

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

Application of)	
)	
UNITED AIR LINES, INC.)	
)	Docket OST-99-5725
for an exemption pursuant to)	
49 U.S.C. § 40109)	
(Denver-London Heathrow))	

ANSWER OF NORTHWEST AIRLINES, INC.

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Dated: June 9, 1999

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Northwest Airlines, Inc. ("Northwest") hereby submits this answer to the application of United Air Lines, Inc. ("United") for authority to provide scheduled service between Denver and London (Heathrow Airport). Such authority, of course, is not provided for in the Bermuda II Agreement. United is effectively asking the United States to pursue a "mini deal" with the United Kingdom, in which United would receive Denver-London authority. There is no legitimate basis for the Department to grant United's request, and United's application should be dismissed.

Northwest shares United's frustration with the limitations placed on carriers by the Bermuda II agreement. As the Department is well aware, Northwest is presently precluded from serving Heathrow Airport due to the restrictions in the bilateral agreement. Access to Heathrow, London's preferred airport, is essential to Northwest in order for it to be competitive and meet the demands of its customers.

NORTHWEST AIRLINES ANSWER

Instead of pursuing piecemeal openings of the U.S.-U.K. market, Northwest believes that the U.S. Government must maintain its focus on obtaining a comprehensive, fully-liberalized agreement that provides multiple new opportunities for multiple U.S. carriers. On this basis, Northwest also opposed the recent applications of US Airways for extrabilateral Pittsburgh-London authority (Docket OST-5428) and American Airlines for extrabilateral San Jose-London authority (Docket OST-99-5527).

Department precedent and policy mandate dismissal of United's application. In 1993, the Department dismissed multiple applications for U.S.-U.K. authority, stating that the Department did not intend to consider any further applications for extrabilateral U.S.-U.K. authority. "By this order we dismiss applications for authority not now available under Bermuda 2, and announce our intention to consider only applications for authority that may currently be exercised under the agreement." Application of Continental Airlines, et al., Order 93-6-6, at 8.

The Department stated further:

Our present negotiating strategy is premised on the goal of achieving a new, liberal bilateral understanding with the United Kingdom. This focus on comprehensive reform necessarily eclipses short-range goals, including the acquisition of rights to serve a few particular routes. Obviously, we would be pleased to see the United Kingdom permit additional entry by our carriers, but we are not now inclined to attempt to negotiate such rights on a piecemeal basis. Order 93-6-6, at 7.

This precedent must guide the Department's treatment of United's request. Until a comprehensive new agreement with the United Kingdom has been reached, the Department must not take positive action on United's application or on the applications of other U.S. carriers for extrabilateral U.S.-U.K. authority. See American Airlines, Chicago-London Dismissal, Order 85-4-44, at 4 ("we believe this approach – i.e., negotiate route rights first and then conduct a proceeding to select a carrier for the route – is a sensible policy"). See also U.S.-Vancouver

NORTHWEST AIRLINES ANSWER

Application, Order 87-8-52, at 2 (“where limited entry routes not provided for in the bilateral are at issue, it is our general policy not to award U.S. carriers new route rights unless we have first obtained those rights from the foreign government involved”); TWA Exemption Dismissal, Order 85-9-1, at 3 (“Our general policy on limited-entry routes not provided for in bilateral aviation agreements is to negotiate new route rights in advance of awarding new certificate authority”).

The Department’s objective in addressing the anti-competitive effects of Bermuda II should not be to reach mini-deals that open single routes to London, as United requests. Unless and until a broad new bilateral agreement with the United Kingdom is reached, the Department should follow its well-established precedent and policy and dismiss the application of United Air Lines.

Respectfully submitted,



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