



**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

DEPT. OF TRANSPORTATION
DOCKET
Assistant Secretary

1200 New Jersey Ave., S.E.
Washington, DC 20590

DEC 29 2008

The Honorable John P. Sarbanes
U. S. House of Representatives
Washington, DC 20515

Dear Congressman Sarbanes:

Thank you for your letter of November 21, 2008, addressed to Mr. Simon Gros, on behalf of your constituent, Mr. Ewing, regarding a request by American Airlines, British Airways, Iberia Airlines, Finnair, and Royal Jordanian for a grant of antitrust immunity to operate an integrated alliance. Mr. Gros has asked that I respond on his behalf.

The U.S. Department of Transportation's review of this request is part of a public proceeding in which interested parties have the opportunity to comment. The Department carefully considers all requests for antitrust immunity, beginning with a review of the record to assess whether there is sufficient information to make a reasoned decision that satisfies all statutory requirements. Decisions regarding requests for antitrust immunity are made after consultation with the Department of Justice, and are based upon statutory standards that include antitrust principles. As this proceeding is pending, I am sure you understand that I cannot comment on the merits of the case. I assure you, however, that the Department will give full and fair consideration to the Joint Applicants' request, as well as all comments in the docket.

As is our normal practice, I am placing a copy of your letter and this response in Docket OST-2008-0252 as a contact outside the record in this matter. I appreciate your interest in this proceeding.

Sincerely yours,

Michael W. Reynolds
Acting Assistant Secretary for
Aviation and International Affairs

JOHN P. SARBANES
3RD DISTRICT, MARYLAND

COMMITTEE ON
EDUCATION AND LABOR

COMMITTEE ON
OVERSIGHT AND
GOVERNMENT REFORM

COMMITTEE ON
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November 21, 2008

Mr. Simon Gros
Acting Assistant Secretary for Governmental Affairs
U.S. Department of Transportation
1200 New Jersey Ave, SE
Washington, DC 20590-0001

Dear Mr. Gros:

Enclosed, please find a copy of correspondence from my constituent Mr. Brad Ewing.

This individual has expressed some concerns about American Airlines' antitrust immunity application. I would appreciate it if you would carefully review their comments and provide a response to the concerns.

Thank you for your attention to this matter.

Sincerely,



John P. Sarbanes
Member of Congress

JPS/rc

2008-9252

E-Mail Viewer

Message Details Attachments Headers Source

HTML

From: "webforms@sarbanes.house.gov" <webforms@sarbanes.house.gov>
Date: 11/2/2008 12:22:25 AM
To: "md03ima@mail.house.gov" <md03ima@mail.house.gov>
Cc:
Subject: IMA MAIL ON Transportation

RE: Concerns Over AA-BA-IB Joint Venture/Antitrust Immunity

Brad Ewing
26 Harness Creek View Court
Annapolis, MD 21403-1677

November 2, 2008

The Honorable John Sarbanes
House of Representatives
426 Cannon House Office Building
Washington, DC 20515-2003

Dear Representative Sarbanes:

As your constituent and a pilot for American Airlines, I respectfully request that you defer any decision on the merits of American Airlines' application to the Department of Transportation and Department of Justice for antitrust immunity with British Airways, Iberia, Finnair and Royal Jordanian—and the related "joint business agreement" with British Airways and Iberia—until a full and thorough analysis can be conducted.

This analysis should include both the implications of immunizing joint business ventures, as well as a review of the public policy matter in the allowance of immunization of anti-competitive practices in international commercial aviation. The unintended negative consequences of increased liberalization in financial markets we have just witnessed underscore the need for appropriate due diligence. Likewise, I respectfully request that you urge DOT and DOJ to exercise similar restraint.

We need to understand the consequences of permitting strategically important companies such as airlines to enter into virtual mergers with foreign counterparts. Would the control mechanisms and marketing decisions of the entity of the joint business agreement conflict with Congress' limits on foreign ownership and control? There are clearly Department of Defense implications, as the federal government depends upon U.S. airlines to carry troops and supplies in wartime as our nation's Civil Reserve Air Fleet. Are we comfortable having foreign carriers ferry our troops in wartime? We also need to understand how the various nations' differing air safety regulations and labor laws and the carriers' training regimens would be reconciled.

Additionally, we must address concerns about potentially serious job security issues with American Airlines' proposed joint business agreement. As we have seen in the takeover of freight carrier Airborne Express by German company DHL, international business deals like this can have a highly adverse impact on U.S. workers. In that instance, 8,000 Ohio workers are now at risk of losing their jobs. Contrary to popular belief, "capacity sharing" arrangements such as these are actually a form of

industry consolidation, potentially resulting in yet more hard-working Americans' jobs being eliminated.

Finally, there are internal constraints that call into question American Airlines' ability to enter into this type of business venture. It would be disappointing to receive a regulatory ruling that may unintentionally prejudice current lawful arbitration proceedings.

Thank you very much for considering my request.

Sincerely,

Brad Ewing
410-280-6196

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