling via Cincinnati just keep getting better and better.

Ohio and Northern Kentucky are home to a large number of U.S. manufacturing companies and other businesses. Merchandise exports from Ohio to China have grown over 107 percent in the last five years, outpacing California, Michigan, and Illinois by a factor of more than two to one. DL-147. At the local level, Cincinnati's exports to China have grown faster than the other applicant's gateways. Over the past five years, Cincinnati's China exports have increased by over 40 percent while Detroit achieved only an 11 percent growth rate, and Chicago and San Francisco are in decline. DL-148.

**Delta's Proposal Will Best Enhance  
The U.S.-China Competitive Market Structure**

The U.S.-China marketplace urgently requires the introduction of a new U.S.-flag combination carrier. To Delta's knowledge, China is unique among all countries around the world in that it is the only international aviation market where the number of bilaterally-authorized foreign-flag combination carriers exceeds that of U.S.-flag combination carriers. Thus, Chinese-flag carriers outnumber U.S.-flag combination carriers by three to two. DL-138.

Not only do Chinese-flag combination carriers outnumber U.S.-flag combination carriers, but the Chinese-flag combination carriers have made more effective use of their bilateral operating rights. Currently, there are nineteen nonstop frequencies offered between the United States and China by Chinese-flag combination carriers, compared to

just four frequencies for U.S.-flag combination carriers. DL-139. This significant advantage also extends to capacity, with Chinese-flag combination carriers offering 349,000 nonstop annual seats compared to just 87,000 nonstop annual seats for U.S.-flag carriers. DL-140. Consequently, there are few options for U.S. passengers seeking the comfort and familiarity of travel on the U.S.-flag carriers and there are no nonstop service options of any sort for passengers originating in the Eastern United States.

In the absence of a vigorous nonstop U.S.-flag China competitor, United and Northwest have been content to squander their valuable U.S.-China frequencies on fifth-freedom services via Japan, which offer neither the full measure of capacity nor the convenience that the traveling public should expect to enjoy. Delta's comprehensive package of nonstop China services will raise the bar on U.S.-China service and competition. The incumbents will need to put their existing frequencies to better use if they hope to compete with Delta.

## **Delta's Traffic Forecast**

### **Passenger**

Delta expects to carry 230,000 total U.S.-China passengers, including nearly 160,000 passengers on its Atlanta-New York-China service alone. Approximately 100,000 passengers on Delta's New York-China nonstop service will originate in New York, and an additional 6,500 passengers will begin their journey at Atlanta. In terms of connecting passengers, Delta will carry approximately 49,000 online connecting passengers and 6,000 interline connecting passengers on its New York-China flight. DL-300.

Delta will carry a further 67,000 passengers on its thrice-weekly Cincinnati-Beijing service. Of these passengers, approximately 4,500 will be Cincinnati originating, with 60,000 online connecting, and 2,500 interline connecting passengers making up the balance of the forecast. DL-300.

### **Cargo**

As required by the Department's instituting order, Delta has also compiled a detailed cargo forecast, broken down by market, at assumed 70 and 100 percent passenger loads. Delta expects that it will carry approximately 12,500 tons of annual revenue cargo on its New York-China services and an additional 5,000 tons of cargo on its Cincinnati-China flights. DL-375.

The nature of Delta's operation and lack of detailed historical cargo data makes it difficult to estimate with precision the amount of express package and mail cargo that will be carried aboard Delta's services. However, Delta's modest assumption of one percent for each of these categories is more than likely a substantial understatement.

Moreover, Delta would like to draw the Department's attention to the fact that express cargo shippers often contract container space on Delta aircraft to provide lift to points the express carriers do not serve directly, or where additional capacity is needed. In that regard, Delta submits that its proposed China services could be of substantial benefit to the express cargo market, even though Delta does not directly market such services in its own right. Thus, for example, DHL operates an express cargo hub at the Cincinnati airport, where Delta will be providing the best and fastest air service to China. If selected, there is a significant likelihood that Delta would carry DHL-branded express cargo to China. Similarly, New York is one of the largest U.S.-China export-import markets. Delta will again be providing the best and fastest service to China (substantially faster and more direct than UPS's proposed services via Anchorage and/or Tokyo). Thus, express shippers will have the opportunity to use Delta services to speed time sensitive packages to their destinations in China.

**UPS is Firmly Established in the  
China Small-Package Express Market**

The Department should not waste this unique and historic opportunity to select a new U.S.-flag combination carrier, only to authorize additional services by an all-cargo carrier that is firmly established in the China marketplace. There has not been a new

U.S.-flag passenger carrier authorized to serve China in nearly 20 years, whereas the United States secured an all-cargo designation in 1992 that was rededicated to small-package express service as recently as 1995.

UPS is, by its own admission, already an established competitor in the U.S.-China express package business:

UPS already has a significant surface infrastructure in place in China . . . In fact, UPS began operations in China in 1988, 11 years ago. Through a joint venture relationship with its partner Sinotrans, UPS operates dedicated UPS-branded service to 21 major Chinese cities. Also with Sinotrans, UPS provides service to an additional 108 cities in China. The only thing UPS is lacking is the ability to operate its own aircraft to China. UPS Application at 7.

An important characteristic of the all-cargo market which enables cargo and express package carriers like UPS to compete effectively through interline and joint-venture type arrangements is the widespread consumer indifference to the ultimate identity of the operating carrier. Thus, UPS has proven its ability to successfully penetrate the U.S.-China express package marketplace. UPS currently offers dedicated UPS branded service to some 21 major cities in China, plus service to 108 additional Chinese cities with Sinotrans. UPS's success in this regard demonstrates that the identity of the carrier that actually operates the flight is of little concern to the shipping public.

In terms of passenger travel decisions, however, the identity of the carrier actually operating the service is of critical importance to consumers. Current nonstop U.S.-China service offerings are very limited, with U.S.-flag carriers providing just four weekly nonstop flights. The traveling public urgently needs the Department to select a new

combination carrier capable of providing U.S.-China passengers with meaningful choices for nonstop service to China.

UPS would operate no nonstop service from the U.S. mainland. All of UPS's China flights would involve a stop at Anchorage, and some of its services would involve an additional fifth-freedom stop in Japan, further lengthening the journey, and reducing the available capacity available to accommodate U.S.-China traffic. DL-160.

By contrast, Delta would operate nonstop service from two mainland U.S. points, including the best and fastest service between China and New York – one of the largest U.S.-China cargo markets. The cargo space available on Delta's nonstop services would represent a substantial improvement over the best existing service, in contrast to the services proposed by UPS, which would merely add more capacity to a market already well served by numerous U.S. and foreign-flag carriers on similar multi-stop routings. Indeed, UPS successfully uses these existing services to move its express package shipments.

### **American's Chicago Proposal is Inferior to Delta's Proposal**

Delta's proposed combination services are superior to American's for a variety of service and competitive reasons. Delta's New York gateway is over twice the size of Chicago in terms of China traffic. DL-105. The Midwest already enjoys a disproportionate share of U.S.-flag China service, whereas Delta's New York gateway would be the first and only China gateway on the entire East Coast. DL-103. Moreover,

Chicago will already be receiving nonstop China service from United by the time the new China opportunities become effective.

United's announcement that it will initiate nonstop service between Chicago and China effectively nullifies the benefit of American's Chicago proposal. Thus, in contrast to Delta's service, which would open two new nonstop U.S.-China gateways, American's Chicago service would not create a single new nonstop China gateway. Since United operates a larger hub at Chicago than American, the vast majority of connecting passengers will already have online service on United (and Northwest, which also operates a large nearby hub at Detroit). DL-154, 155.

Finally, Delta would offer substantially more capacity than American, making better use of the valuable limited-entry China frequencies. In Year 1, Delta will offer nearly 34,000 more seats than American, growing to 44,000 more annual seats than American in future years. DL-156, 157.

**Polar Would Offer the Fewest Benefits of Any New China Applicant**

Polar ranks in last place among the new entrant applicants. Not only would Polar use the valuable combination designation only for cargo service, but Polar is the only applicant that proposes no new nonstop U.S.-China service. All of Polar's services would operate to and from China via Seoul. DL-158. Due to the fifth-freedom nature of Polar's services, less capacity would be available to meet the needs of the U.S.-China marketplace. Polar is also the only new entrant applicant to propose less than daily

service. On balance, the selection of Polar would be a poor use of the valuable new entrant designation.

**United, Northwest and FedEx  
Should Receive No Additional Frequencies**

In order to make maximum effective use of the extremely valuable new entrant designation, it is vital that the new entrant carrier receive all 10 available frequencies, which is the minimum number held by any of the three incumbent carriers. DL-149. The incumbents have failed to make the most effective use of their existing frequencies, preferring to operate Fifth-freedom services via Japan, rather than operating nonstop U.S.-China flights. DL-150, 151, 159.

It is only now that Delta and other potential new entrant China carriers have proposed nonstop service that incumbent carriers, such as United, are moving to implement nonstop services. DL-151. The Department can best encourage the efficient use of all existing China frequencies by awarding the ten available frequencies to the newly designated carrier for nonstop China service. With ten frequencies, Delta will be able to institute new daily nonstop service at the critically important New York gateway, as well as three weekly flights from Cincinnati, which will work to enhance U.S.-China network competition. Delta's full package of ten weekly nonstop flights will raise the bar on U.S.-China service and competition, requiring the incumbents to shift their one-stop flights to more beneficial nonstop services.

**Conclusion**

Awarding Delta the designation and ten frequencies it needs to implement its Atlanta-New York-China and Cincinnati-China proposals will best achieve the Department's objectives of maximizing the public benefits attainable from the new U.S.-China opportunities. New York is the largest and most important unserved U.S. market to China. The public interest compels the Department to make curing the critical service gap at New York and in the eastern region of the United States its highest priority in this proceeding. Delta's New York proposal is accompanied by the important network benefits associated with enabling Delta to provide single-plane and nonstop China service from its major hubs at Cincinnati and Atlanta. On balance, Delta's comprehensive proposal will do more to enhance U.S.-China service and competition than any other applicant.

**Responses to Interrogatories**

The evidence request attached to the Instituting Order directed each applicant to answer the following interrogatories:

- (1) If the carrier is selected for primary authority, will it accept a condition in the certificate requiring institution of service by a date specified by the Department? What date should the Department specify?

Delta's Response: Delta will accept any reasonable startup condition and urges the Department to specify that the carrier selected for primary authority must inaugurate service to China within ninety (90) days of receipt of final governmental authorizations or April 1, 2001, whichever is later.

- (2) If the carrier is selected for backup authority, will it accept a condition in its certificate that (a) permits it to implement authority within the first year should the primary carrier withdraw from the market, and (b) expires at the end of one year should the authority not be activated?

Delta's Response: Delta should be selected as the primary carrier in this case. However, Delta would accept the proposed back-up condition if it is not awarded primary authority.

- (3) If an applicant is not awarded all of the frequencies it has requested, what is the order of precedence for each of the applicant's proposals?

Delta's Response: Delta's first priority is its daily Atlanta-New York-Beijing-Shanghai service. Delta's second priority is its three weekly Cincinnati-Beijing flights.