

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D. C.

DEPT. OF TRANSPORTATION

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U.S.-TURKEY THIRD-COUNTRY : OST-00-7148
CODESHARE OPPORTUNITIES :

COMMENTS OF AMERICAN AIRLINES, INC.
ON SHOW-CAUSE ORDER 2000-7-25

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July 27, 2000

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U.S.-TURKEY THIRD-COUNTRY : OST-00-7148
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ON SHOW-CAUSE ORDER 2000-7-25

American Airlines, Inc. hereby submits the following comments on show-cause Order 2000-7-25, July 20, 2000, by which the Department tentatively awarded U.S.-Turkey third-country codesharing authority to Delta/Air France, Northwest/KLM, and United/Lufthansa, and tentatively denied American's application with Swissair.

American does not object to Order 2000-7-25, provided that the Department also grants American's application, filed on December 3, 1999 in OST-99-6595, for U.S.-South Africa third-country codesharing authority with British Airways via London.

In tentatively rejecting American's U.S.-Turkey third-country codesharing request, the Department cited American's bilateral codesharing arrangement with Turkish Airlines, approved on July 20, 2000 (OST-00-7150, 7151, and 7154), and concluded that American's proposal with Swissair

"would largely duplicate its codeshare with THY. In these circumstances, we tentatively conclude that Delta's proposed third-country codeshare service with Air France provides greater service and competitive benefits in this case" (p. 4).

Surely this same conclusion should apply with equal if not greater force in the U.S.-South Africa market. There, Delta enjoys bilateral codesharing on South African Airways, with display of the "DL*" code on South African's flights between Atlanta and Johannesburg and Capetown and between New York and Johannesburg, as well as third-country codesharing on Air France, with display of the "DL*" code on Air France's flights between Johannesburg and Paris. If the Department is going to deny a third-country codesharing opportunity to American in the U.S.-Turkey market because American already has an arrangement with Turkish Airlines, it should not permit Delta to "double dip" by holding authority for both bilateral and third-country codesharing in the U.S.-South Africa market to the total exclusion of American.¹

¹We also note that in the U.S.-Turkey market, Delta provides service with its own aircraft and crews, with daily nonstop flights to Istanbul from New York (JFK). By adding third-country codesharing service with Air France, Delta will gain multiple opportunities to serve Turkey. By contrast, absent approval of its third-country codesharing arrangement with British Airways, American would have no on-line access whatever to South Africa.

On December 3, 1999, American applied for a third-country codesharing designation with British Airways to serve between the U.S. and South Africa (OST-99-6595). On December 6, 1999, American objected to bilateral codesharing between Delta and South African Airways, unless the Department required, as a condition of approval, that Delta surrender its third-country codesharing designation with Air France (OST-99-6556). By Notice of Action Taken on January 5, 2000, the Department approved the Delta/South African Airways arrangement, and deferred action on American's requested condition.²

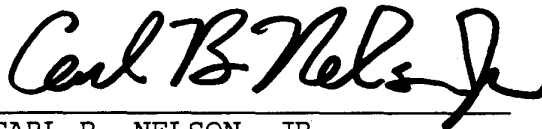
American is this day filing a motion for action on its application for U.S.-South Africa codesharing authority with British Airways in OST-99-6595, based on the finding in Order 2000-7-25 that "greater service and competitive benefits" will result from maximizing the number of codeshare competitors in a limited-entry market (p. 4). While the Department states that its decision "does not establish or reflect a policy ...that would preclude a carrier from holding both bilateral and third-country authority" (*id.*), we do not believe there

²In the present docket, Delta attempted to distinguish the Turkey and South Africa situations on the basis that Delta already holds authority to codeshare to South Africa with Air France, whereas American is seeking new authority to codeshare to Turkey with Swissair (Delta consolidated answer, April 21, 2000, p. 2). This is a spurious distinction because American raised its objections on a timely basis at the time Delta was seeking new authority for bilateral codesharing with South African Airways.

could be any principled basis to deny third-country codesharing to American in the U.S.-Turkey market because of its arrangement with Turkish Airlines, and yet allow Delta to continue to engage in codesharing in the U.S.-South Africa market with both South African Airways and Air France, leaving American out entirely as an on-line competitor.

For the foregoing reasons, American does not object to Order 2000-7-25, provided that our application for third-country codesharing with British Airways between the U.S. and South Africa (OST-99-6595) is also granted.³

Respectfully submitted,



CARL B. NELSON, JR.
Associate General Counsel
American Airlines, Inc.

July 27, 2000

³The Department should also approve the underlying joint application of American and British Airways, submitted on November 15, 1999, for behind and beyond codesharing authority (OST-99-6507). That application is entirely consistent with the U.S.-U.K. Air Transport Agreement (Bermuda 2), and should be promptly granted, just as the Department has determined to authorize behind and beyond codesharing by United and British Midland by Order 2000-7-27, July 24, 2000.