

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

Application of)	
)	
)	
CONTINENTAL AIRLINES, INC.)	Docket OST-00-7186
)	
for a Colombia frequency allocation)	
(Houston-Cali))	
)	

ANSWER OF DELTA AIR LINES, INC.

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April 17, 2000

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ANSWER OF DELTA AIR LINES, INC.

Delta Air Lines, Inc. ("Delta") hereby Answers Continental's application for seven additional Colombia frequencies on top of the fourteen it already holds. Continental's blatant attempt to thwart new entry and competition in the U.S.-Colombia marketplace by absorbing the seven newly available frequencies should be rejected outright.

Delta's proposal would install a new U.S. flag Colombia competitor and would open Atlanta -- the largest and most effective hub gateway in the United States -- for service to Colombia. Based on the overwhelming superiority of Delta's proposal, from both a service and competitive market structure standpoint, the Department should proceed immediately with the issuance of a Show Cause Order authorizing Delta's proposed Atlanta-Bogota service.

Such action would be fully consistent with the Department's policy and practice in similar simplified route cases. For example, Continental itself was selected by abbreviated Show Cause proceedings to provide Cleveland-London service over American's San Jose-London proposal, based primarily upon market structure considerations. See Orders 98-7-25 and 98-10-19.

With the present ability to offer double-daily Colombia service, Continental is one of the major U.S.-Colombia incumbents. The Department should immediately decide as a matter of policy that Delta's new entrant application warrants first priority for an award, as it did in selecting Continental over American in the abbreviated U.S.-London proceeding. The Department has also used abbreviated proceedings in other recent frequency allocation cases, such as the 1999 U.S.-France Frequency Allocation Proceeding (Docket OST-98-4614). Order 98-10-21 and Order 98-11-19.

Only in relatively complicated cases with several applicants, and where the selection of the primary contender would preclude new entry competition, has the Department resorted to full-blown route case procedures. Order 98-12-3 at 3. Here, there are only two applicants, and the selection of Delta is the only possible award that would result in new entrant competition. In these circumstances, well established precedent and policy make the selection of Delta a clear-cut choice, and the Department should proceed immediately with the issuance of a Show Cause Order.

A further word is in order concerning Continental's false and baseless attempts to denigrate Delta's highly successful Latin American route expansion strategy. Thus, Continental claims variously that "Delta is not building even the core elements of a comprehensive Latin American network"; that "Delta is now seeking only limited-entry routes in South America where competition is limited"; and that "Delta's Atlanta-Bogota proposal is the most recent example of Delta's pattern of seeking isolated limited-entry authority . . ." Continental Answer at 3 (Docket OST-2000-7104).

If truth be told, Delta operates an impressive total of 112 weekly U.S.-Latin America nonstop flights, including service to a half dozen open-entry Latin America countries. It remains to be seen just how long Continental's tired and overblown rhetoric regarding Delta's allegedly inadequate and protected Latin

America route network will persist, when Continental's assertions are so clearly belied by the facts.¹

While Delta is rapidly expanding its Latin America route network into new nonstop open-entry markets, such as Atlanta-Santiago, it is Continental that is attempting to protect its limited-entry franchise by usurping Colombia frequencies that would otherwise be used by a new entrant competitor. The Department should reject these tactics, and immediately proceed with the issuance of a Show Cause Order awarding Delta seven U.S.-Colombia frequencies for its proposed Atlanta-Bogota service.

¹ Of particular note is the introduction of Delta's new nonstop service between Atlanta and Santiago, Chile. This is the first and only nonstop new U.S.-flag service to be introduced since the effectiveness of open skies, and will provide important new service and competitive benefits to South America travelers and shippers. The introduction of Chile service by Delta is especially important in light of the failure of Continental's Newark-Santiago flight and its complete withdrawal from the U.S.-Chile nonstop marketplace. Delta will be the only new entrant nonstop competitor to American and Lan Chile on U.S.-Chile routes.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have, this 17th day of April, 2000, served the foregoing Answer of Delta Air Lines, Inc., upon those persons listed on the attached service list by depositing copies thereof in the United States mail, first class, postage prepaid.

Pauline C. Donovan

SERVICE LIST