



March 30, 2023

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Amanda N. Liskamm  
Director  
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950 Pennsylvania Avenue, NW  
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**VIA OVERNIGHT MAIL**

RE: American Airlines/New Distribution Capability Implementation

Dear Mr. Kanter and Ms. Liskamm:

On behalf of the American Society of Travel Advisors, Inc. (ASTA) and the more than 160,000 Americans who work at travel agencies across the country, I am writing to express our members' serious concerns with respect to the impending full implementation of New Distribution Capability (NDC) technology by American Airlines (AA) beginning in early April.

NDC is a technology communication standard developed by the International Air Transport Association (IATA) that fundamentally changes how airlines provide fare and ancillary content to travel agencies, travel management companies (TMCs) and other ticket distributors through a set of application programming interfaces. NDC is anticipated to eventually replace the current EDIFACT (Electronic Data Interchange for Administration, Commerce, and Transport) protocol, which has been in use since the 1980s.

While NDC holds much promise for the future of air ticketing, the impact of its adoption on the entire air ticket distribution ecosystem can scarcely be overstated. Moreover, since as early as last fall, AA has publicly stated that at least 40 percent of its existing content would be accessible only through NDC-ready channels.<sup>1</sup> That number alone suggests that the impending changes will have a significant impact on air ticket distribution even if all the relevant stakeholders were fully prepared to adopt NDC. However, that simply is not the case, and it is for this reason that we write to you today.

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<sup>1</sup> Airoidi, Donna. "[American Tells TMCs to Be NDC-Ready by April or Lose Some Content Access.](#)" *Business Travel News* (December 5, 2022).

Most of the key players, including the global distribution systems (GDSs), TMCs and third-party booking technology partners have stated that they are not adequately prepared to facilitate full NDC implementation. Given the slow pace of progress made by some technology providers in integrating NDC functionality, meaningful progress can be reasonably expected to take many more months, at a minimum.

Furthermore, without significant front-, mid- and back-office travel fulfillment systems ready and able to fully process NDC transactions, significant disruptions to shopping and booking, including ticketing, refunds and re-ticketing are inevitable. Beyond the technology piece of the puzzle, processes that do not currently exist for servicing NDC bookings will need to be developed and implemented. In their absence and in the interim, businesses will be unable to achieve the cost savings, corporate traveler satisfaction and corporate traveler policy compliance critical to their operations.

While much of this may seem somewhat speculative or indefinite, our members and others in the industry are convinced that the impact of AA's actions will be both real and very disruptive. Among other things, because agents will need to book and service clients in multiple systems, the time spent in servicing AA ticket bookings will increase dramatically. This in turn may lead some intermediaries to charge higher service fees to their clients to offset the additional time spent. Comparison shopping among carriers operating the same routes to provide clients with the best option, a routine part of the agent's booking process, will likewise become much more complex and time consuming.

Once booked, making changes to AA reservations and tracking canceled (unused) tickets will also present substantial new challenges that currently do not exist. Exchanging tickets when travel plans change, a common occurrence, especially with respect to business travel, will be further complicated by the fact that NDC channel-issued tickets will not be interchangeable with EDIFACT channel-issued tickets. Collectively, this alone is likely to cost travelers millions of dollars annually.

And, because all of the requisite fulfillment systems are not yet in place, client support in the event of widespread travel disruption, whether attributable to technology glitches, staffing issues, extreme weather and the like – as has been the case far too often in recent memory – will prove far more challenging than it already is. According to one ASTA member agency owner, this in turn could lead to wait times up to four times longer than presently, an outcome that will only increase the public's already elevated level of frustration with the current state of air travel.

In short, for the foreseeable future, AA's unilateral imposition of NDC on an industry largely unprepared for its adoption will place a substantial burden on all key stakeholders in the travel ecosystem with predictable serious negative effects on consumers all of which, in our view, are entirely avoidable.

ASTA has raised with AA, both privately and publicly, its members' concerns regarding the industry's state of unreadiness and the near certainty of an adverse impact on consumers, particularly, but not limited to, business travelers. For this reason, we called upon AA to voluntarily postpone implementation until the end of 2023.<sup>2</sup>

Unfortunately, however, to date AA has refused to consider any reasonable revisions to its timetable. To the contrary, despite ASTA's clear warning and the pleas of other knowledgeable industry stakeholders, AA remains committed to its unilateral breakneck-speed implementation of NDC. In the interest of avoiding yet another massive disruption to consumer travel, we feel constrained to bring this matter to the Department's attention and to urge that appropriate action be taken.

Beyond the clearly foreseeable adverse impact on consumers as detailed above, forced adoption of NDC on an industry plainly unprepared also raises serious anticompetitive concerns which we respectfully submit also warrant review by the Department.

It is well known that the domestic air travel market is at the present largely oligopolistic, with just four carriers – American, Delta, Southwest and United – representing more than two-thirds of the market, specifically, 67.2 percent in 2022.<sup>3</sup> And of these four airlines, AA's share is the largest, standing at just under 18 percent of the overall market.<sup>4</sup>

While the above-cited statistics establish AA's preeminent position in the market, they fail to fully capture the extent of AA's dominance over its rivals in airports serving several of the nation's largest cities. For example, in Dallas-DFW, AA American Airlines operates 85 percent of the flights.<sup>5</sup> Likewise, a staggering 89 percent of flights in Charlotte are operated by AA. AA has also attained substantial dominance over its rival carriers in cities such as Philadelphia (68 percent), Miami (67 percent), Washington-DCA (58 percent) and Phoenix (43 percent), among others.<sup>6</sup>

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<sup>2</sup> American Society of Travel Advisors. "[ASTA Requests American Airlines Delay Plan to Implement New Distribution Capability in April 2023](#)" (March 8, 2023).

<sup>3</sup> <https://www.zippia.com/advice/airline-industry-statistics/> (accessed March 23, 2023).

<sup>4</sup> *Id.*

<sup>5</sup> OAG Aviation Worldwide Limited. *OAG Megahubs 2022*, [www.oag.com](http://www.oag.com) (accessed March 22, 2023).

<sup>6</sup> *Id.*

When viewed in light of these numbers, evidencing AA's near monopoly power in several markets, its intention to remove at least 40 percent of its inventory from non-NDC distribution channels becomes even more alarming from a competitive standpoint. Indeed, if low-cost fares represent even a modest portion of the content AA intends to remove from its bookable inventory, consumers in these cities face the prospect of substantially air ticket higher prices with, in many cases few, if any, viable alternatives.<sup>7</sup>

To summarize, we suspect that AA has made a strategic decision to forsake short-term profits to achieve a stronger competitive position in the long term, one secured by denying complete access to its fare inventory.

Moreover, it is important to note that with respect to the distribution of airline tickets, as opposed to the provision of air travel itself, the other carriers are not AA's only competitors. To the contrary, travel agencies, TMCs, GDSs and other intermediaries not only compete with the airlines on this basis, they also play an indispensable role in air ticket distribution, without which the airlines would be unable to serve their passengers. In 2019, travel agencies sold nearly 830,000 airline tickets *per day*, representing fully 48 percent of total sales and aggregate spending of more than \$97 billion.<sup>8</sup> It goes without saying that withholding 40 percent of AA's fare inventory from non-NDC channels will therefore place our members and other intermediaries at a very substantial competitive disadvantage. Plainly, AA's action, when viewed in the context of air ticket distribution, also warrants close scrutiny from an antitrust perspective.

For these reasons, it is evident that the course AA appears determined to continue on, despite repeated calls from ASTA and others in the industry for a reasonable delay in its arbitrary implementation timeframe, represents a clear abuse of its market power which threatens irreparable damage to competitors and consumer alike. If allowed to proceed unchecked, AA's actions will result in diminished consumer service, travel disruptions and, inevitably, higher prices for the traveling public. Therefore, ASTA respectfully requests that the Department immediately commence an investigation into the anticompetitive effects of AA's decision, particularly as it relates to those markets where it has monopoly or near-monopoly power.

We thank you for taking the time to consider ASTA's views on this critically important issue. If either of you require additional information concerning the impact of NDC implementation on

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<sup>7</sup> For an independent assessment of AA's outsized market power in selected cities, see "[American's Shift Toward a Fortress Network](#)," *Cranky Flier* (Mar 14, 2023).

<sup>8</sup> Airlines Reporting Corporation (ARC). [Airline Sales Statistics](#).

Jonathan Kanter  
Amanda N. Liskamm  
U.S. Department of Justice  
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consumers or its anticompetitive effects, please do not hesitate to contact me at (703) 739-6804 or [zkerby@asta.org](mailto:zkerby@asta.org).

Sincerely,

A handwritten signature in black ink, appearing to read "Zane Kerby". The signature is fluid and cursive, with the first name "Zane" and last name "Kerby" clearly distinguishable.

Zane Kerby  
President & Chief Executive Officer  
American Society of Travel Advisors, Inc. (ASTA)