

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

DEPARTMENT OF TRANSPORTATION

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DOCKET SECTION

Application of

AEROVIAS DE MEXICO, S.A. DE C.V.

under 49 U.S.C. § 40109(c) for Renewal of
Exemption Authority (Durango-Los Angeles)

Docket OST-97-2343 -4

APPLICATION OF
AEROVIAS DE MEXICO, S.A. DE C.V.
FOR RENEWAL OF EXEMPTION AUTHORITY

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NOTICE: Any person wishing to support or oppose this application may do so by
filing an answer and serving a copy on counsel for Aeromexico no later
than May 1, 1998.

Dated: April 16, 1998

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Pursuant to 49 U.S. C. § 40109(c), and subpart D of the Department's Rules of Practice, 14 C. F. R. §§ 302.400 et seq., Aerovias de Mexico, S. A. de C.V.

("Aeromexico") requests renewal of the exemption authority granted by Notice of Action Taken in Docket OST-97-2343, dated April 17, 1997, and confirmed in Order 97-5-20, permitting it to engage in the scheduled foreign air transportation of persons, property, and mail between Durango, Mexico and Los Angeles, California. The exemption is scheduled to expire on April 17, 1998. Aeromexico requests that this exemption be renewed for an additional period of one year. By this application, Aeromexico intends to invoke the automatic extension provisions of 5 U.S. C. § 558(c) and Part 377 of the Department's Special Regulations. In support of this request, Aeromexico states as follows:

1. Aeromexico is a flag carrier of the United Mexican States and currently holds a foreign air carrier permit which authorizes service between Mexico and

numerous U.S. points. Order 91-5-25. Pursuant to its permit and various exemption authority, Aeromexico provides extensive service between Mexico and the United States.

2. By this application, Aeromexico seeks renewal of its exemption authority to provide service between Durango and Los Angeles. The authority was granted by Notice of Action Taken in Docket 97-2343, dated April 17, 1997, and confirmed in Order 97-5-20. Aeromexico currently is offering two flights per week in the market.

3. Effective November 21, 1991, the governments of the United Mexican States and the United States amended the 1960 Air Transport Agreement by establishing new route annexes describing the routes available for carriers designated by each country. Under Annex I, a carrier designated by the Government of Mexico is entitled to operate "[f]rom a point or points in Mexico to a point or point in the United States." The Agreement provides further that "[e]ither Party may designate more than one airline on the same city pair when this has been mutually agreed by the Parties." By Note dated September 4, 1996, Aeromexico was designated for the Durango-Los Angeles route, and that designation continues in effect. In addition, Aeromexico continues to hold authority from the DGAC to serve the market.

4. Under Section 40109(c), the Department may grant or renew an exemption if it finds that such is consistent with the public interest. It is clear that the designation of a carrier by its homeland government is the most significant factor in determining whether grant of an application is in the public interest. For example, in Linea Aerea

Nacional de Chile. Foreign Permit, 26 C. A. B. 604 (1958), the Civil Aeronautics Board

stated as follows:

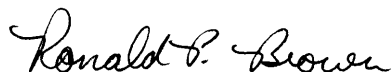
Where, as here, the applicant has shown that it holds the appropriate designation under an effective bilateral agreement to operate the route embraced by the application, the applicant has presented highly significant evidence bearing on the public interest.

See also Application of Aerovias Venezolanas S. A., Order 86-8-88 at 3 (provision for authority in a bilateral is prima facie evidence that grant thereof is in the public interest); Aerolineas Peruanas Foreign Permit, 3 1 C. A.B. 18 1 (1960). The same findings are warranted here, where Aeromexico has been designated for the route sought to be served.

5. Given the fact that under the bilateral Aeromexico has been designated for the authority requested herein and the fact that the exemption will only be effective for one year, this renewal request is limited in scope and should be noncontroversial. Moreover, grant of the exemption is warranted because of the significant service benefits being provided in the Durango-Los Angeles market.

WHEREFORE, Aeromexico respectfully requests that the Department grant renewal of the exemption sought herein.

Respectfully submitted,



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April 16, 1998

Application for Renewal
Aerovias de Mexico

Certificate of Service

I hereby certify that I have, this 16th day of April 1998, caused a copy of the foregoing document to be served by first class mail, postage prepaid, on the persons named in the attached service list.



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