

Simple Carrier Alliances. Simple carrier alliances involve "marketing agreements" between carriers of different countries for preferential exchange of traffic. Air Canada, for example, may sign an agreement with Cathay Pacific whereby it books Canadian travellers going to various Asia Pacific destinations on Cathay. Similarly, Cathay books passengers going to destinations east of Vancouver on Air Canada flights. Both carriers gain traffic which would have gone to rival Canadian Airlines International Ltd. (CAI) who serves both domestic Canada and the Asia-Pacific region, or to rival U.S. carriers serving both Asia and Canada.

Marketing agreements may go further than this, specifying frequent flyer participation or code sharing. A travel agent in Seattle, for example, will see a British Airways flight to London listed on the Computer Reservation System (CRS). In fact it consists of a United Airlines flight from Seattle to Chicago (using BA's CRS "code"), connecting to a BA flight to London.¹⁰⁴ By being listed via code sharing as a single airline service, the flight will appear in the CRS display with a higher priority.¹⁰⁵ In addition a United Airlines patron may prefer this "BA" flight if it earns United Mileage Plus frequent flyer award credits for the entire journey.

While carrier agreements undoubtedly are effective marketing tools, they are limited in being easy to cancel. BA could easily switch to another carrier to provide feed to its Chicago-London flight. United could win (or purchase) rights to fly the route as well. A parallel for this volatility existed with the U.S. feeder carriers in the immediate post-deregulation years. Some trunk carriers lined up feeder service at various hubs, only

¹⁰⁴ BA operates non-stop Seattle-London service on some days. It code shares with United on alternate days in order to provide the Seattle consumer with what appears to be a daily service. A Canadian example is the code sharing between CAI and Lufthansa, which allows both carriers to give the semblance of offering daily services.

¹⁰⁵ In late 1990, United proposed purchasing Pan Am's right to fly from Chicago to London. If this transaction is approved, it could jeopardize BA's code sharing arrangement with United.