

WORLD'S BIGGEST CARRIER MERGER MET WITH SCEPTICISM



The airline companies of the USA have not had the easiest time recently in terms of their economic situation. Firstly, the American dollar is extremely weak, leading to a general slump in the economy, and fuel prices have been soaring to break all recent records. Thus, the airlines have needed to come up with something to stop the rot in profits and make the future a bit brighter.

Delta Airlines and Northwest airlines not long ago came up with the idea of merging to create to world's largest carrier. The scheme is thought to cost something about \$5 billion. The hope is that it will create 75.000 or so jobs in the near future and eventually yield a profit of something in the region of \$35 billion annually. It is impossible to deny that the scheme has some serious financial potential. However, although it seems on the surface that it is a great idea, there are some obstacles to be tackled.

The first obstacle is the scepticism which many experts have poured onto the idea. Some say that it could take a severe toll on customer service and competition. Another obstacle, and perhaps a more serious one, is that the merger is only 50% sure to go ahead. The main reasons for scepticism and the possibility of the merger not happening are related mainly to the outside forces.

Firstly, there is the issue of union intervention to worry about for the two airline companies. Unions have the power to foil any project and could be dangerous. Secondly, there is the fact that the potential merger could change the competitive balance of the US airline industry completely. It could create an atmosphere of distrust amongst the world's remaining airlines and alliances. For example, Skyteam have already announced the possibility of growing to distrust American airlines on the basis of the merger.

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