

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

2007/2008 U.S.-Colombia Combination Frequency Allocation Proceeding)
Docket)
DOT-OST-2007-0006)

**ANSWER OF THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
IN SUPPORT OF APPLICATION OF DELTA AIR LINES, INC.**

Communications with respect to this document should be addressed to:

William DeCota
Director
Aviation Department
Port Authority of New York and New Jersey
225 Park Avenue South, 9th floor
New York, NY 10003

Bradley Rubinstein
Manager, Industry and Regulatory Relations
Aviation Department
Port Authority of New York and New Jersey
225 Park Avenue South, 9th floor
New York, NY 10003
Telephone: (212) 435-3741
Email address: brubinst@panynj.gov

Carlene V. McIntyre, Esq.
Chief, Opinions and Appeals Division
Law Department
Port Authority of New York and New Jersey
225 Park Avenue South, 13th Floor
New York, New York 10003
Telephone: (212) 435-3503

December 14, 2007

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The Port Authority of New York and New Jersey strongly supports the Application of Delta Air Lines for seven weekly frequencies in order to operate daily nonstop service between New York's JFK International Airport and Bogotá, Colombia.¹ The New York Metropolitan Area needs more nonstop service to Colombia in order to serve its large local population, its many businesses with ties to Colombia, and its substantial traffic demand to Colombia. There is no U.S.-flag nonstop service between JFK and Colombia and Delta's proposed JFK-Bogotá would address this critical need.

Delta's New York-Bogotá service (i) would inject a new entrant in the New York-Colombia market and U.S.-flag nonstop service between JFK and Bogotá, (ii) would be the only application by a U.S. carrier requesting to take advantage of the scarce US-Colombia frequencies to serve the large New York/New Jersey market,

¹ The Port Authority respectfully seeks leave to file this Answer one day after the Answer date. This Answer will help ensure that the Department has a more complete and accurate record on which to base its decision in this route proceeding, and no other Parties would be prejudiced by the Department's acceptance of this Answer.

(iii) would maximize the public interest benefits resulting from an award of seven U.S.-Colombia frequencies, and (iv) would most appreciably enhance the “overall market structure and level of competition in the U.S.-Colombia market.” DOT Order 2007-11-23, at 4.

I. New York Is A Leading Commercial Center And The Largest Metropolitan Area In The United States, With A Significant South American And Colombian Population.

New York City is one of the leading centers for trade, finance, and commerce. It is home to far more Fortune 500 Headquarters than any other city in the United States,² and many New York companies have operations in Colombia.³ It had a GDP of approximately \$1.1 trillion for 2005; indeed, in terms of current-dollar GDP, “the New York metropolitan area would rank second [2nd] among states and 10th among countries in 2005.”⁴ It also ranks first in terms of personal income among U.S. metropolitan areas and fourth in terms of effective buying income. (Exhibits DL-204 through DL-207.)

With its historical sites, shops, museums, theatres, its cultural attractions, and its sheer vibrancy, New York City is a very popular tourist destination that draws millions of visitors each year. Through August 2007, New York was Number #1 in terms of non-resident arrival ports-of-entry, with 15.5 million such arrivals.⁵

² Fortune, April 2007.

³ Benefits from the U.S.-Colombia Trade Promotion Agreement – New York, International Trade Administration, U.S. Department of Commerce (August 2007).

⁴ “BEA Introduces New Measures of the Metropolitan Economy,” News Release, Bureau of Economic Analysis, U.S. Department of Commerce, dated September 26, 2007.

⁵ Aviation Daily, Aviation Week Airports (December 4, 2007).

New York City is also home to a substantial diplomatic corps, including the United Nations and a Consulate General for Colombia.

The U.S. Census Bureau shows that the New York is the largest MSA in the United States with 18,818,536 million people, including 763,624 people of South American origin and 227,296 of Colombian origin. (Exhibits DL-202, -203, -216, -217.)⁶

New York-Bogotá is the second largest U.S.–Bogotá city-pair (behind already well-served Miami/Fort Lauderdale), almost twice as large as the next largest U.S.–Bogotá city-pair. (DL-207.) New York is also the second largest U.S.–Colombia market in terms of passenger traffic, more than twice as large as the next largest U.S.–Colombia market. (DL-208.)

Yet, despite its population, its unparalleled economy, and its extensive links to Colombia, the New York Metropolitan Area has only two daily nonstop flights to Bogotá, including only one daily U.S.-flag flight from Newark. There is no U.S.-flag service from JFK, New York and the nation's largest international gateway. And, as noted above, JFK, New York's premiere international gateway, has no U.S.-flag nonstop service to Colombia.

The award of frequencies to enable U.S.-flag nonstop service between JFK and Bogotá should be the Department's highest priority in this proceeding. By any measure, JFK needs U.S.-flag carrier to Colombia before any other gateway receives additional duplicative service.

⁶ New York-Northern New Jersey-Long Island, NY-NJ-PA Metropolitan Statistical Area ("MSA"), 2006 American Community Survey ("2006 ACS"), U.S. Census Bureau, Table S0201 (Total Population), Table B03001 (Specific Origin).

B. Delta's New York–Bogotá Service Would Enhance Inter-Gateway, Intra-Gateway, And Inter-Carrier Competition. The Resulting Benefits Would Be Far Superior To The Potential Benefits Of Any Other U.S.-Colombia Proposal.

Delta is the only applicant proposing nonstop service between New York and Colombia. The other applicants have applied for frequencies to serve Bogotá from Miami-Fort Lauderdale, Orlando, Charlotte, and Houston. Not all of these frequency requests can be satisfied given the limited access available. In prioritizing these proposals, the Department should recognize the unmatched benefits that Delta's New York-Bogotá flight would provide to passengers in the enormous New York Metropolitan Area, the communities beyond JFK on Delta's route network, and the overall U.S.-Bogotá and U.S.-Colombia competitive market structure.

Bogotá will be an important addition to Delta's network at JFK. At its JFK gateway, Delta has initiated nonstop flights to 12 new destinations in Latin America and the Caribbean in the last two years. (DL-220.) It currently operates nonstop flights from New York (JFK) to 83 destinations around the world, demonstrating its ability to develop international service from JFK and expand the reach of its New York network to dozens of interior U.S. destinations. (Exhibits DL-221, -222.)

Miami-Fort Lauderdale, Orlando. The Miami–Fort Lauderdale and Orlando-Bogotá proposals are inferior to Delta's New York–Bogotá proposal in terms of public benefits and enhancing the competitive market structure in the U.S.–Colombia and U.S.–Bogotá markets.

Despite the population differences and relative passenger traffic⁷, Miami-Fort Lauderdale enjoys 100 weekly nonstop flights to Colombia, compared to New York's 16 weekly frequencies. Miami/Fort Lauderdale has three times more U.S.-flag service to Bogotá than New York. Miami also already has nearly six times more U.S.-flag weekly seats to Bogotá than New York. (DL-211, -213.) Indeed, U.S.-flag carriers offer nearly twice as many seats for each Miami-Bogotá passenger as are operated for each New York-Bogotá passenger. (DL-215.) Clearly, the New York MSA is substantially underserved to Bogotá relative to the Miami-Fort Lauderdale MSA and, indeed, the State of Florida. As a result, Delta's New York-Bogotá flight should receive a higher priority for an award of frequencies than the Miami-Fort Lauderdale and Orlando proposals.

Delta's JFK hub will enable Delta to provide 21 U.S. communities beyond JFK with convenient nonstop-to-nonstop service, including Albany, Rochester, Providence, Columbus, Detroit, and Burlington. (DL-223, -224.)

Delta's New York-Bogotá service would not be duplicative, but rather would provide the only U.S.-flag nonstop service from JFK. In other words, Delta would be a new entrant carrier on its proposed New York–Bogotá.

Delta is also planning to use a 183-seat B-757 aircraft for its New York-Bogotá flight, thereby putting over 133,000 more seats annually into the limited-

⁷ The New York Metropolitan Statistical Area's (MSA) total population is 244% larger than the Miami-Fort Lauderdale MSA.⁷ Its South American and Colombian populations are 80% and 30% larger, respectively, than Miami-Fort Lauderdale's. (DL-216, -217.) The disparity among population sets is even greater when the New York MSA is compared to the Orlando-Kissimmee MSA. New York is also the second largest market for Bogotá service behind Miami (DL-208), but it has far less service to Bogotá than Miami does. Orlando is ranked seventh. (DL-208.)

entry U.S.–Bogotá market. This capacity far surpasses the capacity that any other applicant would offer, and this factor has been an important decisional criterion in prior DOT route decisions.

The Department should therefore grant seven frequencies to Delta for New York–Bogotá service. The New York Metropolitan Area clearly merits U.S.-flag service between JFK and Bogotá before the well-served Miami-Fort Lauderdale gateway receives more Bogotá service.

In conclusion, the New York MSA is substantially underserved to Bogotá. New York is the second largest market for Bogotá service, receiving far less service to Colombia’s capital than Miami-Fort Lauderdale. It has extensive business, trade, and diplomatic ties to Colombia. Yet, it basically has only two daily flights to Bogotá. This gap in service to Bogotá from New York must be addressed in this proceeding.

Delta’s New York–Bogotá service (i) would provide the most vigorous inter-carrier and inter-gateway competition to the much larger incumbent U.S. and foreign carriers, (ii) would maximize the public interest benefits resulting from an award of 7 U.S.-Colombia frequencies, and (iii) would most appreciably enhance the “overall market structure and level of competition in the U.S.-Colombia market.” DOT Order 2007-11-23, at 4.

Accordingly, the Port Authority submits that Delta's New York–Bogotá service should be the Department's top priority in allocating frequencies in this proceeding.

O/S/B_____

Bradley Rubinstein
Manager, Industry and Regulatory Relations
Aviation Department
Port Authority of New York and New Jersey

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Answer of the Port Authority of New York and New Jersey has been served this 14th day of December, 2007, upon the following addressees:

Robert.Finamore@dot.gov;
Esta.Rosenberg@dot.gov;
carl.nelson@aa.com;
jyoung@yklaw.com;
dkirstein@yklaw.com;
rbkeiner@crowell.com;
hkamen@coair.com;
sascha.vanderbellen@nwa.com;
jonathan.moss@wilmerhale.com;
jeffrey.manley@united.com;
howard_kass@usairways.com;
msinick@ssd.com;
brian.hunt@iflyata.com;
efaberman@wileyrein.com;
jhill@dowlohnes.com;
lhalloway@crowell.com;
bill@mietuslaw.com;
dhainbach@ggh-airlaw.com;
mcmillin@woa.com;
rsilverberg@sqbdc.com;
rpommer@atlasair.com;
kevin.montgomery@polaraircargo.com;
dvaughan@kelleydrye.com;
anbird@fedex.com; mroller@rollerbauer.com;
matwood@sherblackwell.com;
jrichardson@johnrichardson.com;
lachter@starpower.net;
john.palo@evergreenairlines.com;
mlbenge@zsrllaw.com;
info@airlineinfo.com;
byerlyjr@state.gov;
jim.ballough@faa.gov;

O/S/B

Bradley Rubinstein