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Attorney General Bonta Joins Bipartisan Coalition in Suing American Airlines and JetBlue Over Launch of Anticompetitive Alliance

Press Release / *Attorney General Bonta Joins Bipartisan Coalition in Suing A...*

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Alliance expected to cost California consumers hundreds of millions of dollars

Impacted airports include Los Angeles, San Francisco, San Diego, Long Beach, Burbank, Ontario, Oakland, San Jose, and Santa Ana

OAKLAND – California Attorney General Rob Bonta today joined the U.S. Department of Justice and six other attorneys general in filing a lawsuit against American Airlines and JetBlue challenging an anticompetitive joint venture between the companies known as the Northeast Alliance. As part of the code- and profit-sharing venture, the airlines coordinate which routes to fly, when to fly them, and how many seats to offer,

effectively merging their operations in certain markets. In California alone, this anticompetitive venture is expected to impact at least nine airports with flights to and from the East Coast and cost California consumers hundreds of millions of dollars. In today's lawsuit, the coalition argues that the Northeast Alliance is an unlawful agreement in violation of the federal Sherman Act.

“Fewer flights. More expensive tickets. Lower quality service. That’s what happens when one of the last shreds of real competition is eliminated from the market for air travel,” **said Attorney General Bonta**. “We’ve seen it happen before, and we won’t let it happen again. Plain and simple: American Airlines and JetBlue's Northeast Alliance is anticompetitive and harmful to consumers nationwide. As the People's Attorney, I am committed to fighting for a fair and competitive economy – and I won't stand by when two of the largest U.S. airlines seek to merge their operations on some of the country's most traveled routes.”

The Northeast Alliance covers all domestic American Airlines and JetBlue routes that begin or end in New York or Boston — routes comprising two thirds of JetBlue’s business. Along these routes, American Airlines and JetBlue will effectively function as a single carrier, posing a significant threat to competition. In addition to code- and profit-sharing, American Airlines and JetBlue plan to coordinate on which routes to fly, flight scheduling, and capacity, and to collaborate on sales and marketing.

Consumers saw the impact of airline consolidation on price and quality first-hand following the American-U.S. Air merger and Alaska’s acquisition of Virgin America. The coalition argues that the Northeast Alliance will have similar impacts, substantially increasing market concentration on high traffic routes to and from Los Angeles, San Francisco, and San Diego, as well as on routes to and from many smaller California

airports, including Long Beach, Burbank, Ontario, and San Jose. The loss of competition on these routes is expected to result in hundreds of millions of dollars in annual consumer harm.

In the lawsuit, the coalition argues that the Northeast Alliance violates the federal Sherman Act because American Airlines and JetBlue will function like a single carrier on routes to and from New York and Boston. The Alliance would be presumptively unlawful in over one hundred markets where the parties now compete. Eliminating the competition between them, which has resulted in substantial benefits to consumers, gives American Airlines and JetBlue the incentive to raise fares, reduce capacity, and lower the quality of service.

The coalition further alleges that the Alliance's revenue-sharing agreement will disincentivize the airlines from competing with each other on price because doing so would only serve to reduce the revenue each earns. Instead, the Alliance enables American and JetBlue to raise fares by exiting markets or by agreeing to cut the number of available seats and then sharing in their partner's profits. As the complaint describes, the Alliance advances the trend in airline industry consolidation and capacity restriction by legacy carriers like American Airlines. It also halts JetBlue's previous disruption of the industry through aggressive capacity expansion, fare reduction, innovation, and better quality of service.

Attorney General Bonta joins the U.S. Department of Justice and the attorneys general of Arizona, Florida, Massachusetts, Pennsylvania, Virginia, and the District of Columbia in filing this lawsuit.

A copy of the lawsuit can be found [here](#).

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