

**THIRD TIME UNLUCKY FOR CONSUMERS?**

**BA/AA ALLIANCE WOULD STIFLE COMPETITION AND FORCE UP FARES**

- **BA/AA and Iberia would have a stranglehold on UK-US flights**
- **BA/AA and Iberia would control nearly half of all take-off and landing slots at Heathrow**

Virgin Atlantic today warned that BA's third attempt to tie-up with American Airlines would create a monster monopoly that would push up ticket prices and substantially reduce competition on the busiest air corridor in the world.

BA announced earlier that the three airlines – BA, AA and Iberia – would apply for permission from regulators in Europe and the US to fix prices and capacity on transatlantic routes, activities which would otherwise be illegal.

Sir Richard Branson, President of Virgin Atlantic, commented:

“Make no mistake – if this monster monopoly is approved it will be third time unlucky for consumers. It will still be bad for passengers, bad for competition, and bad for the UK and US aviation industry

“BA argues that the aviation landscape has changed since their last failed application – I disagree, nothing has changed. Open Skies has not delivered the greater competition that was promised because Heathrow is full. BA/AA and Iberia would still be unacceptably dominant, with nearly half of all of the slots at Heathrow, leaving competitors powerless to take them on.

“The current economic slowdown is also no justification for agreeing to this alliance. The job of the regulators is to assess the long-term impact of the alliance on competition, not

to provide special protection from the immediate challenges of the economic cycle, with which every other airline has to deal.

“We are not against consolidation but this alliance is on a scale never seen before. BA/AA with Iberia won’t create fair play - so we say no way BA/AA.”

Virgin Atlantic set out its specific concerns:

- BA/AA will form a dominant force in transatlantic markets, with nearly 60% of all Heathrow - US frequencies. In 2007 62% of passengers traveling between Heathrow and the US travelled on BA or AA, according to the US Department of Transport. Existing competitors will struggle to compete and new entrants will be deterred.
- BA/AA will have 63% of capacity between Heathrow and New York JFK, 79% between Heathrow and Boston and 75% between Heathrow and Miami. The alliance would have dominant market shares on other Heathrow routes, 66% to Chicago and 49% to Los Angeles, and would create a pure monopoly on the route from Heathrow to Dallas Fort Worth. In each case customer choice is drastically reduced or eliminated and higher fares will follow.
- BA and AA have over 200,000 slots a year at London Heathrow. Virgin Atlantic has 17,000. Heathrow is full and no other carrier can replicate BA/AA’s network. BA/AA won’t face enough competition on its huge network to stop it raising prices to consumers.

**For further information please contact the Virgin Atlantic Press Office on +44 (0) 1293 747373 or log onto [www.virginatlantic.com](http://www.virginatlantic.com)**