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BEFORE THE

DEPARTMENT OF TRANSPORTATION

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WASHINGTON, D.C.

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In the matter of the applications of

DELTA AIR LINES, INC. and
AEROVIAS DE MEXICO, S.A. DE C.V.

:
: Dockets OST-99-5593 - 10
: OST-97-3289 - 38
: OST-98-4577 - 11
: OST-97-2161 - 18
:

ANSWER OF
CONTINENTAL AIRLINES, INC.

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May 28, 1999

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DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

In the matter of the applications of	:	Dockets OST-99-5593
	:	OST-w-3289
DELTA AIR LINES, INC. and	:	OST-98-4577
AEROVIAS DE MEXICO, S.A. DE C.V.	:	OST-97-2161

ANSWER OF
CONTINENTAL AIRLINES, INC.

Continental¹ urges the Department to grant immediately the long-standing applications of Continental and other carriers for authority to offer code-share service on U.S.-Mexico routes. The late-filed Delta/Aeromexico request for the Department to add new city pairs, grant blanket authority beyond the gateways and delay other requests while Delta and Aeromexico argue about code-share exclusivity² raises controversial issues which should not delay the approval of other applications.

Continental states as follows in support of its position:

¹ Common names of carriers are used.

² See Joint Motion for Leave to Amend and Amendment to Applications of Delta Air Lines, Inc. and Aerovias de Mexico, S.A. de C.V., filed May 17, 1999, as supplemented by the Letter from William C. Evans and Robert E. Cohn to Paul L. Gretch dated May 24, **1999**.

May 28, 1999

1. The Department should not delay the public benefits of Continental's U.S.-Mexico code-share services with Alaska and Northwest and the new services to be offered by other code-share partnerships simply because Delta and Aeromexico have decided at this late date to ask the Department to add new city pairs, grant blanket authority beyond the gateways and preserve their code-share exclusivity arrangement. Continental and other carriers submitted their applications months ago,³ and these carriers and the traveling public are entitled to action on those requests now regardless of the new requests by Delta and Aeromexico and their preemptive strike on exclusivity.⁴

2. Continental's code-share arrangements with Alaska and Northwest will bring additional competition to U.S.-Mexico routes now served by Alaska, Northwest and other airlines and expand U.S.-Mexico network competition with Delta, American, United and their Mexican partners. The Department should grant Continental's application and those of other carriers without delay to ensure the public does not continue to be deprived of expanded U.S.-Mexico code-share

³ Contrary to the allegation by Delta and Aeromexico, Continental's alliance agreements with its U.S.-Mexico code-share partners were filed with, and reviewed by, the Department pursuant to 49 U.S.C. § **41309**.

⁴ Although Delta and Aeromexico now claim their agreements must not be affected by subsequent changes in government regulations and approvals, the Delta/Aeromexico agreements reached in 1994 clearly contemplate the possibility of subsequent government regulatory action which could alter the terms of the code-share arrangement (see Article **16** of the July 5, 1994 Delta/Aeromexico Code-Sharing/Blocked-Space Agreements) and Delta and Aeromexico have agreed to maintain strict observance of all "applicable government rules and regulations" (see Id. at Article 2, Section **5**).

services and defer action on the Delta/Aeromexico applications pending resolution of the controversial issues raised only recently by Delta and Aeromexico.

For the foregoing reasons, Continental asks the Department to grant the pending applications of Continental and other carriers for U.S.-Mexico code-share authority immediately and defer action on the pending applications of Delta and Aeromexico pending resolution of the issues raised by Delta and Aeromexico.

Respectfully submitted,

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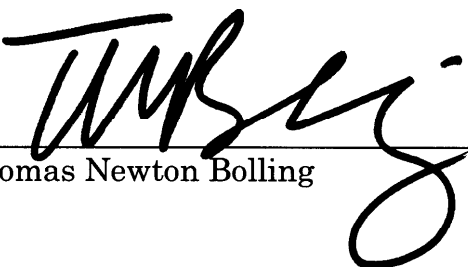
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May 28, 1999

CERTIFICATE OF SERVICE

I certify that I have this date served the foregoing document by facsimile on counsel for Delta and Aeromexico and the parties served with the joint motion and amendment of Delta and Aeromexico.



Thomas Newton Bolling

May 28, 1999

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in the Matter of the Applications of Delta Air Lines, Inc.
and Aerovias de Mexico, S.A. de C.V. (Dockets OST-99-5593,
OST-97-3289, OST-98-4577 and **OST-97-2161**)
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