



UNITED STATES OF AMERICA  
DEPARTMENT OF TRANSPORTATION  
OFFICE OF THE SECRETARY  
WASHINGTON, DC

Issued by the Department of Transportation on July 26, 2004

**CORRECTED NOTICE\***

**NOTICE OF ACTION TAKEN -- DOCKET OST-2004-16945**

This serves as notice to the public of the action described below, taken by the Department official indicated (no additional confirming order will be issued in this matter).

Joint application of American Airlines, Inc. (and its affiliates TWA Airlines, LLC; American Eagle Airlines, Inc.; and Executive Airlines, Inc. d/b/a American Eagle) and Compania Mexicana de Aviacion, S.A. de C.V. (and its affiliate Aerovias Caribe, S.A. de C.V. d/b/a Aerocaribe)<sup>1</sup> filed 6/10/04 and clarified on July 26, 2004, for:

**XX** Exemption for American under 49 U.S.C. 40109 to provide the following service:

**Scheduled foreign air transportation of persons, property, and mail between Chicago, Illinois, and San Luis Potosi, Mexico, and to integrate this authority with its existing certificate and exemption authority. American intends to operate this service pursuant to a code-share arrangement, whereby the "AA" code will be placed on Mexicana flights in the Chicago-San Luis Potosi market. The joint applicants request that the exemption authority be granted for a period co-extensive with the exemptions granted previously in the instant docket (through April 26, 2006, for American and through April 26, 2005, for Mexicana.)**

**XX** Statement of authorization for Mexicana under 14 CFR Part 212 to:

**Permit the "AA" code to be placed on the flights of Mexicana between Chicago and San Luis Potosi, Mexico, in conjunction with foreign air transportation of persons, property, and mail.**<sup>2</sup>

**XX** Exemption for Mexicana under 49 U.S.C. 40109 to provide the following service:

**Scheduled foreign air transportation of persons, property, and mail between Dallas/Ft. Worth, Texas, and Torreon, Mexico. Mexicana intends to operate this service pursuant to a code-share arrangement with American, whereby the "MX" code will be placed on American Eagle flights in the Dallas/Ft. Worth-Torreon/Chihuahua markets.**<sup>3</sup>

\*Corrects Notice of Action Taken dated July 26, 2004, to reflect the statements of authorization granted were effective July 26, 2004.

<sup>1</sup> Although the joint applicants are described in the instant application as including TWA and Aerocaribe, the applicants do not request authority for either TWA or Aerocaribe here.

<sup>2</sup> Mexicana holds the underlying route authority to operate the proposed Chicago-San Luis Potosi code-share services. (See Notice of Action Taken dated June 17, 1999, with timely renewal application pending, in Docket OST-1997-3238.)

<sup>3</sup> Mexicana holds the underlying route authority to operate the proposed Dallas/Ft. Worth-Chihuahua code-share services. (See Notice of Action Taken dated December 2, 1992, timely renewal application pending in Docket OST-1995-452.)

**XX** Statement of authorization for American Eagle under 14 CFR Part 212 to:

**Permit the "MX" code to be placed on flights of American Eagle between (1) Dallas/Ft. Worth and Torreon, Mexico, and (2) Dallas/Ft. Worth and Chihuahua, Mexico, in conjunction with foreign air transportation of persons, property, and mail.<sup>4</sup>**

Applicant rep: Carl B. Nelson, Jr. (202) 496-5647 (American) DOT Analyst: Sylvia Moore  
Charles Donley (202) 626-6840 (Mexicana) (202) 366-6519

## DISPOSITION

**XX** **Granted** (subject to conditions, see below)

The above action granting American's exemption authority was effective when taken: July 26, 2004, through April 29, 2006

The above action granting Mexicana's exemption authority was effective when taken: July 26, 2004, through April 29, 2005

The statements of authorization granted were effective when taken: July 26, 2004, and will remain in effect indefinitely, subject to the conditions listed below.

**Action taken by: Paul L. Gretch, Director**  
**Office of International Aviation**

**XX** **The authority granted is consistent with the aviation agreement between the United States and Mexico.**

Except to the extent exempted or waived, this authority is subject to the terms, conditions, and limitations indicated: **XX** **American's certificates of public convenience and necessity**

**XX** **Mexicana's foreign air carrier permit**

**XX** **Standard exemption conditions (attached)**

**Conditions:** The U.S.-Mexico exemption authority granted to American is subject to the dormancy notice requirements set forth in condition 7 of Appendix A of Order 88-10-2. Consistent with our policy, the dormancy notice period will begin on August 1, 2004, the proposed start-up date for the Chicago-San Luis Potosi service. The exemption authority granted to American and Mexicana is limited to services provided on a code-share basis only.

The route integration authority granted to American is subject to the condition that any service provided under this authority shall be consistent with the applicable bilateral aviation agreements between the United States and the foreign countries involved. Furthermore, (a) nothing in the award of the route integration authority granted should be construed as conferring upon American rights (including code-share, fifth-freedom intermediate and/or beyond rights) to serve markets where U.S. carrier entry is limited unless American notifies the Department of their intent to serve such a market and unless and until the Department has completed any necessary carrier selection procedures to determine which carrier(s) should be authorized to exercise such rights; and (b) should

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<sup>4</sup> American Eagle holds the underlying route authority to operate the proposed code-share services. (See Notices of Action Taken dated April 30, 2004, in Docket OST 2004-17469 for Dallas/Ft. Worth-Torreon and June 25, 2004, in Docket OST-2004-18042 for Dallas/Ft. Worth-Chihuahua.)

there be a request by any carrier to use the limited-entry route rights that are included in American's authority by virtue of the route integration authority granted here, but that are not then being used by American, the holding of such authority will not be considered as providing any preference for American in a competitive carrier selection proceeding to determine which carrier(s) should be entitled to use the authority at issue.

**The statements of authorization granted are subject to the following conditions:**

(a) The statements of authorization will remain in effect only as long as (i) the subject U.S. carriers and the subject Mexican-flag carrier continue to hold the necessary underlying authority to operate the code-share services at issue, and (ii) the code-share agreement providing for the code-share operations remains in effect.

(b) The subject U.S. carriers and/or the subject Mexican-flag carrier must promptly notify the Department (Office of International Aviation) if the code-share agreement providing for the code-share operations is no longer effective or if the carriers decide to cease operating all or a portion of the approved code-share services. Such notices should be filed in Docket OST-2004-16945.<sup>4</sup>

(c) The code-sharing conducted under this authority must comply with Part 257 and with any amendments to the Department's regulations concerning code-share arrangements that may be adopted. Notwithstanding any provisions in the contract between the carriers, our approval here is expressly conditioned upon the requirements that the subject foreign air transportation be sold in the name of the carrier holding out such service in the computer reservation systems and elsewhere; that the carrier selling such transportation (*i.e.*, the carrier shown on the ticket) accept responsibility for the entirety of the code-share journey for all obligations established in its contract of carriage with the passenger; and that the passenger liability of the operating carrier be unaffected. Further, the operating carrier shall not permit the code of its U.S. air carrier code-sharing partner to be carried on any flights that enter, depart, or transit the airspace of any area for whose airspace the Federal Aviation Administration has issued a flight prohibition.

(d) The authority granted here is specifically conditioned so that neither the subject U.S. carriers nor the subject Mexican-flag carrier shall give any force or effect to any contractual provisions between themselves that are contrary to these conditions.

(e) The carriers will comply with section 4.4 of the code-share agreement as amended March 16, 2004, which was submitted to the Department on that date.

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On the basis of data officially noticeable under Rule 24(g) of the Department's regulations, we found the applicants qualified to provide the services authorized.

Under authority assigned by the Department in its regulations, 14 CFR Part 385, we found that (1) our action was consistent with Department policy; (2) grant of the authority was consistent with the public interest; and (3) grant of the authority would not constitute a major regulatory action under the Energy Policy and Conservation Act of 1975. To the extent not granted, we denied all requests in the referenced Docket. We may amend, modify, or revoke the authority granted in this Notice at any time without hearing at our discretion.

Persons entitled to petition the Department for review of the action set forth in this Notice under the Department's regulations, 14 CFR §385.30, may file their petitions within seven (7) days after the date of issuance of this Notice. This action was effective when taken, and the filing of a petition for review will not alter such effectiveness.

An electronic version of this document is available on the World Wide Web at:  
[http://dms.dot.gov/reports/reports\\_aviation.asp](http://dms.dot.gov/reports/reports_aviation.asp)

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<sup>4</sup> We expect this notification to be received within 10 days of such non-effectiveness or of such decision.

## **U.S. Carrier Exemption Conditions**

In the conduct of the operations authorized, the U.S. carrier applicant(s) shall:

- (1) Hold at all times effective operating authority from the government of each country served;
- (2) Comply with applicable requirements concerning oversales contained in 14 CFR 250 (for scheduled operations, if authorized);
- (3) Comply with the requirements for reporting data contained in 14 CFR 241;
- (4) Comply with requirements for minimum insurance coverage, and for certifying that coverage to the Department, contained in 14 CFR 205;
- (5) Except as specifically exempted or otherwise provided for in a Department Order, comply with the requirements of 14 CFR 203, concerning waiver of Warsaw Convention liability limits and defenses;
- (6) Comply with all applicable requirements of the Federal Aviation Administration and with all applicable U.S. Government requirements concerning security, including, but not limited to, 49 CFR Part 1544. To assure compliance with all applicable U.S. Government requirements concerning security, the holder shall, before commencing any new service (including charter flights) to or from a foreign airport, contact its International Principal Security Inspector (IPSI) to advise the IPSI of its plans and to find out whether the Transportation Security Administration has determined that security is adequate to allow such airport(s) to be served; and
- (7) Comply with such other reasonable terms, conditions, and limitations required by the public interest as may be prescribed by the Department of Transportation, with all applicable orders and regulations of other U.S. agencies and courts, and with all applicable laws of the United States.

The authority granted shall be effective only during the period when the holder is in compliance with the conditions imposed above.

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### **Foreign Carrier Exemption Conditions**

In the conduct of the operations authorized, the foreign carrier applicant(s) shall:

- (1) Not conduct any operations unless it holds a currently effective authorization from its homeland for such operations, and it has filed a copy of such authorization with the Department;
- (2) Comply with all applicable requirements of the Federal Aviation Administration, including, but not limited to, 14 CFR Parts 129, 91, and 36, and with all applicable U.S. Government requirements concerning security, including, but not limited to, 49 CFR Part 1546 or 1550, as applicable. To assure compliance with all applicable U.S. Government requirements concerning security, the holder shall, before commencing any new service (including charter flights) from a foreign airport that would be the holder's last point of departure for the United States, contact its International Principal Security Inspector (IPSI) to advise the IPSI of its plans and to find out whether the Transportation Security Administration has determined that security is adequate to allow such airport(s) to be served;
- (3) Comply with the requirements for minimum insurance coverage contained in 14 CFR Part 205, and, prior to the commencement of any operations under this authority, file evidence of such coverage, in the form of a completed OST Form 6411, with the Federal Aviation Administration's Program Management Branch (AFS-260), Flight Standards Service (any changes to, or termination of, insurance also shall be filed with that office);
- (4) Not operate aircraft under this authority unless it complies with operational safety requirements at least equivalent to Annex 6 of the Chicago Convention;
- (5) Conform to the airworthiness and airman competency requirements of its Government for international air services;
- (6) Except as specifically exempted or otherwise provided for in a Department Order, comply with the requirements of 14 CFR Part 203, concerning waiver of Warsaw Convention liability limits and defenses;
- (7) Agree that operations under this authority constitute a waiver of sovereign immunity, for the purposes of 28 U.S.C. 1605(a), but only with respect to those actions or proceedings instituted against it in any court or other tribunal in the United States that are: (a) based on its operations in international air transportation that, according to the contract of carriage, include a point in the United States as a point of origin, point of destination, or agreed stopping place, or for which the contract of carriage was purchased in the United States; or (b) based on a claim under any international agreement or treaty cognizable in any court or other tribunal of the United States. In this condition, the term "international air transportation" means "international transportation" as defined by the Warsaw Convention, except that all States shall be considered to be High Contracting Parties for the purpose of this definition;
- (8) Except as specifically authorized by the Department, originate or terminate all flights to/from the United States in its homeland;
- (9) Comply with the requirements of 14 CFR Part 217, concerning the reporting of scheduled, nonscheduled, and charter data;
- (10) If charter operations are authorized, except as otherwise provided in the applicable aviation agreement, comply with the Department's rules governing charters (including 14 CFR Parts 212 and 380); and
- (11) Comply with such other reasonable terms, conditions, and limitations required by the public interest as may be prescribed by the Department, with all applicable orders or regulations of other U.S. agencies and courts, and with all applicable laws of the United States.

This authority shall not be effective during any period when the holder is not in compliance with the conditions imposed above. Moreover, this authority cannot be sold or otherwise transferred without explicit Department approval under Title 49 of the U.S. Code.