



Department of Justice

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THREE INTERNATIONAL AIRLINE COMPANIES AGREE TO PLEAD GUILTY TO PRICE FIXING ON AIR CARGO SHIPMENTS

***Cargolux Airlines International S.A., Nippon Cargo Airlines Co. Ltd. and
Asiana Airlines Inc. Agree to Pay a Total of \$214 Million in Criminal Fines***

WASHINGTON — Three international airline companies—Luxembourg-based Cargolux Airlines International S.A., Japan-based Nippon Cargo Airlines Co. Ltd. (NCA), and Korea-based Asiana Airlines Inc.—have each agreed to plead guilty and pay criminal fines totaling \$214 million for conspiring to fix prices in the air cargo industry. In addition, Asiana was charged with fixing the passenger fares charged on flights from the United States to Korea.

According to the charges filed today in the U.S. District Court for the District of Columbia, Cargolux engaged in a conspiracy in the United States and elsewhere to eliminate competition by fixing the cargo rates charged to customers for international air shipments, including to and from the United States, from as early as September 2001 and continuing until Feb. 14, 2006. The company has agreed to pay a \$119 million criminal fine.

NCA engaged in a conspiracy to eliminate competition by fixing the cargo rates charged to customers in the United States and elsewhere for international air shipments, from in or about April 2000 until at least Feb. 14, 2006. NCA has agreed to pay a \$45 million criminal fine.

Asiana engaged in a conspiracy to eliminate competition by fixing both cargo rates and passenger fares from at least as early as January 2000 until at least Feb. 14, 2006. Asiana has agreed to pay a \$50 million criminal fine.

Under the plea agreements, which are subject to court approval, Cargolux, NCA and Asiana have agreed to cooperate with the Department's ongoing investigation.

"Fifteen airlines and three executives have been prosecuted to date for their participation in price-fixing agreements that inflicted a heavy toll on American businesses and consumers as well as the global economy," said Scott D. Hammond, Acting Assistant Attorney General in charge of the Department's Antitrust Division. "The Department will continue its investigation into this criminal conduct until all co-conspirators are brought to justice."

These cases arise from an ongoing investigation into the air transportation industry. Including Cargolux, NCA, and Asiana's pleas, 15 companies have pleaded or agreed to plead guilty in the Justice Department's investigation into price fixing in the air transportation industry.

British Airways Plc, Korean Airlines Ltd, Qantas Airways Limited, Japan Airlines International Co. Ltd., Martinair Holland N.V., Cathay Pacific Airways Limited, SAS Cargo Group A/S, Société Air France and Koninklijke Luchtvaart Maatschappij N.V. (KLM Royal Dutch Airlines), LAN Cargo S.A., Aerolinhas Brasileiras S.A., and EL AL Israel Airlines Ltd. have also pleaded guilty. Additionally, three individuals have previously pleaded guilty for their involvement in the illegal activity. Collectively, the companies have paid or agreed to pay fines totaling more than \$1.6 billion and all three executives have been sentenced to serve jail time.

Cargolux, NCA, and Asiana are charged with carrying out the air cargo price-fixing conspiracy with co-conspirators by:

- Participating in meetings, conversations and communications in the United States and elsewhere to discuss the cargo rates to be charged on certain routes to and from the United States;
- Agreeing, during those meetings, conversations and communications, on certain components of the air cargo rates to charge for shipments on certain routes to and from the United States;
- Levying cargo rates in the United States and elsewhere in accordance with the agreements reached; and
- Engaging in meetings, conversations and communications in the United States and elsewhere for the purpose of monitoring and enforcing adherence to the agreed-upon cargo rates.

In addition, Asiana is charged with carrying out the air passenger price-fixing conspiracy with co-conspirators by:

- Participating in meetings, conversations and communications in the United States to discuss wholesale and passenger fares to be charged on flights from the United States to Korea;
- Agreeing, during those meetings, conversations and communications, on the wholesale fares and passenger fares to charge on flights from the United States to Korea;
- Levying wholesale and passenger fares on flights from the United States to Korea in accordance with the agreements reached; and
- Engaging in meetings, conversations and communications in the United States for the purpose of monitoring and enforcing adherence to the agreed-upon passenger fares and wholesale fares.

Cargolux, NCA and Asiana are charged with price fixing in violation of the Sherman Act, a violation that carries a maximum fine of \$100 million for corporations. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

The ongoing investigation is being conducted by the Antitrust Division's National Criminal Enforcement Section, the Federal Bureau of Investigation (FBI), the Department of Transportation Office of Inspector General and the U.S. Postal Service Office of the Inspector General.

Anyone with information concerning price fixing or other anticompetitive conduct in the air transportation industry is urged to call the National Criminal Enforcement Section of the Antitrust Division at 202-307-6694 or the FBI Washington Field Office, Northern Virginia Resident Agency at 703-686-6000.

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