

BEFORE THE
UNITED STATES DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

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Joint Application of

ALITALIA-LINEE AEREE ITALIANE-S.p.A.

and

KLM ROYAL DUTCH AIRLINES

and

NORTHWEST AIRLINES, INC.

for approval of and antitrust immunity
for agreements pursuant to 49 U.S.C.
sec. 41308 and 43109

Docket **OST-99-5674-5**

**COMMENTS OF
THE AMERICAN SOCIETY OF TRAVEL AGENTS, INC.**

Communications with respect to this document should be sent to:

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May 21, 1999

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Docket OST-99-5674-1

**COMMENTS OF
THE AMERICAN SOCIETY OF TRAVEL AGENTS, INC.**

The American Society of Travel Agents, Inc. ("**ASTA**") submits these comments in response to the joint application.

ASTA is opposed to the grant of additional antitrust immunity to airlines for marketing alliances and other joint ventures. If these arrangements are as **pro-consumer** and **pro-competitive** as the airline partners represent, there should be no need to immunize them from the most fundamental of all consumer protection legislation. The demands of foreign carriers for freedom from antitrust scrutiny of their joint conduct with other airlines and the demands of foreign governments that their

national carriers have such protection as a condition for liberalizing bilateral aviation agreements is not an excuse for subverting the laws that Congress passed to protect the competitive process and consumers from the effects of non-competitive behavior.

Other industries, including those that interact commercially with the airlines, are fully subject to the nation's antitrust laws. The conferral of immunity on a few airlines for joint operations gives them huge advantages in dealing with other parties in commercial relationships. In this case, for example, the three airlines are free to conspire in the setting of travel agency commissions, but travel agents may not act jointly to exercise countervailing power against those airlines. The end result is that in their commercial dealings with travel agencies, the protected carriers enjoy the benefits of collective action and enhanced market power while their rivals, who in this case are also competitors with respect to retail distribution, remain fragmented and powerless to respond.

The airlines' refrain that "we do it all for you" has a hollow ring when their treatment of consumers had led to unprecedented criticism of their performance in the Congress. Recent reports indicate that these problems are growing worse despite the public exposure that the issue has received over the past year.

ASTA believes the time has come to insist that airline joint operations comply with the laws that bind all other businesses. If that is placing more weight on these arrangements than their proponents are willing to carry, so be it. ASTA is supporting legislation that would prevent the future grant of antitrust immunity and finally subject the airline industry to the true measure of a deregulated industry: compliance, on a level playing field, with the most basic of all consumer protection laws.

WHEREFORE, the American Society of Travel Agents respectfully asks that, if the Department approves the agreements at issue in this docket, it do so without antitrust immunity.

Respectfully submitted,

**AMERICAN SOCIETY OF TRAVEL
AGENTS, INC.**

A handwritten signature in black ink, appearing to read "Paul M. Ruden", is written over a horizontal line.

Paul M. Ruden
Senior Vice President
Legal & Industry Affairs

May 21, 1999