



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

Issued by the Department of Transportation on August 4, 2004

NOTICE OF ACTION TAKEN -- DOCKET OST-2004-18718

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: COMPANIA MEXICANA de AVIACION, S.A. de C.V. & AEROVIAS de MEXICO, S.A. de C.V.

Date Filed: July 22, 2004

Relief requested: A - 1) Exemption from 49 USC section 41301 to permit Mexicana, for a period of one year, to conduct scheduled, combination services between Mexico City, Mexico, and Boston, Massachusetts; and between San Jose del Cabo, Mexico, and Ontario, California, only by codeshare arrangement with Aeromexico; and, 2) Statement of Authorization under 14 CFR Part 212 to permit Aeromexico, for an indefinite duration, to carry Mexicana's designator code on Aeromexico's scheduled flights in the Mexico City-Boston and San Jose del Cabo-Ontario markets. B - 1) Exemption from 49 USC section 41301 to permit Aeromexico, for a period of one year, to conduct scheduled, combination services between Guadalajara, Mexico, and the three U.S. coterminal points Portland, Oregon, Sacramento, California, and San Jose, California, only by codeshare arrangement with Mexicana; and, 2) Statement of Authorization under 14 CFR Part 212 to permit Mexicana, for an indefinite duration, to carry Aeromexico's designator code on Mexicana's scheduled flights in the Guadalajara-Portland/Sacramento/San Jose markets.

If renewal, date and citation of last action: New authority.

Applicant reps: Charles F. Donley II, 202-626-6840 (Mexicana) & William C. Evans, 202-861-6459 (Aeromexico)

DOT analyst: Allen F. Brown, 202-366-2405

Responsive pleadings: None.

DISPOSITION

Action: Approved.

Action date: August 4, 2004

Effective dates of authority granted: The exemption authority is effective August 4, 2004, through August 4, 2005; and the Statement of Authorization is effective August 4, 2004, for an indefinite duration.

Basis for approval: United States-Mexico Air Transport Services Agreement.

Remarks/Conditions: Mexicana's exemption authority is subject to the terms, conditions, and limitations set forth in our standard exemption conditions (attached) and to the otherwise-applicable terms, conditions, and limitations of Mexicana's foreign air carrier permit (Order 78-6-127), and Aeromexico's exemption authority is subject to the terms, conditions, and limitations set forth in our standard exemption conditions (attached) and to the otherwise-applicable terms, conditions, and limitations of Aeromexico's foreign air carrier permit (Order 91-5-25). Also, Mexicana may only conduct the Mexico City-Boston and San Jose del Cabo-Ontario services authorized above, by codeshare arrangement with Aeromexico. Aeromexico may only conduct the Guadalajara-Portland/Sacramento/San Jose services authorized above, by codeshare arrangement with Mexicana.

The code-share operations are subject to the following conditions - a) the Statement of Authorizations will remain in effect only as long as (i) Aeromexico and Mexicana 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) Aeromexico and/or Mexicana must notify the Department immediately if the code-share agreement under which these code-share services are operated is no longer in effect, or if the carriers decide to cease operating all or any portion of the code-share services under the agreement. We expect this notification to be received within ten days

of such non-effectiveness or of such decision. This notice should be filed in Docket OST-2004-18718. c) The code-sharing operations conducted under this authority must comply with 14 CFR Part 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 subject air 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 the service in computer reservation systems and elsewhere; that the carrier selling such transportation (that is, 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. d) The authority granted here is specifically conditioned so that the subject foreign air carriers shall not give any force or effect to any contractual provisions between themselves that are contrary to these conditions.

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

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) the applicant was qualified to perform its proposed operations; (3) grant of the authority was consistent with the public interest; and (4) 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*

FOREIGN CARRIER EXEMPTION CONDITIONS

ATTACHMENT

In the conduct of the operations authorized, the foreign carrier applicant(s) shall:

- 1) Not conduct any operations unless it holds a currently effective authorization from its homeland for such operations, and it has filed a copy of such authorization with the Department;
- 2) Comply with all applicable requirements of the Federal Aviation Administration, including, but not limited to, 14 CFR Parts 129, 91, and 36, and with all applicable U.S. Government requirements concerning security, including, but not limited to, 49 CFR Part 1546 or 1550, as applicable. To assure compliance with all applicable U.S. Government requirements concerning security, the holder shall, before commencing any new service (including charter flights) from a foreign airport that would be the holder's last point of departure for the United States, contact its International Principal Security Inspector (IPSI) to advise the IPSI of its plans and to find out whether the Transportation Security Administration has determined that security is adequate to allow such airport(s) to be served;
- 3) Comply with the requirements for minimum insurance coverage contained in 14 CFR Part 205, and, prior to the commencement of any operations under this authority, file evidence of such coverage, in the form of a completed OST Form 6411, with the Federal Aviation Administration's Program Management Branch (AFS-260), Flight Standards Service (any changes to, or termination of, insurance also shall be filed with that office);
- 4) Not operate aircraft under this authority unless it complies with operational safety requirements at least equivalent to Annex 6 of the Chicago Convention;
- 5) Conform to the airworthiness and airman competency requirements of its Government for international air services;
- 6) Except as specifically exempted or otherwise provided for in a Department Order, comply with the requirements of 14 CFR Part 203, concerning waiver of Warsaw Convention liability limits and defenses;
- 7) Agree that operations under this authority constitute a waiver of sovereign immunity, for the purposes of 28 U.S.C. 1605(a), but only with respect to those actions or proceedings instituted against it in any court or other tribunal in the United States that are: a) based on its operations in international air transportation that, according to the contract of carriage, include a point in the United States as a point of origin, point of destination, or agreed stopping place, or for which the contract of carriage was purchased in the United States; or b) based on a claim under any international agreement or treaty cognizable in any court or other tribunal of the United States. In this condition, the term "international air transportation" means "international transportation" as defined by the Warsaw Convention, except that all States shall be considered to be High Contracting Parties for the purpose of this definition;
- 8) Except as specifically authorized by the Department, originate or terminate all flights to/from the United States in its homeland;
- 9) Comply with the requirements of 14 CFR Part 217, concerning the reporting of scheduled, nonscheduled, and charter data;
- 10) If charter operations are authorized, except as otherwise provided in the applicable aviation agreement, comply with the Department's rules governing charters (including 14 CFR Parts 212 and 380); and
- 11) Comply with such other reasonable terms, conditions, and limitations required by the public interest as may be prescribed by the Department, with all applicable orders or regulations of other U.S. agencies and courts, and with all applicable laws of the United States.

This authority shall not be effective during any period when the holder is not in compliance with the conditions imposed above. Moreover, this authority cannot be sold or otherwise transferred without explicit Department approval under Title 49 of the U.S. Code.

05/2004