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April 27, 1998

BY HAND

Mr. Paul L. Gretch
Director, Office of International Aviation
Department of Transportation
400 7th Street, S.W., Room 6402
Washington, D.C. 20590

Re: Joint Application of Continental Airlines, Inc., Continental Express, Inc., and Compagnie Nationale Air France for Statements of Authorization (Codesharing Between the United States and France)

Dear Mr. Gretch:

The City of Houston and the Greater Houston Partnership ("Houston") hereby submit their Answer in support of the application of Continental Airlines, Inc., Continental Express, Inc., and Compagnie Nationale Air France for statements of authorization to operate reciprocal codeshare services between the United States and France via intermediate points and beyond, filed April 16, 1998 ("Joint Application").¹

Houston already enjoys nonstop service to Paris (CDG) on Continental and warmly welcomes the new U.S.-France bilateral air transport agreement, as reflected in the Memorandum of Consultations signed April 8, 1998. The new agreement heralds a significant opportunity for Houston to develop its position as a major gateway to and from France. The Department's swift approval of Continental's application is critical if Houston and Continental are to take maximum advantage of that opportunity.

Continental and Air France plan to use the authority sought to funnel significant passenger and cargo traffic between the U.S. and France through Houston. Specifically, the two carriers intend to codeshare between Paris and other points in France, as well as points in Austria, Belgium, Denmark, Finland, Germany, Norway, Sweden, and Switzerland (pending all requisite government approvals),² and between Houston and the following U.S. cities:

¹ Houston filed an answer in support of Continental's application for exemption authority under 49 U.S.C. § 40109 to provide scheduled foreign air transportation of persons, property and mail between any point or points in the U.S. and any point or points in France and its territories, directly and via intermediate points, and to points beyond France. Answer of the City of Houston and the Greater Houston Partnership, April 22, 1998 (OST-98-3744).

² Joint Application, at 2 & Appendix A.

Answer of the City of Houston and the Greater Houston Partnership

April 27, 1998

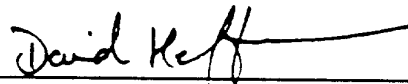
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Dallas/Fort Worth, Austin, and San Antonio, Texas; Philadelphia and Pittsburgh, Pennsylvania; Cleveland, Ohio; Albuquerque, New Mexico; Buffalo, Syracuse, and Rochester, New York; Norfolk/Virginia Beach, Virginia; and Metro Wayne County, Michigan.³ Houston, with its thriving local economy, the nation's fourth largest airport system, and one of the fastest growing airline hubs in the U.S., is working with Continental to maximize the benefits of this enhanced network.

Houston enjoys close economic and cultural ties to France. France is Houston's third largest air cargo trade partner, accounting for over 7.2 million kilograms in 1997. Seaborne trade with France, meanwhile, was valued at nearly \$1.9 billion in 1996. Close to 170 Houston companies trade with France. Nearly 50 Houston companies have subsidiaries in France. 48 French companies, meanwhile, have offices in Houston, including six of the largest French banks. France has a Consulate General, a trade commission, and an "Invest in France" agency in Houston. Over 93,000 persons of French ancestry live in the Houston metropolitan area. Clearly, therefore, Houston is well positioned to become a major gateway in the U.S.-France air transport market.

Houston joins Continental and Air France in urging the Department to grant all requisite approvals by April 30, 1998, or at the earliest possible date thereafter, in order to facilitate advance marketing and sales of the new codeshare services, which are scheduled to commence on June 1, 1998.

Respectfully submitted,



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Dated: April 27, 1998

³ Joint Application, at 2 & Appendix B.