

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

1999 U.S.-ARGENTINA
COMBINATION SERVICE CASE

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) Docket OST-99-6210
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**ANSWER OF
THE GEORGIA/ATLANTA PARTIES**

Communications with respect to this document should be addressed to:

Carlos Martel
Deputy Commissioner-
International Trade
Georgia Department of Industry
and Trade
285 Peachtree Center Ave.
Atlanta, GA 30303

Miguel Southwell
City of Atlanta
Hartsfield Atlanta International Airport
Suite 300
PO Box 20509
Atlanta, GA 30320

HollyBeth Anderson
Vice President-International
Metro Atlanta Chamber of
Commerce
235 International Blvd., NW
Atlanta, GA 30303
Phone: 404-586-8462
Fax: 404-586-8464

December 29, 2000

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The Georgia and Atlanta Parties urge the Department to make final its tentative award to Delta, so that Georgia, Atlanta and the Southeast region can begin to enjoy the benefits of new daily nonstop Argentina service on April 1, 2001. United has stated that it will not object to Delta's award for Atlanta service, and the Objections of Continental and the Houston Parties fail to raise any arguments that would call into question the Department's findings in the Show Cause Order.

The need for daily nonstop U.S. flag service at Atlanta is compelling. As recognized by the Show Cause Order, "Delta would provide the first U.S. flag service at the Atlanta gateway, and its daily service would offer competition to the thrice weekly foreign carrier services operated by an Argentine carrier." Order 2000-12-13 at 11. Moreover, in addition to providing new service and competitive benefits for Atlanta local passengers, an award to Delta will enable Atlanta to serve as an attractive new connecting gateway for U.S.-Argentina

Answer of the Georgia and Atlanta Parties
Page 2

passengers in the southeast region, and in cities across the United States served by Delta on a nonstop basis from the Atlanta Hartsfield International Airport.

The Georgia and Atlanta Parties respectfully disagree with the objections of the Houston parties, particularly since Atlanta, and not Houston, “is located in an ideal geographic location from which to route traffic between the U.S. and Argentina.” (Houston at 3). The evidence of record overwhelming shows that Atlanta is the more convenient connecting gateway for the vast preponderance of U.S.-Argentina passengers. For example, at 20 percent circuitry, the Atlanta gateway captures 72 percent of U.S.-Argentina O&D traffic – *double* the coverage of Houston, which captures only 36 percent of U.S.-Argentina traffic. See, DL-R-145.

Moreover, Atlanta is the only gateway at issue in this proceeding that is well positioned to offer effective competition to the southeast stronghold of American and United at Miami. Because of Houston’s western location, it cannot effectively compete in many eastern cities served by the incumbents via Miami. By contrast, western passengers can readily be accommodated via Atlanta without undue circuitry. Thus, Delta anticipates that it will benefit passengers in 162 U.S. cities behind Atlanta, compared to just 25 cities behind Houston where Continental expects to carry traffic. DL-R-132.

Answer of the Georgia and Atlanta Parties
Page 3

The Georgia and Atlanta Parties strongly dispute Houston's assertion that Georgia and Atlanta have "few cultural or economic ties to Argentina." To the contrary, as pointed out in the Direct Exhibits of the Georgia and Atlanta parties, major Georgia companies including Coca-Cola, BellSouth, Equifax, and Home Depot have an established presence in Argentina, and several Argentina companies do business in Atlanta. ATL-100. Indeed, there is perhaps no better validation of the strong commercial potential and communities of interest than the fact that Argentine carriers have targeted Atlanta – and not Houston – to receive service. The selection of Delta in this proceeding will foster and promote the growing community of interest between Georgia, Atlanta, and Argentina.

Finally, there is no merit to the Houston parties' assertion that Delta has "shied away" from introducing service to open-entry points in Latin America. In truth, Delta has rapidly built Atlanta into a significant hub gateway for service to Latin America by relying, in large part, on open-entry authority. Atlanta has proven that it can readily support nonstop Delta service to numerous open entry markets in Central America, including Guatemala City, Panama City, San Jose, and San Salvador. Atlanta also sustains significant levels of nonstop Delta service to points in Mexico, where entry opportunities are quite liberal. And, just this month, Delta launched bold new nonstop service from Atlanta to Santiago, Chile (where Continental abandoned all service following the implementation of U.S.-Chile open skies).

Answer of the Georgia and Atlanta Parties
Page 4

The proven success of Atlanta as a hub gateway for Delta service to Latin America is a strong indication that the Department made the right choice in selecting Delta to receive the first available Argentina opportunity in this proceeding. The Georgia and Atlanta Parties commend the Department's tentative decision to award Delta seven frequencies for service commencing April 1, 2001, and urge the Department to issue a final order confirming this decision as quickly as possible.

Respectfully submitted,

/s/

HollyBeth Anderson
Vice President-International
Metro Atlanta Chamber of Commerce
235 International Blvd., NW
Atlanta, GA 30303
Phone: 404-586-8467
Fax: 404-586-8427

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Comments of the Georgia and Atlanta Parties were served this 29th day of December, 2000, upon all of the persons listed on the attached Service List.

/s/

Jonathan Echmalian

Service List

	<u>Fax Number</u>
Carl Nelson	202-857-4246
Jeffrey A. Manley/Bruce Rabinovitz	202-663-6363
R. Bruce Keiner, Jr./Lorraine Halloway	202-628-5116
Rachel Trinder	202-342-0683
Chip Hallock	973-824-6587
His Excellency Diego Guelar	202-238-6447
Thomas J. White	202-647-8628
Gina Weiner	847-700-5931
HollyBeth Anderson	404-586-8464
Carlos Martel/Kevin Langston	404-651-6505
Samuel Crane	973-824-6587
Raymond Ilgunas	310-646-9617
Barney Parella	703-516-2773