

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

OFFICE OF THE
SECRETARY
JUN 13 2003

Application of Alitalia-Linee Aeree Italiane-
S.p.A. to amend its Foreign Air Carrier Permit
Pursuant to 49 U.S.C. 41301

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) Docket OST-03-
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APPLICATION OF
ALITALIA-LINEE AEREE ITALIANE-S.P.A.
FOR AN AMENDMENT OF ITS FOREIGN AIR CARRIER PERMIT

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NOTICE: Applicant requests that this Application be processed under the simplified non-hearing procedures specified in Subpart B of the Rules of Practice. Any person may support or oppose this Application by filing an answer with the Documentary Services Division, Department of Transportation, and by serving a copy of the answer on Counsel for Alitalia-Linee Aeree Italiane-S.p.A. and all persons listed in the service list attached to this Application. The due date for answers is July 7, 2003.

Dated: June 13, 2003

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

Application of Alitalia-Linee Aeree Italiane- S.p.A. to amend its Foreign Air Carrier Permit Pursuant to 49 U.S.C. § 41301)))))	Docket OST-03-
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Dated: June 13, 2003

**APPLICATION OF
ALITALIA-LINEE AEREE ITALIANE-S.P.A.
FOR AN AMENDMENT OF ITS FOREIGN AIR CARRIER PERMIT**

Pursuant to 49 U.S.C. § 41301 and Part 211 (14 C.F.R. Part 211) of the Department of Transportation's Economic Regulations, Alitalia-Linee Aeree Italiane-S.p.A. ("Alitalia") hereby applies for an amendment to its foreign air carrier permit to engage in the foreign air transportation described herein. Alitalia requests that this application be processed under the simplified non-hearing procedures specified in Subpart B of the Department's Rules of Practice.

Alitalia states the following in support of its application:

1. The applicant's full name and address are: Alitalia-Linee Aeree Italiane-S.p.A.; Viale Alessandro Marchetti, 111 Rome, Italy. Alitalia is a joint stock company (*societa per azioni*) organized and incorporated under the civil laws of the Republic of Italy.

2. The government air transport authority that has regulatory jurisdiction over Alitalia is the Republic of Italy's Ministry of Transportation: Pietro Lunardi; Ministero delle Infrastrutture e dei Trasporti; Piazzale Porta Pia, 1 – 00198 Rome, Italy.

3. Alitalia is a publicly-traded company that is substantially owned and effectively controlled by nationals of the Republic of Italy. Exhibit 1 attached hereto contains relevant information about Alitalia's shareholders.

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4. On December 6, 1999, the Governments of the United States and the Republic of Italy signed an Open Skies Agreement. Pursuant to Article 3, airlines that are designated by Italy “in the form and manner prescribed for operating authorizations and technical permissions” shall be “grant[ed] appropriate authorizations and permissions with minimum procedural delay” by the United States. Alitalia is an airline designated by the Italian Government.

6. Annex 1, Section 1 of the Open Skies Agreement permits airlines designated by the Government of Italy to perform scheduled international air transportation “[f]rom points behind Italy via Italy and intermediate points to a point or points in the United States and beyond.” The Open Skies Agreement also allows designated carriers to perform charter air transportation:

Between any point or points in the territory of the Party that has designated the airline and any point or points in the territory of the other Party; and

Between any point or points in the territory of the other Party and any point or points in a third country or countries, provided that such service constitutes part of a continuous operation, with or without a change of aircraft, that includes service to the homeland for the purpose of carrying local traffic between the homeland and the territory of the other Party.

Id. at Annex II, Section 1.

7. Alitalia requests that the Department issue to Alitalia an amended foreign air carrier permit that incorporates all the rights available to Alitalia under the Open Skies Agreement. Specifically, Alitalia requests that the Department amend its permit so that Alitalia is authorized to engage in scheduled air transportation:

Between any point or points behind Italy and any point or points in Italy, via any intermediate point or points, and any point or points in the United States, and beyond the United States to any point or points, with full traffic rights.

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Alitalia further requests that the Department amend its permit to authorize Alitalia to engage in charter foreign air transportation in accordance with, and with all the rights available to Alitalia under, the Open Skies Agreement.

8. By Order 71-4-1, the Department issued Alitalia's foreign air carrier permit, which authorized Alitalia to engage in scheduled foreign air transportation of persons, property and mail between any points in Italy; certain intermediate points in third countries, and certain points in the United States, as specified in the permit. Alitalia's permit further authorized Alitalia to conduct charter trips pursuant to Part 212. Alitalia also holds exemption authority to operate from "points behind Italy, via Italy and intermediate points, to a point or points in the United States and beyond." Notice of Action Taken January 8, 2002. Docket OST-99-6500.

9. Alitalia's certificates evidencing its operating authority issued by Italy's Ministry of Transportation are attached hereto as Exhibit 2. Alitalia has authority to conduct both passenger and cargo operations. Such authority was granted March 30, 1998 and is effective until August 8, 2004, and will be renewed in accordance with the laws of Italy's Ministry of Transportation.

10. As authorized by the European Commission (EC) in 1997, Alitalia has received financial assistance from the Government of Italy in the form of capital increases of Euro 258 million in December 2001 and Euro 129 million in June 2002. Although the Italian Treasury provided up to Euro 832 million in July 2002, the participation of the Italian Treasury in Alitalia's re-capitalization is not considered "governmental assistance" under EC rules as the Italian Treasury met the requirements of a "market economy investor."

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11. Alitalia submits as Exhibit 3 information concerning its managers and board of directors.

12. Alitalia submits as Exhibit 4 financial data for 2001 and 2002.

13. In the preceding five years, Alitalia has not been involved in any safety or tariff violations or any fatal accidents. However, an accident occurred on February 25, 1999 on Alitalia flight 1553 (Cagliari-Genova), which was operated by Minerva Airlines.

14. Italy is a contracting state to the Convention on International Civil Aviation. Alitalia will continue to comply with the provisions of ICAO Pilots and Airmen Annexes 1, 6 (Part 1), and 7.

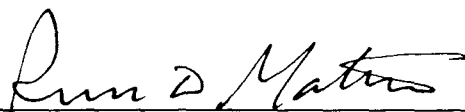
15. This amendment will not constitute a major regulatory action under the Energy Policy and Conservation Act of 1975, as defined in Part 313 of the Department's Regulations.

16. As the Department has previously found, Alitalia is fit, willing, and able to perform the foreign air transportation applied for herein. Alitalia will continue to conform to the statutory provisions and the Department's rules, regulations and requirements, and accept and abide by all terms, conditions and limitations that the Department normally attaches to foreign air carrier permits.

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WHEREFORE, Alitalia-Linee Aeree Italiane-S.p.A. ("Alitalia") respectfully requests that the Department amend Alitalia's foreign air carrier permit authorizing Alitalia to engage in foreign air transportation as set forth above and in accordance with the 1999 U.S.-Italy Open Skies Agreement.

Respectfully submitted,



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Counsel-for Alitalia-Linee Aeree Italiane-
S.p.A.

Dated: June 13, 2003