

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

U.S.-CHINA AIR SERVICES

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Docket OST-99-5539

FURTHER COMMENTS OF
EMERY AIR FREIGHT CORPORATION
AND MOTION FOR LEAVE TO FILE

Communications with respect to
this document should be sent to:

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June 9, 1999

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Emery¹ is supporting Northwest's application in this case for two very simple reasons. First, Northwest's all-cargo proposal is superior to Federal Express' proposal in terms of capacity. Second, Northwest will give Emery's shipments priority and favorable pricing which Emery does not receive as a Federal Express customer. The Department should not permit Federal Express' attempt to discredit Emery for supporting Northwest to divert attention from the merits of Northwest's case.

¹ Common names of carriers are used.

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Emery files these further comments in response to Federal Express' Consolidated Reply, dated June 4, 1999:²

1. Contrary to Federal Express' accusation, Emery is familiar with the record, and the record demonstrates the superiority of Northwest's proposal. Northwest will enter the U.S.-China all-cargo market with four weekly Boeing 747 flights between Chicago and Shanghai, via intermediate stops at Seattle, Anchorage and Tokyo. Northwest's Boeing 747 aircraft are configured to handle all types of freight and have a per departure capacity of 240,000 pounds. This is over 25% more cargo capacity than Federal Express' proposed MD-11 and over 250% more cargo capacity than Federal Express' A-310s can carry.³ Moreover, Federal Express would use almost half of its requested frequencies to serve Shenzhen, although the Shenzhen airport is only 48 miles from the new Hong Kong airport which already receives substantial U.S. service from Federal Express and other carriers. Thus, in

² Emery moves for leave to file this unauthorized document. Emery had no intention of filing another pleading in this case until it read Federal Express' unwarranted attack on Emery for supporting Northwest. This pleading corrects misstatements in Federal Express' Consolidated Reply and will provide the Department a more complete record on which to base its determination. Acceptance of the pleading will not unduly prejudice any party or delay this proceeding, since the parties themselves are continuing to submit letters in support of their applications. (See Docket OST-99-5539)

³ Although the text of Federal Express' application mentions only MD-11 service, Exhibit FX-301 reveals that Federal Express proposes to operate six Subic Bay-Shenzhen frequencies with A-310 aircraft.

terms of new capacity for U.S. forwarders, Northwest is the clear choice over Federal Express.

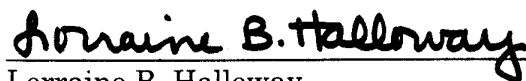
2. Federal Express admits that Emery “know[s] directly of the container and other services Federal Express offers to freight forwarders.” (Consolidated Reply at 3) Based on its experience as a Federal Express customer, Emery knows that Federal Express uses containers for its own convenience, but Federal Express does not offer Emery the advantageous container rates that Northwest and other airlines offer. Similarly, while Federal Express touts its International Express Freight (“IXF”) and International Airport-to-Airport (“ATA”) offerings for U.S.-China, Emery knows from experience that Federal Express moves its own retail product (“IP”) with the highest priority while its forwarder products (IXP and ATA) receive lower priority. In contrast, Northwest will give equal priority and advantageous pricing to U.S. forwarders.

3. Despite Federal Express’ innuendo (see Consolidated Reply at 1 and 3), Emery has no hidden agenda for supporting Northwest. As a purchaser of U.S.-China cargo capacity, Emery would prefer to see new frequencies awarded to the applicant which will provide the most new U.S.-China capacity, the highest priority for Emery’s shipments and the most favorable pricing for those shipments. That applicant is Northwest. In addition, Northwest would be a new entrant in the U.S.-China all-cargo market and serve a new U.S. all-cargo gateway for China (Chicago), which is convenient to Emery’s Dayton hub.

For the foregoing reasons, Emery asks the Department to disregard Federal Express' unwarranted attack on Emery and to award Northwest four U.S.-China frequencies for all-cargo services.

Respectfully submitted,

CROWELL & MORING LLP

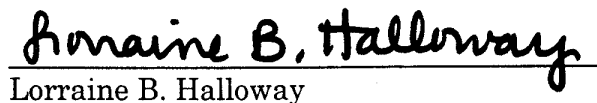


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CERTIFICATE OF SERVICE

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


Lorraine B. Halloway

June 9, 1999

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