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BEFORE THE

DEPARTMENT OF TRANSPORTATION

WASHINGTON, D. C.

DEPT. OF TRANSPORTATION
DOCKET SECTION
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Joint Application of UNITED AIR LINES, INC. and DEUTSCHE LUFTHANSA, A.G. (LUFTHANSA GERMAN AIRLINES) for approval of and antitrust immunity for an expanded alliance agreement under 49 USC 41308 and 41309	OST-96-1116 -23

OBJECTIONS OF AMERICAN AIRLINES, INC. TO ORDER 96-5-12

Communications with respect to this document should be sent to:

GERARD J. ARPEY
Senior Vice President -
Finance and Planning and
Chief Financial Officer
American Airlines, Inc.
P.O. Box 619616, MD 5621
DFW Airport, Texas 75261

CARL B. NELSON, JR.
Associate General Counsel
American Airlines, Inc.
1101 17th Street, N.W.
Suite 600
Washington, D.C. 20036
(202) 496-5647

ARNOLD J. GROSSMAN
Vice President - International
Affairs
American Airlines, Inc.
P.O. Box 619616, MD 5635
DFW Airport, Texas 75261
(817) 967-3185

DAVID A. SCHWARTE
Associate General Counsel
American Airlines, Inc.
P.O. Box 619616, MD 5675
DFW Airport, Texas 75261
(817) 967-1262

May 16, 1996

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BEFORE THE

DEPARTMENT OF TRANSPORTATION

WASHINGTON, D. C.

Joint Application of UNITED AIR LINES, INC. and DEUTSCHE LUFTHANSA, A.G. (LUFTHANSA GERMAN AIRLINES) for approval of and antitrust immunity for an expanded alliance agreement under 49 USC 41308 and 41309	OST-96-1116

OBJECTIONS OF AMERICAN AIRLINES, INC.
TO ORDER 96-5-12

American Airlines, Inc. hereby objects to Order 96-5-12, May 9, 1996, by which the Department tentatively determined to grant approval of and antitrust immunity for the alliance agreement between United Air Lines, Inc. and Lufthansa German Airlines.

The United/Lufthansa application, filed on February 29, 1996, should not be approved ahead of the much earlier application of American and Canadian Airlines International, Ltd., filed on November 3, 1995 and seeking similar relief (OST-95-792). There is simply no justification for favoring the United/Lufthansa transaction with out-of-turn treatment over other requests that have been pending far longer.

Moreover, the Department should not approve the United/Lufthansa application until Lufthansa has agreed to discontinue the various practices which it, and its related companies, have used to effectively block the entry of U.S. CRSs into the German distribution market. While Lufthansa endeavors to cloud the issue by claiming that it participates in U.S. CRSs at a "high level," that does not mask the fact that, as American and TWA have shown, Lufthansa has denied functionalities to both SABRE and Worldspan that are critical to their success in the German market.

Further, before granting immunity to United and Lufthansa, the Department should obtain assurances from the German Government that it will take the necessary remedial steps to eliminate the multiple CRS barriers which have long existed in Germany. Obtaining these assurances is especially appropriate here because the German Government owns, either in whole or in part, many of the very entities that have engaged in discriminatory behavior to lock out U.S. CRSs.

For example, German Rail, which has a monopoly for domestic rail service in Germany, is owned exclusively by the German Government. German Rail, even as of this date, has not agreed to allow any CRS in Germany -- except Amadeus -- to distribute its services. As the Department knows, German Rail began discussions with SABRE in February 1996 concerning

participation, in accordance with a commitment that German Rail gave to the German Cartel Office in order to avoid legal proceedings. While SABRE has made some progress with German Rail since February on technical issues, it has made no headway with German Rail in reaching a commercial agreement. Indeed, SABRE has received no substantive comments whatever in response to a proposal it sent to German Rail on March 15, 1996.

Accordingly, the Department should first approve the long-pending application of American and Canadian for antitrust immunity, and should approve the United/Lufthansa application only after Lufthansa, its related companies, and the German Government have agreed to discontinue the various practices which have prevented effective distribution competition in Germany.

Respectfully submitted,

R. Bruce Ware cbw

R. BRUCE WARE
Attorney
American Airlines, Inc.

David A. Schwarte cbw

DAVID A. SCHWARTE
Associate General Counsel
American Airlines, Inc.

Carl B. Nelson Jr

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

May 16, 1996

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing Objections by fax on United and Lufthansa, and by first-class mail on all persons named on the service list attached to their joint reply.

CARL B. NELSON, JR.

May 16, 1996