



AIR LINE PILOTS ASSOCIATION, INTERNATIONAL

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May 28, 2009

The President
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

This is to ask that the Vice President's Task Force on the Middle Class ("Task Force") take up for consideration the potential effect on U.S. airline workers of the increasingly close alliances between U.S. and foreign airlines. I write as president of the world's largest union of airline pilots, representing more than 54,000 pilots at 36 U.S. and Canadian airlines. My purpose is not to oppose these new airline alliances but to seek assurance that the alliances do not result in shifting important and valuable North American airline jobs to overseas workers.

Under the emerging airline alliances, U.S. and foreign carriers are now coordinating pricing, sales, marketing, ground operations, customer service programs, and capacity and route determinations in their international services. Recently some of these allied airlines have entered into joint venture agreements that include profit or revenue sharing and that are explicitly designed to achieve "metal neutrality," i.e., an indifference on the part of the alliance partners as to which of them operates the aircraft that fly the alliance routes.

These airlines – which include such large U.S. carriers as American, Continental, Delta and United – have sought grants of immunity from the antitrust laws from the Department of Transportation ("DOT") in order to avoid being exposed to the risk of legal challenge to their joint activities by third parties.¹ Some of these applications have been approved; others are pending.² The airlines seeking antitrust immunity for their alliance activities have generally been U.S. and European airlines, but it is evident that there are plans to include airlines from around the world. Further, the alliances affect not only the direct member airlines but also their entire networks of express carriers. They also have the potential of extending into the world of cargo.

Immunized alliances do have the potential to deliver lower costs and other benefits to airline travelers. They can also help the alliance members to compete and strengthen their balance sheets. However, while DOT has examined the effects of these alliances on consumers and competition, the Department has not made any detailed assessment of the impact of the alliance on U.S. airline jobs. It is imperative that the United States make sure that these

¹ Under the U.S. aviation statutes DOT may grant requests by U.S. and foreign carriers for approval of alliance agreements. 49 U.S.C. Section 41309. In approving such agreements, the Department may also, when "it is required by the public interest," exempt the airlines from the antitrust laws "to the extent necessary to allow the [carriers] to proceed with the [approved] transaction." 49 U.S.C. Section 41308.

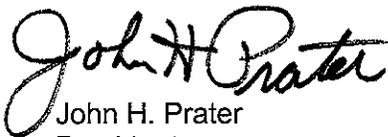
² Application of Alitalia, Czech Airlines, Delta Airlines, KLM Royal Dutch Airlines, Northwest Airlines, and Air France (antitrust immunity granted to alliance by Order 2008-5-32, May 22, 2008, DOT Docket 2007-28644); Application of Air Canada, The Austrian Group, British Midlands Airways, Continental Airlines, Deutsche Lufthansa, LOT, SAS Swiss Airlines, TAP Air Portugal, and United Airlines (antitrust immunity tentatively granted to alliance by Order 2009-4-5, April 7, 2009, DOT Docket 2008-0234; Application of American Airlines, British Airways, Finnair, Iberia, and Royal Jordanian Airlines (pending in DOT Docket 2008-0252).

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alliances are positive and protective of U.S. workers. In particular, there needs to be assurances that these alliances do not result in the outsourcing of highly attractive jobs outside of North America.

I ask that you direct the Task Force to undertake an examination of the effect of these alliances on U.S. airline workers. We would hope that this be done in an expeditious manner as the alliances are rapidly deepening and evolving. I greatly appreciate your attention to this most important matter for airline workers. We look forward to providing whatever data or other assistance we can provide the Task Force.

Sincerely,

A handwritten signature in black ink that reads "John H. Prater". The signature is written in a cursive, flowing style with a large initial "J".

John H. Prater
President