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PRESS RELEASE

AG Healey Sues to Block Anticompetitive Alliance Between American Airlines and JetBlue

Joins U.S. Department of Justice, State Attorneys General in Lawsuit Against Unprecedented Series of Agreements Between Airlines that Eliminates Competition in Boston and New York

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Office of Attorney General Maura Healey

MEDIA CONTACT

Jillian Fennimore

Phone

(617) 727-2543 (tel:6177272543)

Online

Jillian.Fennimore@mass.gov (mailto:Jillian.Fennimore@mass.gov)

BOSTON — Attorney General Maura Healey today joined the U.S. Department of Justice and state attorneys general across the country in suing to block an unprecedented series of agreements between American Airlines and JetBlue to consolidate their operations in Boston and New York City.

The [civil antitrust complaint \(/doc/northeast-alliance-complaint\)](#), filed in the United States District Court in Massachusetts against American Airlines Group Inc. and JetBlue Airways Corporation, alleges that this extensive consolidation, 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 aggressively compete with American elsewhere, further consolidating an already highly concentrated industry.

“When airlines compete on price, quality and innovative services, consumers benefit,” said **AG Healey**. “This consolidation would undermine the competition that has greatly benefitted Massachusetts consumers. With today’s lawsuit, we are taking action to ensure that JetBlue and American Airlines maintain incentives to provide lower costs and better service at Logan Airport and elsewhere.”

“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 **United States 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 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 (JVs). 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 lawsuit 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.

Today's lawsuit seeks to permanently enjoin American Airlines and JetBlue from continuing and further implementing the Northeast Alliance.

Also joining Massachusetts in the lawsuit today to block the consolidation are the attorneys general of Arizona, California, Florida, Pennsylvania, Virginia, and the District of Columbia.

Handling the case for Massachusetts is Division Chief William Matlack, Assistant Attorney General Daniel Leff, and Economic Analyst Ratib Ali, all of AG Healey's Antitrust Division.

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Media Contact

Jillian Fennimore

Phone

(617) 727-2543 (tel:6177272543)

Online

Jillian.Fennimore@mass.gov (mailto:Jillian.Fennimore@mass.gov)

[Office of Attorney General Maura Healey](/orgs/office-of-attorney-general-maura-healey) (/orgs/office-of-attorney-general-maura-healey)

Attorney General Maura Healey is the chief lawyer and law enforcement officer of the Commonwealth of Massachusetts.

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