

BEFORE THE  
DEPARTMENT OF TRANSPORTATION  
WASHINGTON, D.C.

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NEW U.S.-ARGENTINA COMBINATION  
SERVICE OPPORTUNITIES  
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: Docket OST-99-6210  
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REPLY OF  
CONTINENTAL AIRLINES, INC.

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December 11, 2000

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Continental,<sup>1</sup> the New Jersey Parties and the Houston Parties have explained why Continental should be awarded 14 frequencies to institute New York/Newark-Buenos Aires flights on April 1, 2001 and Houston-Buenos Aires flights on December 1, 2001, bringing the first single-plane service to two new Argentina gateways and a new nationwide network to Argentina passengers and shippers. Continental replies as follows to the Delta, United and Los Angeles arguments that Delta and United should receive seven frequencies each to add additional nonstop flights at the Atlanta and Los Angeles gateways, respectively.

1. United already holds 21 weekly Argentina frequencies, could institute service at Los Angeles by moving frequencies it already holds to achieve all the benefits it claims for new Los Angeles-Buenos Aires service and seeks to add service

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at a gateway which has recently added three new weekly nonstop flights and also has 21 other weekly flights.<sup>2</sup> United's argument overlooks the obvious benefits of adding an entire new network for U.S.-Argentina passengers and shippers as Continental would do. Continental agrees with United that this case should be decided on the basis of benefits to the public, "not on corporate benefits resulting from enhancement of individual carriers' networks." (United Answer at 2) Since United is free to provide all of the Los Angeles service it has proposed in this proceeding without a single additional frequency, however, United is the carrier seeking to enhance its own network at the expense of introducing an entire new U.S.-Argentina network and bringing fresh competition to U.S.-Argentina routes. As the Department has only recently explained to United, "The Department has found consistently that new entry is a significant carrier selection factor because it

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<sup>1</sup> Common names are used for airlines.

<sup>2</sup> United's calculations of seats-per-passenger conveniently ignores all of the through-flight-number service offered at Los Angeles. Adding even a fraction of the seats on each of those flights to the calculation shows that Los Angeles has more Argentina seats per passenger than New York/Newark, using a reasonable forecast for Los Angeles-Buenos Aires passengers rather than United's inflated forecast.

provides consumers with new service options and incumbents with new incentives to provide consumers with service that meets their needs.”<sup>3</sup>

2. Despite the nonstop Atlanta-Buenos Aires service already available, Atlanta itself has so little Argentina traffic that Delta would be dependent on connecting traffic to support its Argentina service. Since virtually all of the connecting passengers Delta proposes to carry already have as good or better connecting service today on incumbent carriers, Delta’s developmental Buenos Aires service should at least await the institution of Continental’s New York/Newark service accommodating a large volume of New York/Newark passengers and providing better connections throughout the northeastern United States.<sup>4</sup> Since there are far more Argentina passengers in the northeast than in the southeast when Florida passengers with more convenient service on multiple flights at Miami are excluded, Continental’s service at New York/Newark should be instituted well

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<sup>3</sup> See Order 2000-11-23 at 6. In that case, United had access to the Los Angeles-San Jose del Cabo route only through codesharing. United itself has access to the Los Angeles-Buenos Aires route today, offering one daily single-flight-number service and three daily one-stop connecting services as well as having the ability to move frequencies to Los Angeles. Ironically, although United claims that Los Angeles, San Francisco and Seattle “are poorly served over the Newark gateway” (United Answer at 4), United itself offers connecting Buenos Aires service via JFK for Los Angeles and San Francisco. Continental stands ready to compete with United for this traffic as soon as Continental is awarded Argentina frequencies.

<sup>4</sup> Delta claims that the New York/Newark gateway “is already served by four competing nonstop carriers.” (Delta Answer at 3) Continental agrees the New York/Newark gateway should be served by four competing nonstop carriers, but at present only American, United and Aerolineas Argentinas offer nonstop Buenos Aires service at any New York/Newark airport.

in advance of Delta's Atlanta service so Continental can begin serving the needs of passengers at the second largest gateway for Argentina traffic (New York/Newark) and an applicant airport (Newark International Airport) which today has no nonstop Argentina service, unlike Los Angeles and Atlanta, as well as bringing effective new competition to American and United, the U.S.-flag Argentina duopoly, and foreign carriers. Awarding Continental New York/Newark authority and frequencies for April 1, 2001, will bring the most important immediate benefits to passengers, shippers and competition on U.S.-Argentina routes. Adding Houston – the only other applicant airport with no single-plane Argentina service – would enable Continental to institute nonstop service at its Houston hub offering highly-convenient service for passengers and shippers throughout the western United States.

For the foregoing reasons, Continental urges the Department to act promptly to award Continental seven frequencies effective April 1, 2001, for New York/Newark-Buenos Aires service and seven frequencies effective December 1, 2001, for Houston-Buenos Aires service.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that I have this date served a copy of the foregoing document on all parties to this proceeding in accordance with the Department's Rules of Practice.

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