

US judge blocks JetBlue-Spirit airlines merger

January 16 2024



A US judge has blocked JetBlue's acquisition of Spirit Airlines.

A US federal judge on Tuesday ruled against JetBlue's \$3.8 billion takeover of low-cost carrier Spirit Airlines, saying that the deal would reduce competition.

The decision comes after the US Justice Department last year sued to block the merger, noting the combination would hurt consumers and violate antitrust law.

Spirit Airlines shares ended the day 47.1 percent down following the announcement, while JetBlue closed 4.9 percent higher.

Both companies pushed back against the decision in a joint statement, saying they disagreed with the ruling by District Court Judge William Young in Boston.

"We are reviewing the court's decision and are evaluating our next steps as part of the legal process," they said.

JetBlue and Spirit previously defended the tie-up, saying they would continue pushing to extend the "JetBlue Effect," which has historically pressured bigger airlines to set more affordable fares.

On Tuesday, the airlines added that their combination stands to benefit customers "by bringing low fares and great service" to more markets, and would boost their ability to compete with dominant US carriers.

But in his decision, Young said, "JetBlue plans to convert Spirit's planes to the JetBlue layout and charge JetBlue's higher average fares to its customers."

"The elimination of Spirit would harm cost-conscious travelers who rely on Spirit's low fares," the judge added.

Young noted that the airline industry has become more concentrated due to mergers.

"The proposed acquisition, in this Court's attempt to predict the future in

murky times, does violence to the core principle of antitrust law: to protect the United States' markets—and its market participants—from anticompetitive harm," the decision said.

In a statement, Attorney General Merrick Garland said, "Today's ruling is a victory for tens of millions of travelers who would have faced higher fares and fewer choices had the proposed merger between JetBlue and Spirit been allowed to move forward."

Last year, JetBlue also said it would wind down an alliance with American Airlines rather than challenge a US court ruling that determined the joint venture was anti-competitive.

© 2024 AFP

Citation: US judge blocks JetBlue-Spirit airlines merger (2024, January 16) retrieved 13 May 2024 from <https://techxplore.com/news/2024-01-blocks-jetblue-spirit-airline-merger.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--