

Feds open gate to airline deal

By the **CNN Wire Staff**
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STORY HIGHLIGHTS

- NEW:** oneworld to give up four pairs of takeoff and landing slots
- Feds grant antitrust immunity to five airlines
- They are American Airlines, British Airways, Finnair, Iberia Airlines, Royal Jordanian Airlines
- British Airways called the decision "fantastic news"

Washington (CNN) -- Federal authorities granted antitrust immunity Tuesday to five airlines from five countries, allowing them to collaborate on transatlantic flights.

The Department of Transportation decision allows American Airlines, British Airways, Finnair, Iberia Airlines and Royal Jordanian Airlines - members of the "oneworld" alliance -- to compete with two other alliances, a DOT statement said.

The statement called the decision "pro-competitive," and a spokesman for British Airways called it "fantastic news." But the granting of immunity also drew criticism from the president of a competing airline not included in the alliance.

But the decision will benefit consumers by lowering fares, creating new nonstop routes and improving flight schedules, the DOT said. The department added that the decision will balance competition with two other collaborations, the Star Alliance and SkyTeam, which "operate similar immunized alliances."

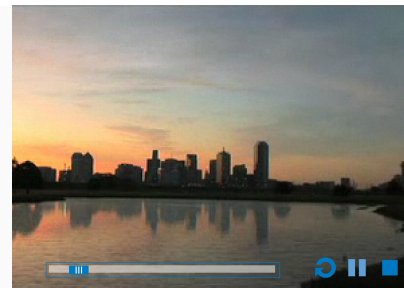
Sir Richard Branson, president of competitor Virgin Atlantic disagreed. "I have no doubt that BA and AA will use their exemption from competition laws and their overwhelming dominance to stifle competition, raise prices and reduce choice," he said Tuesday in a statement.

Citing concerns over possible damage to competition on certain routes between the United States and London's Heathrow Airport, the DOT required "oneworld" to make available four pairs of landing and takeoff slots at Heathrow to competitors.

Giving up slots at Heathrow was also a demand in previous applications that failed to win approval, but the four slots ceded in Tuesday's deal are far fewer than the approximately 200 slots demanded by the department in the late 1990s and the 16 slots demanded in 2002.

CNN Aviation Correspondent Richard Quest noted in February, when the DOT decision was tentative, that the granting of antitrust immunity to British Airways and American Airlines had appeared likely since 2008, when the arrival of the alliance led more U.S. carriers to fly into and out of Heathrow. "It was always going to be a question of what slot price would be demanded and whether BA and American would hand over the slots," he said. Quest called the four pairs an extremely low number.

The "oneworld" alliance has announced plans to begin operating commercial flights between Western Europe, North America and Mexico this fall.



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