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BEFORE THE
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.

DEPARTMENT OF TRANSPORTATION
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DOCKET SECTION

Application of :
 :
 FEDERAL EXPRESS CORPORATION : Docket OST-95-657 - 5
 :
 for an exemption pursuant to :
 49 U.S.C. Sec. 40109 (U.S.-Saudi :
 Arabia Cargo Service) :
 :

ANSWER OF
SAUDI ARABIAN AIRLINES CORPORATION

Communications with respect to this document should be sent to:

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Dated: 1 October 1997

6 pp

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**ANSWER OF
SAUDI ARABIAN AIRLINES CORPORATION**

Saudi Arabian Airlines Corporation ("Saudia") hereby submits this answer to the Application of Federal Express Corporation ("Federal Express") for a renewal of its exemption authority. Saudia does not, at this time, object to the renewal of Federal Express's exemption authority as set forth in Para. 1 of its Application but does question the legitimacy of the operation of "feeder" flights operated for Federal Express on a contract basis by Falcon Express, Inc., a foreign charter air carrier, from Dubai to Riyadh and Jeddah and back to Dubai as described in Para. 2 of the Application.

Although the relationship between Federal Express and Falcon, and the nature of the operation, is somewhat sketchy, it has the earmarks of a third-country code sharing arrangement. If this is in fact such a code sharing arrangement,

then such operation is not permitted by the current U.S.-
Saudi Arabian Bilateral Agreement.

Saudia therefore requests that the Department defer
approval of the Application of Federal Express pending
receipt of a more detailed explanation of the arrangement
between Federal Express and Falcon Express, Inc.

Respectfully submitted,

William A. Nelson

William A. Nelson
Attorney for Saudi Arabian
Airlines Corporation

Dated: 1 October 1997

CERTIFICATE OF SERVICE

I hereby certify that on this First day of October 1997
I served a copy of the foregoing document by First Class Mail
on all persons shown on the Service List of the Federal
Express Application.

William A. Nelson

William A. Nelson