

Mergers: Commission approves merger between United Air Lines and Continental Airlines

The European Commission has cleared under the EU Merger Regulation the proposed merger between United Air Lines and Continental Airlines, both US carriers. After examining the operation, the Commission concluded that the transaction would not significantly impede effective competition in the European Economic Area (EEA) or any substantial part of it.

United is a network airline providing domestic and international scheduled air passenger and cargo transport. United operates network hubs in Los Angeles, San Francisco, Denver, Washington and Chicago. It is a member of the Star Alliance and serves more than 230 US domestic and international destinations, 9 of which to the EEA/Switzerland.

Continental is also a network airline providing domestic and international scheduled air passenger and cargo transport. Continental operates network hubs in Newark, Houston, Cleveland and Guam. It is also a member of the Star Alliance and serves 132 domestic and 137 international destinations, 26 of which to the EEA/Switzerland.

The activities of the parties overlap in the provision of scheduled air passenger and cargo transport between the EEA and the US. The proposed merger only has a limited impact on air cargo transport because of the parties' limited presence in this market.

As regards air passenger transport, United and Continental's networks are complementary as they have hubs in different US cities. The proposed merger therefore only leads to small, incremental increases in the market shares of the parties, where one airline markets seats on flights operated by another carrier or offers an indirect service in competition with a nonstop service operated by the other airline from its US hub.

The Commission's investigation confirmed the complementary nature of United's and Continental's respective networks as regards transatlantic EEA-US routes and the fact that their combination will not give rise to concerns on any specific route.

Both companies are members of the Star Alliance and cooperate extensively with Lufthansa and Air Canada through the A++ joint venture. The Commission's assessment focused on the impact of the proposed merger between United and Continental and is without prejudice to its ongoing investigation of the A++ joint venture (case 39.595 – AC/CO/LH/UA).

The transaction was notified to the Commission on 21 June 2010. More information on the case is available at:

http://ec.europa.eu/competition/elojade/isef/case_details.cfm?proc_code=2_M_5889