August 10, 1999

VIA HAND DELIVERY

Documentary Services Division
U.S. Department of Transportation
400 Seventh Street, S.W., Room PL-401
Washington, D.C. 20590

Docket No. OST-99-6089

Re: Application of TACA International Airlines, S.A. Aviateca, S.A., Lineas Aereas Costarricenses, S.A., Nicaraguense de Aviacion S.A. and TACA de Honduras for renewal of statements of authorization permitting codeshare and wet lease operations

Ladies and Gentlemen:

Pursuant to 14 C.F.R. 212, TACA International Airlines, S.A. ("TACA"), Aviateca, S.A. ("Aviateca"), Lineas Aereas Costarricenses, S.A. ("LACSA"), Nicaraguense de Aviacion S.A. ("NICA") and TACA de Honduras, S.A. de C.V. ("TACA de Honduras") (together, the "Applicants") hereby jointly request renewal of the existing statements of authorization permitting them to operate through codeshare and wet lease services. These authorities were first granted by the Department of Transportation on August 20, 1997, for a two-year period. Renewal is requested for a period of at least two years on the existing terms and conditions. The Applicants hereby invoke the automatic extension provisions of Section 5 of the Administrative Procedures Act, 5 U.S.C. 558(e) as implemented by Part 377 of the Department's regulations, to continue their existing authorities in effect pending a final decision on this renewal request.

Each applicant requests renewal of its current authority to conduct codeshare operations on behalf of any or all of the other applicant airlines on routes for which the operator and codeshare partner(s) hold Department authority to provide scheduled foreign air transportation of persons, property and mail.1 Aviateca, NICA and TACA de Honduras would operate any such

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1 Each applicant holds current Open Skies exemption authority: TACA International Airlines, Docket OST-97-2674, Notice of Action Taken, October 23, 1997; Aviateca, Docket OST-97-2676, Notice of Action Taken, November 4, 1997; LACSA, Docket OST-97-2682, Notice of Action Taken, November 3, 1997; NICA, Docket OST-97-2678, Notice of Action Taken, February 19, 1998; and TACA de Honduras, Docket OST-97-2677, Notice of Action Taken, October 17, 1997. In addition, TACA International Airlines holds current exemption authority to
codeshare flights using aircraft wet-leased from carriers of Category I countries until such time as the homeland of each of those airlines is advanced to Category I under the Federal Aviation Administration’s International Aviation Safety Assessment (“IASA”) program. However, Aviateca would remain authorized to provide codeshare service to TACA between El Salvador and Miami utilizing Aviateca aircraft.2

The Applicants also request renewal of their blanket authority to wet-lease aircraft to one another. Aviateca, NICA and TACA de Honduras will not wet-lease aircraft to any of the other applicants for use in U.S. service until such time as the homeland of Aviateca, NICA or TACA de Honduras is advanced to Category I under the FAA’s IASA program.

Renewal of the Applicant’s authority would clearly be consistent with the public interest. The United States has executed Open Skies air transport agreements with each of the Applicants’ homelands. Article 8, Commercial Opportunities, of each agreement provides in pertinent part:

In operating or holding out the authorized services on the agreed routes, any designated airline of one Party may enter into cooperative marketing arrangements such as blocked-space, code-sharing or leasing arrangements with:

i) an airline or airlines of either Party; and

ii) an airline or airlines of a third country, provided that such third country authorizes or allows comparable arrangements between the airlines of the other Party and other airlines on services to, from and via such third country provided that all airlines in such arrangements 1) hold the appropriate authority and 2) meet the requirements normally applied to such arrangements.

The Applicants’ ability to codeshare and wet-lease to one another has enhanced the competitive capability of the Applicants by permitting more efficient use of their fleets. That is consistent with the Department’s International Air Transportation Policy Statement. (60 Fed.Reg. 21841, May 13, 1995.) Moreover, the existence of the Open Skies agreements is, in and of itself, sufficient to establish that renewal of the authority would be consistent with the public interest. Further, the authorities for which renewal is requested are absolute rights granted to the Applicants under the specific terms of those Agreements.

The Applicants will continue to assure that all appropriate persons receive adequate disclosure and notice of which carrier is operating and has control of any flights to which the designator code of one or more of the other applicants has been added. The Applicants also will continue to comply with all requirements for codesharing operations set forth in Section 399.98 and, to the extent applicable. Part 257. The Applicants accept the standard condition that the conduct scheduled combination services between Belize City, Belize and Miami. Docket OST-98-4340. Notice of Action Taken, January 12, 1999.

2 Aviateca currently provides such services to TACA under routinely-renewed Department authority.
transportation involved be sold in the name of the carrier holding out the service in computer reservations systems and elsewhere, and that the carrier selling such transportation (that is, the carrier shown on the ticket) accept all obligations established in its contract of carriage.

For all the reasons specified above. TACA, Aviateca, LACSA, NICA and TACA de Honduras respectfully request that the Department of Transportation promptly renew for at least a two-year period their current statements of authorization permitting them to engage in reciprocal codesharing and wet-lease services, as more fully described herein. A copy of this application has been served on the parties identified below.

Respectfully submitted.

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