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BEFORE THE DEPARTMENT OF TRANSPORTATION
DEPARTMENT OF TRANSPORTATION 99 FEB 10 PM 1:05
WASHINGTON, D. C. DOCKET SECTION

Application of :
CONTINENTAL AIRLINES, INC. : OST-99-5049-z
for an exemption and a frequency :
allocation (U.S.-Russia codesharing :
with Air France) :

JOINT ANSWER OF AMERICAN AIRLINES, INC.
AND FINNAIR OYJ

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February 10, 1999

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D. C.

Application of :
CONTINENTAL AIRLINES, INC. : OST-99-5049
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JOINT ANSWER OF AMERICAN AIRLINES, INC.
AND FINNAIR OYJ

American Airlines, Inc. and Finnair Oyj hereby jointly answer the captioned application submitted by Continental Airlines, Inc. on January 26, 1999, seeking an exemption and frequency allocation for purposes of third-country codesharing with Air France between the United States and Russia via Paris.¹ To the extent that granting Continental's application would preclude the grant of U.S.-Russia third-country codesharing authority to American and Finnair (OST-98-4238, OST-98-4522, and undocketed), we oppose Continental's application.

¹American and Finnair also answer the related undocketed "Notification of Additional Code-Share Services" submitted jointly on January 27, 1999 by Continental and Air France to Paul L. Gretch, Director, Office of International Aviation.

The Civil Air Transport Agreement between the United States and the Russian Federation, as amended on January 22, 1999, authorizes the operation of three U.S.-Russia third-country codesharing arrangements effective immediately, and two additional ones effective January 22, 2000. American and Finnair had understood that the Department intended to issue a procedural Notice in recognition of the pendency of the Continental/Air France proposal and the proposal filed earlier by American and Finnair. In the absence of that Notice, American and Finnair respectfully file this joint answer.

On September 30, 1998, American and Finnair submitted a joint application for statements of authorization under 14 CFR Part 212 (undocketed) to engage in reciprocal codesharing services, including operations between the U.S. and St. Petersburg via Helsinki, which they intended to implement as promptly as possible following regulatory approval. In order to secure approval of the bulk of their arrangement on an expedited basis, the applicants agreed that the Department could defer action on the U.S.-Russia portion. Their codeshare arrangement, absent U.S.-Russia, was approved on December 22, 1998.

On February 2, 1999, in light of the new U.S.-Russia bilateral agreement on third-country codesharing, American and Finnair sought immediate action on the deferred portion of

their proposal, which they amended to include Moscow in addition to St. Petersburg. Since the U.S. -Russia bilateral agreement limits the number of third-country codesharing combinations, the Department is required to conduct a carrier-selection proceeding to determine which ones should be authorized under the new agreement.

American and Finnair urge the Department to institute such a proceeding promptly, and to reach its decision through expedited show-cause procedures. In that proceeding, American and Finnair will show why their proposed arrangement should be chosen in the public interest.

By conducting codesharing operations via Helsinki, American and Finnair will provide a highly convenient service, and with virtually no geographic circuitry, between New York (JFK) and the two principal cities of Russia, Moscow and St. Petersburg. The American/Finnair arrangement will also serve a number of major U.S. cities which have nonstop service on American or American Eagle to New York (JFK), as shown in Attachment 1. The American/Finnair service option will offer substantial competitive benefits to passengers and shippers in the U.S. -Russia market, and should be authorized without delay.

Accordingly, the Department should institute a carrier-selection proceeding to choose the U.S.-Russia third-country codesharing arrangements that may be authorized in 1999. In that proceeding, the Department should select American/Finnair.

Respectfully submitted,



JOHN L. RICHARDSON *cbn*

Attorney for Finnair Oyj



CARL B. NELSON, JR.

Associate General Counsel
American Airlines, Inc.

February 10, 1999

American and American Eagle Provide Nonstop Service to 21 U.S. Cities at New York Kennedy

- 1 Albany, NY
- 2 Baltimore, MD
- 3 Boston, MA
- 4 Buffalo, NY
- 5 Cleveland, OH
- 6 Dallas/Ft. Worth, TX
- 7 Hartford/Springfield, CT/MA
- 8 Los Angeles, CA
- 9 Miami, FL
- 10 Philadelphia, PA
- 11 Pittsburgh, PA
- 12 Providence, RI
- 13 Raleigh/Durham, NC
- 14 Rochester, NY
- 15 St. Thomas, VI
- 16 San Diego, CA
- 17 San Francisco, CA
- 18 San Jose, CA
- 19 San Juan, PR
- 20 Syracuse, NY
- 21 Washington, DC (Dulles and National)

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document by first-class mail on all persons named on the attached service list.



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February 10, 1999

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