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

Issued by the Department of Transportation on July 3, 2002

**NOTICE OF ACTION TAKEN -- DOCKET OST-2001-11173 - 5**

This serves as notice to the public of the action described below, taken by the Department official indicated (no additional confirming order will be issued in this matter).

Joint Applicants: **Malev Hungarian Airlines & Northwest Airlines, Inc.** Date Filed: June 18, 2002

Relief requested: (1) **Northwest** requested an exemption under 49 U.S.C. 40109 to conduct scheduled foreign air transportation of persons, property and mail between points in the United States, on the one hand, and Skopje, Macedonia; Sofia, Bulgaria; Sarajevo, Bosnia Herzegovina; and Tirana, Albania, on the other hand; and to integrate this authority with existing authority.

(2) **Malev** requested amendment of its statement of authorization, last granted March 6, 2002, in this docket, to permit it to display the airline designator code of Northwest on flights operated by Malev between (a) New York and Budapest; and (b) between Budapest, on the one hand, and Frankfurt, Germany; Skopje, Macedonia; Sofia, Bulgaria; Sarajevo, Bosnia Herzegovina; and Tirana, Albania, on the other hand.

Applicant representative: (Northwest) Megan Rosia 202-842-3193; (Malev) Attila Gogh 212-757-6480, x307

Responsive pleadings: None

**DISPOSITION**

Action: Approved (subject to conditions, see below)

Action date: July 3, 2002

Effective dates of exemption authority granted: July 3, 2002, through July 3, 2004, or until 90 days after final Department action on a corresponding certificate application, whichever occurs first.

Effective dates of statement of authorization granted: July 3, 2002 - indefinite, subject to attached code-share conditions

Basis for approval (bilateral agreement/reciprocity): Reciprocity

Except to the extent exempted/waived, this authority is subject to the terms, conditions, and limitations indicated:

Northwest's certificate of public convenience and necessity;

Standard exemption conditions (attached);

Code-share conditions (attached);

The route integration authority granted is subject to the condition that any service provided under this exemption shall be consistent with all applicable agreements between the United States and the foreign countries involved. Furthermore, (a) nothing in the award of the route integration authority requested should be construed as conferring upon Northwest rights (including fifth-freedom intermediate and/or beyond rights) to serve markets where U.S. carrier entry is limited unless Northwest notifies the Department of its intent to serve such a market and unless and until the Department has completed any necessary carrier selection procedures to determine which carrier(s) should be authorized to exercise such rights; and (b) should there be a request by any carrier to use the limited-entry route rights that are included in Northwest's authority by virtue of the route integration authority granted here, but that are not then being used by Northwest, the holding of such authority by route integration will not be considered as providing any preference for Northwest in a competitive carrier selection proceeding to determine which carrier(s) should be entitled to use the authority at issue.

Action taken by: **Paul L. Gretch, Director**  
**Office of International Aviation**

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On the basis of data officially noticeable under Rule 24(g) of the Department's regulations, we found Northwest qualified to provide the services authorized.

Under authority assigned by the Department in its regulations, 14 CFR Part 385, we found that (1) our action was consistent with Department policy; (2) grant of the authority was consistent with the public interest; and (3) grant of the authority would not constitute a major regulatory action under the Energy Policy and Conservation Act of 1975. To the extent not granted/deferred/dismissed, we denied all requests in the referenced Docket. We may amend, modify, or revoke the authority granted in this Notice at any time without hearing at our discretion.

Persons entitled to petition the Department for review of the action set forth in this Notice under the Department's regulations, 14 CFR §385.30, may file their petitions within seven (7) days after the date of issuance of this Notice. This action was effective when taken, and the filing of a petition for review will not alter such effectiveness.

*An electronic version of this document is available on the World Wide Web at:  
[http://dms.dot.gov/reports/reports\\_aviation.asp](http://dms.dot.gov/reports/reports_aviation.asp)*

**U.S. CARRIER**  
**Standard Exemption Conditions**

In the conduct of operations authorized by the attached order, the applicant(s) shall:

- (1) Hold at all times effective operating authority from the government of each country served;
- (2) Comply with applicable requirements concerning oversales contained in 14 CFR 250 (for scheduled operations, if authorized);
- (3) Comply with the requirements for reporting data contained in 14 CFR 241;
- (4) Comply with requirements for minimum insurance coverage, and for certifying that coverage to the Department, contained in 14 CFR 205;
- (5) Comply with the requirements of 14 CFR 203, concerning waiver of Warsaw Convention liability limits and defenses;
- (6) Comply with the applicable requirements of the Federal Aviation Administration (FAA) Regulations, and with all U.S. Government requirements concerning security; and
- (7) Comply with such other reasonable terms, conditions, and limitations required by the public interest as may be prescribed by the Department of Transportation, with all applicable orders and regulations of other U.S. agencies and courts, and with all applicable laws of the United States.

The authority granted shall be effective only during the period when the holder is in compliance with the conditions imposed above.

**Malev Hungarian Airlines/Northwest Airlines, Inc. Code-share Conditions**  
**Docket OST-2001-11173**

The code-share operations authorized here are subject to the following conditions:

- (a) The statement of authorization will remain in effect only as long as (i) Malev Hungarian Airlines and Northwest Airlines continue to hold the necessary underlying authority to operate the code-share services at issue, and (ii) the code-share agreement providing for the code-share operations remains in effect;
- (b) Malev Hungarian Airlines and Northwest Airlines must promptly notify the Department if the code-share agreement providing for the code-share operations is no longer effective or the carriers decide to cease operating any or all of the approved code-share services. We expect this notification to be received within 10 days of such non-effectiveness or of such decision. Such notices should be filed in Docket OST-2001-11173;
- (c) The code-sharing operations conducted under this authority must comply with 14 CFR 257 and with any amendments to the Department's regulations concerning code-share arrangements that may be adopted. Notwithstanding any provisions in the contract between the carriers, our approval here is expressly conditioned upon the requirements that the subject foreign air transportation be sold in the name of the carrier holding out such service in computer reservation systems and elsewhere; that the carrier selling such transportation (*i.e.*, the carrier shown on the ticket) accept responsibility for the entirety of the code-share journey for all obligations established in its contract of carriage with the passenger; and that the passenger liability of the operating carrier be unaffected; and that the operating carrier shall not permit the code of its U.S. code-sharing partner to be carried on any flight that enters, departs, or transits the airspace of any area for whose airspace the Federal Aviation Administration has issued a flight prohibition;
- (d) The authority granted here is specifically conditioned so that neither Malev Hungarian Airlines nor Northwest Airlines shall give any force or effect to any contractual provisions between themselves that are contrary to these conditions.

We may amend, modify, or revoke this authority at any time without hearing.