

**BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.**

Joint Applications of)	
)	
AMERICAN AIRLINES, INC.)	Docket OST-2001-10387
and)	OST-2001-10388
BRITISH AIRWAYS PLC)	
)	
under 49 USC 41308 and 41309 for approval)	
of and antitrust immunity for agreement; and blanket)	
codeshare authority under 14 CFR Part 212 and)	
related exemptions under 49 USC 40109)	

Joint Applications of)	
)	
UNITED AIR LINES, INC.,)	Docket OST-2001-10575
BRITISH MIDLAND AIRWAYS)	OST-2001-10576
LIMITED, et. al.)	
)	
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under 49 USC 41308 and 41309 for approval)	
of and antitrust immunity for agreement; and blanket)	
codeshare authority under 14 CFR Part 212 and)	
related exemptions under 49 USC 40109)	

**ANSWER OF DELTA AIR LINES, INC.
TO MOTION OF NORTHWEST AIRLINES, INC.
TO CONSOLIDATE PROCEEDINGS**

November 9, 2001

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**ANSWER OF DELTA AIR LINES, INC.
TO MOTION OF NORTHWEST AIRLINES, INC.
TO CONSOLIDATE PROCEEDINGS**

Delta Air Lines, Inc., (“Delta”) hereby answers in support of the motion of Northwest Airlines, Inc. (“Northwest”) to consolidate the captioned proceedings. As Northwest correctly observes, the American/British Airways and United/bmi applications

Answer of Delta

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for antitrust immunity are inexorably intertwined. The most sensible and efficient way for the Department to proceed is to consolidate both cases in single docket.

In further support of this answer, Delta states as follows:

1. The American/British Airways and United/bmi applications share common issues and common evidence. Indeed, each of the Joint Applications points to the other as a competitive justification for its own approval. AA/BA claims that the United/bmi immunity application marks the rise of the Star Alliance at Heathrow and that “with 27 percent of all slot holdings at Heathrow and ample access to facilities, there is no doubt that the Star Alliance is now a major competitor at Heathrow, and is positioned to become even stronger.” AA/BA application at 9. For their part, United and bmi claim that an immunized alliance is necessary to build “a strong, albeit smaller competitive alternative” to American/British Airways at Heathrow. United/bmi application at 5.

2. The Department needs to evaluate both alliances at the same time in order to get a fix on what the true overall implications will be for U.S.-Heathrow consumers and would-be competitors. A piecemeal approach will not work. The Department needs to consider that the rapid-fire sequential combination of AA/BA and United/bmi would reduce the number of actual and potential U.S.-Heathrow competitors with substantial existing slots reserves from four to only two.

3. Consideration of both alliances in a common forum will also help to assess the broader consequences of permitting the two largest global alliances –Star and oneworld – to establish an effective duopoly at Heathrow. The Department needs to

evaluate how Star's and oneworld's possession of a disproportionate share of Heathrow slots may adversely affect global alliance competition by preventing the Heathrow "have not" alliances from offering the level of Heathrow service necessary to attract frequent business travelers and key corporate accounts that demand Heathrow as part of their total travel package. These cumulative impacts cannot be adequately addressed in separate and uncoordinated proceedings.

4. The Department and interested parties need to be able to use the evidence and information received from one Heathrow combination in order to more fully and accurately assess the impacts of the other. A two-track approach is preventing parties from utilizing important and relevant evidence. Thus, although answers were filed in the American/British Airways proceeding on November 2, 2001, it was not until November 6 that the Department issued a notice granting access to the United/bmi documents. Both sets of documents bear on the issue of Heathrow competition and Heathrow slots. Interested parties should be able to review this new information and file answers in a consolidated proceeding. At minimum parties should be permitted to file supplemental answer in the AA/BA dockets based on any new competitive insights that might be provided. By consolidating the dockets, the Department will also avoid the unnecessary and inefficient re-arguing of the same points that are inevitably raised by both of the alliances.

5. The two applications revolve around the same set of international aviation policy issues. Neither alliance can proceed until agreement is reached on open skies with

the UK, and, more importantly, the access guarantees that will be necessary to ensure that non-incumbents can compete with either of these large combined Heathrow competitors. Even United agrees that, as a practical matter, “United recognizes that approval of and antitrust immunity for the proposed addition of bmi to United’s integrated European alliance will be accomplished by the Department’s approval of the application of American and BA . . .” Answer of United, Docket OST-01-1037 (Nov. 2, 2001). Thus, the two applications are already effectively joined by inseparably policy and competition problems; there seems little point maintaining them as separate parallel proceedings to examine common evidence and common issues.

6. Conclusion. Delta supports the motion of Northwest to consolidate the captioned proceedings. Consolidation will promote the efficient consideration of the common issues and evidence that are necessarily entailed by the two alliances. Conversely, maintaining parallel proceedings would be repetitious and more difficult. If the Department nonetheless elects not to consolidate the cases, it should, at minimum, permit valid affidavit holders to make use of confidential materials in either proceeding, and afford parties the opportunity to offer supplemental comments on the American/British Airways application based on the new information submitted by United/bmi on the U.S.-Heathrow marketplace.

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/s/

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CERTIFICATE OF SERVICE

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