

The European Commission takes its preliminary decision on the SAS/Lufthansa/United Airlines alliance – proposed conditions will not bring customer benefits.

The European Commission decided today upon its long awaited conditions for approval of two major transatlantic alliances – between SAS, Lufthansa and United Airlines and between British Airways and American Airlines. This decision is a step in an approval process which now has been under way for about two years, and which also covers the alliance between KLM and Northwest Airlines and between Swissair/Sabena/Austrian Airlines and Delta Airlines.

The detailed conditions will be officially published in a few weeks, making it possible for the airlines involved, their competitors as well as national authorities to make their views known on the proposal.

The final and formal decision is expected later this year.

”The Commission has a very heavy responsibility in these cases,” comments Mr. Jan Stenberg, President & CEO of SAS. ”It has to strike a delicate balance between enforcement of competition law and the legitimate interest of companies to cooperate in ways that will reduce their costs and at the same time benefit customers.”

Stenberg continued, ”Some of the conditions proposed by the Commission clearly indicate that these benefits have only partly been recognized. This is an issue which we will have to address during the period made available for comments. There is a gap between our views and the position of the Commission on certain key issues, and we will use the next few months to try and bridge it. This refers in particular to a proposal by the Commission requiring the alliance to reduce frequencies on the routes Frankfurt-Chicago and Frankfurt-Washington in case of new entry.”

The alliance was approved by the U.S. authorities two years ago through a decision in which it was granted anti-trust immunity for five years. This was made possible through modern open-skies agreements between USA and the Scandinavian countries as well as between USA and Germany, making these markets open for competition.

The alliance partners will now very carefully analyze the proposal from the Commission. Any attempts by the competition authorities to re-regulate the market will in this context be clearly resisted, not excluding a legal challenge. Airline alliances are as natural as mergers and acquisitions in other areas of business and the alliance between SAS, Lufthansa and United Airlines is a prerequisite for efficient and healthy competition in the market for transatlantic air travel in the future. The alliances are essentially a guarantee for diversity.

Today's decision by the Commission has no impact on Star Alliance as a whole. It is only the transatlantic routes of SAS, Lufthansa and United Airlines which are the subject of the inquiry.

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