



How Does That Work? The FAA's Safety Role in Airline Mergers

What exactly is an airline merger?

Every U.S. airline has an FAA-issued operating certificate. A merger combines all aspects of two airlines' operations into a new entity under a single operating certificate. Before the FAA issues a single certificate, the merged airline must demonstrate that it will operate at the highest levels of safety.

Airline mergers are complex undertakings

The FAA requires a lengthy, six-phase process to combine two large organizations, potentially thousands of employees, different corporate cultures and perhaps different types of airplanes and styles of operations. Throughout the process, each airline continues to operate separately under its own certificate until the merged airline receives its single certificate.

Many factors potentially affect the merger process:

- Substantive changes in management
- Personnel turnover with potential workforce reductions
- Labor issues or disputes
- Rapid expansion
- Changes in fleet types
- Changes in outside vendors and contractors

Changes that could occur include:

- Operational control systems
- Routes and airplane models
- Revisions to manuals containing procedures for conducting various operations
- Maintenance and inspection programs
- Revisions to training curricula

The FAA has a methodical merger-evaluation process

The FAA has extensive, step-by-step merger [guidance](#) that establishes safety as the centerpiece. This guidance is available to the airlines and FAA inspectors and outlines the process for completing all aspects of the merger. The FAA can issue a single operating certificate when all issues are resolved, and one set of management personnel is in place that has operational control of the entire new organization.

What happens after the merger?

When a merger is complete, the FAA may conduct a [Certificate Holder Evaluation Program \(CHEP\)](#). A CHEP is an in-depth examination of an airline's operations. It shows how effectively the transition plan was accomplished and reveals any issues that need further attention.

Department of Transportation and Department of Justice roles in mergers

- The U.S. Department of Transportation conducts a separate review before issuing the new airline [economic authority](#) to operate.
- The U.S. Department of Justice looks at the overlap of the two airlines' routes and how a merger would affect competition. The airline must coordinate all issues with the DOJ.



**Federal Aviation
Administration**