

U.S. judge rules against American Airlines, JetBlue partnership

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Boston, May 20 (RHC)-- A federal judge in the United States has ruled that two major airlines must end their regional partnership in the country's northeast within 30 days, citing the risk of higher fares and reduced competition. The decision, concerning American Airlines and JetBlue Airways, hands a victory to the U.S. Justice Department, which sued in 2021 to block the "unprecedented domestic alliance" between the two carriers.

In his ruling, District Judge for Massachusetts Leo Sorokin denounced the deal as entangling “JetBlue with American in a way that diminishes its status as an independent, low-cost player in the market.” He also echoed the Justice Department’s concerns that the partnership would stifle competition from other airlines.

“These two powerful carriers act as one entity in the northeast, allocating markets between them and replacing full-throated competition with broad cooperation,” Sorokin wrote in his decision. But JetBlue and American Airlines have argued that their partnership, dubbed the Northeast Alliance, would have, in fact, allowed the two air carriers to better compete in the region against rivals like Delta Air Lines and United Airlines.

“We made it clear at trial that the Northeast Alliance has been a huge win for customers,” a spokesperson for JetBlue said in a statement after Friday’s decision. The spokesperson added that the partnership allowed the budget airline to expand its “low fares and great service to more routes than would have been possible otherwise”.

American Airlines likewise blasted the judge’s ruling. “The court’s legal analysis is plainly incorrect and unprecedented for a joint venture,” the company said.

Both JetBlue and American Airlines saw a dip in their shares following the ruling, with a 1.8 and 1.5 percent tumble respectively.

The two companies first announced a deal in July 2020 to sell seats on each other’s flights, in a bid to bolster their markets in New York and Boston. The alliance was approved by the outgoing administration of Republican President Donald Trump and took effect in early 2021. But by September of that year, the Justice Department under Democratic President Joe Biden sued to have the alliance stopped.

American Airlines has the largest fleet of any airline in the US, and JetBlue the sixth largest. The Biden administration has been aggressively pursuing antitrust cases since taking office, including in other industries including sugar refinery, internet advertising, health insurance and more.

Friday’s case was not the only ant-trust suit the administration has filed against the budget airline JetBlue. In March, it launched a complaint in Massachusetts to block JetBlue’s acquisition of another low-cost airline, Spirit, again citing the prospect of reduced competition and higher prices.

“Companies in every industry should understand by now that this Justice Department will not hesitate to enforce our antitrust laws and protect American consumers,” Garland said in a statement.

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