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Justice Department Sues to Block Unprecedented Domestic Alliance Between American Airlines and JetBlue

Alliance Eliminates Competition in New York and Boston and Harms Air Travelers Nationwide

The U.S. Department of Justice, together with Attorneys General in six states and the District of Columbia, sued today in the District of Massachusetts to block an unprecedented series of agreements between American Airlines and JetBlue through which the two airlines will consolidate their operations in Boston and New York City. The civil antitrust complaint alleges that this extensive combination, which they call the “Northeast Alliance,” will not only eliminate important competition in these cities, but will also harm air travelers across the country by significantly diminishing JetBlue’s incentive to compete with American elsewhere, further consolidating an already highly concentrated industry.

“Millions of consumers across America rely on air travel every day for work, to visit family, or to take vacations. Fair competition is essential to ensuring they can fly affordably and safely,” said Attorney General Merrick B. Garland. “In an industry where just four airlines control more than 80% of domestic air travel, American Airlines’ ‘alliance’ with JetBlue is, in fact, an unprecedented maneuver to further consolidate the industry. It would result in higher fares, fewer choices, and lower quality service if allowed to continue. The complaint filed today demonstrates the Justice Department’s commitment to ensuring economic opportunity and fairness by protecting consumers and competition.”

“The Northeast Alliance would eliminate significant competition in this important industry,” said Acting Assistant Attorney General Richard A. Powers of the Justice Department’s Antitrust Division. “This sweeping partnership is unprecedented among domestic airlines and amounts to a de facto merger between American and JetBlue in Boston and New York City. The impact on consumers extends far beyond Massachusetts and New York, as evidenced by the participation and our ongoing cooperation with Attorneys General from across the country, including Arizona, California, Florida, Massachusetts, Pennsylvania, Virginia and the District of Columbia, in this lawsuit.”

The Northeast Alliance combines American’s and JetBlue’s operations at four major airports: Boston Logan, John F. Kennedy, LaGuardia and Newark Liberty. The airlines have committed to coordinate “on all aspects” of network planning, including which routes to fly, when to fly them, who will fly them and what size planes to use for each flight. The two airlines will also share revenues earned at these airports, eliminating their incentives to compete with one another. The Northeast Alliance will also allow the parties to pool their gates and takeoff and landing authorizations, known as “slots.” According to the complaint, this unprecedented combination would raise prices and reduce choices for air passengers traveling to and from Boston and New York City.

As alleged in the complaint, American is the largest airline in the world. Just four airlines — American, along with Delta, United and Southwest — collectively control over 80% of domestic air travel. According to the complaint, American has relentlessly pursued a strategy of industry consolidation in the United States and around the world.

Unable to combine with foreign airlines through formal mergers, American has instead pursued consolidation through a series of international joint ventures. The complaint alleges that JetBlue's CEO stated, "it may look as if a dozen or more airlines [are] providing service. But when you go under the surface, it's really just three big mega-alliances controlling 87% of the traffic...Consumers effectively have very little choice in markets where JVs have a stranglehold – and they also face higher fares." The Justice Department alleges that American now seeks to import this strategy to domestic air travel.

According to the complaint, JetBlue has positioned itself as an important source of competition against American and the other large airlines, particularly in the northeast. According to the complaint, JetBlue's reputation for lowering prices is so established that the industry refers to it as the "JetBlue Effect." JetBlue's own internal estimates show that it has saved customers at least \$10 billion since its launch, offering lower fares and better service, and forcing its competitors to do the same.

According to the complaint, the Northeast Alliance will cause hundreds of millions of dollars in harm to air passengers across the country through higher fares and reduced choice. The complaint alleges that prior to entering the Northeast Alliance, JetBlue and American both planned to compete more intensely with one another, including in Boston and New York City, but also in other areas. If allowed to proceed, the Northeast Alliance would eliminate this important existing and future competition — creating, as American's senior executives put it, "further domestic consolidation." The Northeast Alliance will dampen American's incentive to expand service elsewhere in its network and will significantly reduce JetBlue's incentives to challenge its much larger partner across the country.

American Airlines Group Inc. is a Delaware corporation with its headquarters in Fort Worth, Texas. In 2019, it flew over 215 million passengers to approximately 365 locations worldwide, earning about \$45 billion in revenues.

JetBlue Airways Corporation is a Delaware corporation with its headquarters in Long Island City, New York. In 2019, JetBlue flew over 42 million passengers to approximately 100 locations worldwide, earning about \$8 billion in revenue.

Attachment(s):

[Download AA/JetBlue Complaint.pdf](#)

Topic(s):

Antitrust

Component(s):

[Antitrust Division](#)

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