FOR IMMEDIATE RELEASE
August 13, 2013
www.texasattorneygeneral.gov

Texas, DOJ Lead Challenge to U.S. Airways/American Airlines Merger

Six states and the District of Columbia join U.S. Department of Justice complaint to block merger plan

WASHINGTON, D.C. – Texas Attorney General Greg Abbott announced today that the State of Texas, along with Arizona, Florida, Pennsylvania, Tennessee, Virginia, the District of Columbia and the U.S. Department of Justice, has filed a complaint in federal court challenging the proposed merger between American Airlines and U.S. Airways.

Today’s legal action was prompted by the State’s concerns about the potential for reduced airline service to several of Texas’ smaller airports that are currently served exclusively by American Airlines and American Eagle flights. In recent years, U.S. Airways has pursued a “capacity discipline” strategy, a business model that relies upon substantial reductions in both service and capacity – a phenomenon that has followed each significant legacy airline merger in recent years. If this strategy is continued when U.S. Airways’ executives take over leadership at the new American Airlines, some areas in rural Texas could see their travel options reduced as a result of the merger.

American Airlines and U.S. Airways compete directly on thousands of heavily traveled nonstop and connecting routes, including nearly 200 routes beginning or ending in Texas cities. According to the State’s antitrust complaint, the proposed merger would result in decreased competition, higher airfares and fees, reduced service and downgraded amenities. The dollar impact nationwide could exceed $100 million a year.

The merger would make a combined U.S. Airways/American Airlines the largest worldwide carrier and reduce the number of the larger “legacy” airlines from four to three – U.S. Airways/American, United/Continental and Delta/Northwest – and the number of major airlines from five to four. If the merger were approved, the three remaining legacy airlines combined with Southwest Airlines would account for more than 80 percent of domestic travel.

American Airlines, which is being released under Chapter 11 bankruptcy Thursday, remains as U.S. Airways’ chief competitor in the marketplace. Therefore, removing American as a competitor in keeping fares and fees lower will likely only serve to increase those prices.

FOR OTHER ITEMS ASSOCIATED WITH ATTORNEY GENERAL ANNOUNCEMENTS, ACCESS OAG NEWS RELEASES ONLINE AT WWW.TEXASATTORNEYGENERAL.GOV.