



**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

SERVED: June 11, 1998

**ALASKA AIRLINES, INC.
Docket OST-98-3785
(Los Angeles-La Paz Service)**

NOTICE

On April 27, 1998, Alaska Airlines, Inc., filed an exemption application to provide scheduled foreign air transportation services of persons, property, and mail between Los Angeles, California, and La Paz, Mexico, with its own aircraft. No answers were filed in response to the application.

Under the U.S.-Mexico Air Transport Agreement, only two U.S. carriers may be designated to serve a given city-pair market. Currently, American Airlines, Inc., and Delta Air Lines, Inc., hold the available designations to serve the Los Angeles-La Paz market pursuant to code-share arrangements with their respective Mexican-carrier partners (Aero California S.A. de C.V. (AeroCalifornia), and Aerovias de Mexico, S.A. de C.V. (Aeromexico)). American is currently serving the market on a code-share basis. Delta has not commenced services on the route.

It continues to be the policy of the Mexican Government to require code-share carriers to be designated in city-pair markets where they hold out services even though they are not operating their own aircraft in the market. Diplomatic efforts continue toward liberalization of this policy. In the meantime, however, in light of the Mexican government position and to ensure effective use of the limited available service

opportunities, by Order 97-9-38, the Department established a policy favoring services operated by carriers with their own aircraft and therefore permitting the replacement of code-share services in a given U.S.-Mexico city-pair market by services of a carrier with its own aircraft.

Given the circumstances of this case, including the Department's clear policy in favor of direct-carrier services, and the fact that no party objected to Alaska's application for direct-carrier services in the market, we intend to grant Alaska's application, and to withdraw the unused designation held by Delta for authorization of Alaska's services.¹ We will give interested parties three business days from the service date of this notice to object to our decision. Replies will be due two business days thereafter.

Responses should be filed with the Department, Dockets, Room PL-401, 400 Seventh Street, SW, Washington, DC 20590, in Docket OST-98-3785, and served on all parties served with this notice.² In addition, a copy should be faxed to the U.S. Air Carrier Licensing Division at (202) 366-3694.

We will serve this notice on American Airlines, Inc.; Delta Air Lines, Inc.; and Alaska Airlines, Inc.

By:

PAUL L. GRETCH
Director, Office of
International Aviation

(SEAL)

Dated: June 11, 1998

*An electronic version of this notice is available on the World Wide Web at
<http://dms.dot.gov/general/orders/aviation.html>.*

¹ Consistent with our policy for U.S.-Mexico route authority, Delta's Los Angeles-La Paz authority is subject to the dormancy provisions set forth in condition 7 of Appendix A of Order 88-10-2. In this regard, Delta's start up deadline for services in the market is June 18, 1998. According to published schedules, however, Delta has no plans for Los Angeles-La Paz services through June 1998. See Official Airline Guide, June 1998. Additionally, pursuant to the dormancy conditions applicable to that authority, application for relief from such provisions was due no later than June 3, 1998. Delta did not seek such relief.

² The original submission is to be unbound and without tabs on 8½" x 11" white paper using dark ink (not green) to facilitate use of the Department's docket imaging system.