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BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

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MAY 25 1999

In the matter of the application of)
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AEROLINEAS ARGENTINAS S.A.)
)
for renewal of exemption from 49 U.S.C. 41301)
_____)

Docket OST-97-2231

APPLICATION FOR RENEWAL OF EXEMPTION

Communications with respect to this document should be addressed to:

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Counsel to Aerolineas Argentinas S.A.

DATED: May 25, 1999

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Aerolineas Argentinas S.A. ("Aerolineas") hereby requests renewal of the exemption authority granted to it by the Department of Transportation (the "Department") in the above-captioned docket permitting Aerolineas to engage in the scheduled foreign air transportation of persons, property and mail between Buenos Aires, Argentina and Miami, Florida, via the intermediate point Caracas, Venezuela. Aerolineas' current exemption expires on June 5, 1999. Aerolineas requests that this exemption be renewed for an additional one-year period on its existing terms and conditions. Aerolineas relies on the provisions of the Administrative Procedures Act and Part 377 of the Department's Procedural Regulations to continue its existing exemption in effect pending a final decision on this renewal request.

As indicated below, all of the factors that originally led the Department to grant this exemption have been confirmed and continue in existence at the present time. Under these circumstances, Aerolineas submits that renewal of its exemption authority is clearly mandated under the Department's established procedures and is consistent with the public interest as established by the terms of the 1986 United States-Argentina Air Transport Services Agreement and the July 1994 Memorandum of Consultations agreed to by both countries. In further support of its request for renewal, Aerolineas states as follows:

1. Aerolineas is a major Latin American carrier and is the flag carrier of the Republic of Argentina. Aerolineas has operated successfully between Argentina and the United States for many years and currently holds a foreign air carrier permit issued by the Civil Aeronautics Board as well as exemption authority issued by the Department. Under authority of its foreign air carrier permit (Order 77-12-53) and exemption authority, Aerolineas currently provides scheduled service between Argentina and numerous U.S. points.

2. Aerolineas is a citizen of Argentina; the company continues to meet all of the requirements of Argentine law for citizenship.

3. Aerolineas began service in the Buenos Aires-Caracas-Miami market in March 1997, and currently operates several flights weekly between Buenos Aires and Miami with B747 aircraft. Although Aerolineas operates these flights without a stop in Caracas, it wishes to renew the totality of its authority so that operations via Caracas may resume as soon as warranted by commercial conditions.

4. The July 1994 Memorandum of Consultations ("MOC") between the United States and Argentina revised Annex I of the 1986 U.S.-Argentina Air Transport Services Agreement. Under the MOC's revisions to Annex I, Argentine carriers may conduct scheduled combination services between points in Argentina and Miami via Caracas. (See Annex I, Section I.B.4.) Aerolineas has been designated and authorized by the Argentine Government to provide service on the Buenos Aires-Caracas-Miami route. The Department and the Civil Aeronautics Board have long recognized that the inclusion of a particular service in a bilateral aviation agreement to which to United States is a party and designation of a qualified foreign air carrier for that service is, by itself, a *prima facie* indication of the public interest in operations on that route.¹

5. Aerolineas is subject to the safety and operational rules of the Government of Argentina. Argentina is a contracting party to the Convention on International Civil Aviation and observes all applicable ICAO standards.

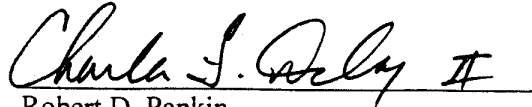
6. Aerolineas' renewal application raises no environmental or energy issues. Service is already being provided on the route for which renewal is requested. Aerolineas operates its service between the Buenos Aires and Miami with entirely with modern, noise-compliant aircraft and will continue to utilize such equipment exclusively. Similarly, approval of this renewal application will not result in a near-term increase in fuel consumption of ten million gallons or more.

WHEREFORE, Aerolineas Argentinas S.A. respectfully requests that the Department of Transportation renew for a one-year period on its existing terms and

¹ See, S.REP. No. 96-329, at 4 (1979), *reprinted in* 1980 U.S.C.C.A.N. 54, 57 ("The negotiation of a bilateral agreement itself represents a determination by the Government of the United States that the grant of route authority provided for under the bilateral is in the 'public interest.'").

conditions Aerolineas' exemption to provide service between Buenos Aires, Argentina and Miami, Florida, via Caracas, Venezuela.

Respectfully submitted,

A handwritten signature in cursive script that reads "Charles F. Donley II". The signature is written in black ink and is positioned above a horizontal line.

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