



**BEFORE THE  
DEPARTMENT OF TRANSPORTATION  
WASHINGTON, D.C.**

**Joint Application of**

**CONTINENTAL AIRLINES, INC.**

**and**

**COMPAÑÍA PANAMEÑA DE AVIACIÓN, S.A.**

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) **Docket OST-2000-8577**  
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**Dated: January 22, 2001**

**MOTION FOR LEAVE TO FILE AND REPLY OF THE CITY  
OF HOUSTON AND THE GREATER HOUSTON PARTNERSHIP**

The City of Houston and the Greater Houston Partnership (collectively, the "Houston Parties") respectfully move the Department to accept this reply to the joint answer of American Airlines ("American") and the TACA Group ("TACA") that has been filed in the captioned proceeding. This reply will assist the Department in evaluating whether it should approve and immunize the alliance between Continental Airlines ("Continental") and Compañía Panameña de Aviación ("COPA"), and no party will be prejudiced thereby.

Over the past decade, the City of Houston and Continental have invested in building one of the nation's premier domestic hubs and international gateways at George Bush Intercontinental Airport (IAH). Their efforts have paid off handsomely; Bush Intercontinental has become the eighth-largest U.S. gateway for international passengers, as well as the second-largest gateway for traffic to Mexico and Central

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America, and the seventh-largest gateway for traffic to South America. This rapid growth was in no small part due to the strong community of interest shared by Latin America and Houston. The Greater Houston Area is home to the sixth-largest Hispanic community in the U.S., and no fewer than 21 Latin American and Caribbean nations maintain consulates in the City to facilitate the growing business and cultural ties between them and Houston.

However, U.S.-Latin America air traffic continues to be dominated by American Airlines, which offers services from its Miami mega-hub and other gateways, as well as through its alliances with TACA and other carriers. Moreover, American's dominant position in Latin America might be further entrenched if the Department approves the pending application for the approval and immunization of American's alliance with TACA (Docket OST-2000-7088), as well as if American succeeds in purchasing the assets of Trans World Airlines, which has been an emerging competitor in the Caribbean.

In contrast, the approval and immunization of the Continental/COPA alliance by the Department would only enhance competition in the U.S.-Latin America market. One of the benefits would be improved links between Continental's Houston hub and COPA's Panama City hub. Such services would expand the options available to the U.S. public, especially from the long underserved central and western regions of the United States, by linking the Continental and COPA networks end-to-end. Indeed, the Department long has recognized that new services at Houston can offer "intergateway competition with Miami, the traditionally dominant U.S. gateway." Order 96-4-48, at 5-6. Moreover, even though Continental is the only U.S. carrier to which has invested in developing a comprehensive new network of services in Latin America to compete with

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American, Continental's network has minimal overlap with COPA's network, and a closer alliance clearly would serve the public interest by ensuring vigorous continent-wide competition.

Therefore, the Department should not delay action in this proceeding until it has studied the important competition issues at stake in the American/TACA proceeding. In that case, the Department must consider whether the approval and immunization of the agreement would allow those carriers to monopolize the U.S.-Latin America market at the expense of the consumer. The only pending question in this case, in contrast, is whether the U.S. public should long be denied the benefits of a closer alliance between Continental and COPA.

WHEREFORE, the Houston Parties urge the Department to approve and grant the joint application of Continental Airlines and COPA at the earliest opportunity.

Respectfully submitted,



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Dated: January 22, 2001

## CERTIFICATE OF SERVICE

I hereby certify that on this 22nd day of January, 2001, a copy of the foregoing Motion for Leave to File and Reply of the City of Houston and the Greater Houston Partnership was served by mail on the parties named below:

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