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BEFORE THE DEPT. OF TRANSPORTATION  
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DEPARTMENT OF TRANSPORTATION  
WASHINGTON, D. C.  
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Joint Application of

AMERICAN AIRLINES, INC.  
and  
LINEA AEREA NACIONAL CHILE,  
S.A. (LAN CHILE)

OST-97-3285 -49

under 49 USC Sections 41308 and 41309  
for approval of antitrust immunity for  
alliance agreement  
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ANSWER OF AMERICAN AIRLINES, INC. TO MOTION OF  
CONTINENTAL AIRLINES, INC. FOR EXTENSION OF TIME

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May 12, 1999

BEFORE THE  
DEPARTMENT OF TRANSPORTATION  
WASHINGTON, D. C.

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Joint Application of :  
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 AMERICAN AIRLINES, INC. : OST-97-3285  
 and :  
 LINEA AEREA NACIONAL CHILE, :  
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ANSWER OF AMERICAN AIRLINES, INC. TO MOTION OF  
CONTINENTAL AIRLINES, INC. FOR EXTENSION OF TIME

American Airlines, Inc. hereby answers in strong opposition to the motion submitted on May 3, 1999 by Continental Airlines, Inc. seeking an extension of time for objections to Order 99-4-17, April 22, 1999, by which the Department tentatively approved the captioned application of American and Lan Chile for antitrust immunity. Continental has asked for a delay "until 60 days after a new U.S.-Argentina agreement is reached so the Department and the parties can evaluate the proposed antitrust immunity for American and Lan Chile in the context of the U.S. -Argentina bilateral negotiations" (p. 1).

Continental's effort to link the American/Lan Chile proceeding to speculation concerning the course of on-going negotiations between the United States and Argentina should be

rejected out-of-hand. This is a shopworn tactic that Continental has utilized in prior proceedings in an effort to delay the implementation of cooperative arrangements between American and other carriers that the Department has found to be in the public interest. For example, in opposing the American/TACA arrangement, Continental cited the American/Lan Chile proposal as a basis for delay. The Department rejected such a linkage, finding that the proceedings "are sufficiently distinct to warrant independent investigation" (Order 98-5-26, May 20, 1998, p. 15). The Department should reach the same conclusion here.

If the Department were to accede to Continental's position, no proceeding could ever be brought to a conclusion. Given the dynamic nature of the international marketplace, there would always be later developments to occur during the approval process that opponents could cite as a pretext for open-ended delay. Continental's motion is a self-serving invitation to regulatory gridlock, contrary to the public interest in expanded competitive opportunities through international carrier alliances.

Order 99-4-17 provides 28 days for objections, a period which is exceedingly generous in the context of other immunity proceedings. See Northwest/KLM, show-cause Order 92-11-2:7, November 16, 1992 (allowing 14 days); United/Lufthansa,

show-cause Order 96-5-12, May 9, 1996 (allowing 7 calendar days) ; Delta/Swissair/Sabena/Austrian, show-cause Order 96-4-26, May 21, 1996 (allowing 7 calendar days); American/Canadian, show-cause Order 96-5-38, May 29, 1996 (allowing 6 calendar days). Continental has no legitimate cause to complain that the 28-day objection period the Department has provided here is in any way insufficient.

The American/Lan Chile immunity application was submitted on December 23, 1997, and has been pending for almost 17 months. The Department is allowing 28 days for objections, far longer than in most other immunity proceedings. Moreover, Continental has already answered the American/Lan Chile application (March 13, 1998), and also submitted a surreply and motion for leave to file (April 7, 1998).

In these circumstances, the Department should deny Continental's motion for an extension of time. Objections should continue to be due on May 20, 1999, and answers to objections on June 1, 1999. Promptly thereafter, the Department should issue its final order of approval, so that the myriad public benefits of the American/Lan Chile arrangement, and an open skies regime between the United States and **Chile**, may occur without further delay.

Respectfully submitted,

A handwritten signature in black ink, reading "Carl B. Nelson, Jr." with a stylized flourish at the end.

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

May 12, 1999

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document by first-class mail on all persons named on the attached service list.

  
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CARL B. NELSON, JR.

May 12, 1999

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