

**BEFORE THE
U.S. DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Application of)
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SOUTHWEST AIRLINES CO.)

Docket DOT-OST-2016-0157

for renewal of exemption authority pursuant)
to 49 U.S.C. § 40109 (United States - Mexico))

**APPLICATION OF SOUTHWEST AIRLINES CO.
FOR RENEWAL OF EXEMPTION AUTHORITY**

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May 1, 2020

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Pursuant to 49 U.S.C. § 40109 and Subpart C of the Department's Rules of Practice (14 C.F.R. Part 302), Southwest Airlines Co. ("Southwest") hereby applies for renewal of its exemption authority contained in the U.S. Department of Transportation Notice of Action Taken issued in this docket on July 9, 2018, which authorizes Southwest to engage in scheduled foreign air transportation of persons, property, and mail between points in the United States and points in Mexico and beyond to the full extent available under the amended United States-Mexico Air Transport Agreement signed December 18, 2015, which entered into full force and effect on August 21, 2016.¹ Southwest's current exemption authority is scheduled to expire on July 9, 2020.² To ensure there is no interruption of scheduled service, Southwest respectfully requests that this exemption be

¹ Air Transport Agreement between the Government of the United States of America and the Government of the United Mexican States, December 18, 2015.

² To the extent necessary, Southwest intends to rely on the automatic extension provisions of the Administrative Procedure Act, 5 U.S.C. § 558(c), as implemented by 14 C.F.R. Part 377, to continue its operations subject to its current authority in effect beyond the expiration date, pending DOT action on this application. Southwest's renewal application is timely filed under this part.

promptly renewed for a period of at least two (2) years, or until the effective date of Southwest's U.S.-Mexico certificate authority.³

In support of this application, Southwest states the following:

1. Southwest is a Texas corporation with its principal place of business at 2702 Love Field Drive, Dallas, Texas, 75235.

2. Southwest is a citizen of the United States as defined by Section 40102(a)(15) of Title 49 of the United States Code and Section 204.2(c) of the Department's Economic Regulations. Southwest's president and at least two-thirds of its board of directors and other managing officers are citizens of the United States. Southwest is under the actual control of citizens of the United States, and more than 75 percent of its voting interest is owned or controlled by citizens of the United States.

3. Southwest holds a certificate of public convenience and necessity authorizing it to engage in scheduled air transportation, and is fit, willing and able to provide the services referenced in this application.⁴ Southwest requests that the Department take official notice, pursuant to Rule 24 of the Department's Rules of Practice (14 C.F.R. § 302.24(g)), of all information on file with the Department necessary to establish Southwest's fitness.

³ Southwest applied for a certificate of public convenience and necessity for U.S. – Mexico authority under 49 U.S.C. § 41102 on August 8, 2016. Southwest's certificate application remains pending. See Docket DOT-OST-2016-0157.

⁴ See Southwest Airlines Co. Certificate of Public Convenience and Necessity for Interstate Air Transportation, originally issued by Order 79-6-187, subsequently amended by Order 86-5-60 (May 15, 1986), Order 98-7-60 (July 8, 1998), and Order 2005-12-4 (Dec. 9, 2005).

4. On July 9, 2018, the Department granted Southwest an exemption under 49 U.S.C. § 40109 to provide the following services between the United States and Mexico:

Scheduled foreign air transportation of persons, property and mail (a) from a point or points in the United States to a point or points in Mexico; (b) from Dallas/Fort Worth and San Antonio to Mexico City, Toluca, and Acapulco, and beyond to points in Panama and beyond; (c) from New York, Washington, Baltimore, Los Angeles, and Houston, to Mexico City and Toluca, and beyond to a point or points in Central and/or South America; and (d) from a point or points in the United States, via an intermediate point or points, to a point or points in Mexico, and beyond, as mutually agreed in writing by the aeronautical authorities of the Parties; and

Scheduled foreign air transportation of property and mail (a) from a point or points in the United States, via an intermediate point or points, to a point or points in Mexico, and beyond; and (b) from a point or points in Mexico to any point.⁵

5. Renewal of the Southwest's exemption authority is in the public interest because it will enable Southwest to continue providing consumers with high-quality, low-cost travel options, and low-fare competition between the United States and Mexico. Southwest's extensive network and long history of lowering fares, stimulating new traffic, and increasing competition has enabled Southwest to generate significant economic and consumer benefits.⁶ Southwest operates to Mexico using Stage III Boeing 737-700 and 737-800 aircraft configured for 143 and 175 seats respectively.⁷

⁵ Notice of Action Taken, July 9, 2018, Docket DOT-OST-2016-0157.

⁶ See, e.g., Public Benefits and Private Success: The Southwest Effect Revisited (August 10, 2017), available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3016047.

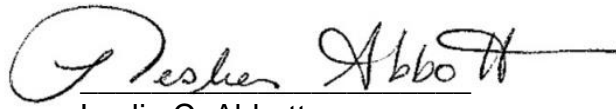
⁷ Southwest plans to resume service to Mexico utilizing its 175-seat, Stage III Boeing 737-MAX8 aircraft when the aircraft reenters service.

6. Approval of this application will have no impact on Southwest's Civil Reserve Air Fleet commitments and will not result in an increased near-term annual aviation fuel consumption of ten million gallons or more.

7. The authority sought by Southwest fully complies with the terms of the aviation agreement between the United States and the Government of Mexico.

WHEREFORE, Southwest Airlines respectfully requests the that Department renew the above referenced exemption authority for a minimum of two years.

Respectfully submitted,



Leslie C. Abbott

May 1, 2020

CERTIFICATE OF SERVICE

I hereby certify that on May 1, 2020, a copy of the foregoing was served via e-mail on the following persons:

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