

**BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.**

Application of)	
)	
CONTINENTAL AIRLINES, INC.)	Docket OST-98-3744
)	
for an exemption under 49 U.S.C. § 40109)	
(U.S.-Intermediate Points-France-Beyond))	
)	

**ANSWER OF
THE CITY OF HOUSTON AND
THE GREATER HOUSTON PARTNERSHIP**

Communications with respect to this document should be sent to:

RICHARD M. VACAR
Director
HOYT L. BROWN
Deputy Director
Department of Aviation
City of Houston
16390 John F. Kennedy Blvd.
Houston, TX 77032
(281) 233-3000

RAYMOND J. RASENBERGER
RACHEL B. TRINDER
DAVID HEFFERNAN
Zuckert, Scoutt & Rasenberger, L.L.P.
888 Seventeenth Street, N.W.
Washington, D.C. 20006
(202) 298-8660

MIGUEL R. SAN JUAN
President, World Trade Division
Greater Houston Partnership
1200 Smith, Suite 700
Houston, TX 77002
(713) 658-2488

Dated: April 22, 1998

**BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.**

Application of)	
)	
CONTINENTAL AIRLINES, INC.)	Docket OST-98-3744
)	
for an exemption under 49 U.S.C. § 40109)	
(U.S.-Intermediate Points-France-Beyond))	
)	

**ANSWER OF
THE CITY OF HOUSTON AND
THE GREATER HOUSTON PARTNERSHIP**

The City of Houston and the Greater Houston Partnership (“Houston”) hereby submit their Answer in support of the application of Continental Airlines, Inc. 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. Application of Continental Airlines, April 15, 1998 (OST-98-3744) (“Continental 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

¹ Houston also supports the Joint 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, filed April 16, 1998 (“Joint Application”).

Answer of the City of Houston and the Greater Houston Partnership
Page 2

Department's swift approval of Continental's application is critical if Houston and Continental are to take maximum advantage of that opportunity.

Continental plans to use the authority sought, in conjunction with its reciprocal codeshare agreement with Air France,² to funnel significant passenger and cargo traffic between the U.S. and France through Houston. More 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),³ and between Houston and the following U.S. cities: 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.⁴ 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

² Houston supports Air France's April 14, 1998 application for an exemption pursuant to 49 U.S.C. § 40109 for U.S.-France all points authority (OST-98-3739) insofar as it relates to codesharing with Continental at Houston.

³ Continental Application, at 3 n.3.

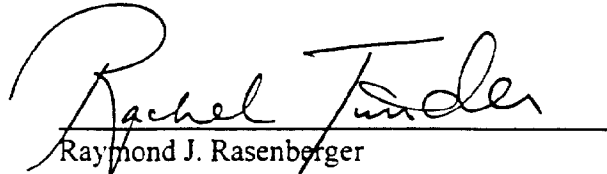
⁴ Joint Application, at Appendix B.

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 in urging the Department to grant approval 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,

A handwritten signature in cursive script, reading "Rachel Trinder", is written over a horizontal line.

Raymond J. Rasenberger

Rachel B. Trinder

David Heffernan

Zuckert, Scoutt & Rasenberger, L.L.P.

888 Seventeenth Street, N.W.

Washington, D.C. 20006

(202) 298-8660

Counsel for the City of Houston and the
Greater Houston Partnership

Dated: April 22, 1998