

Dots on a Map Podcast

Special Edition: Korean Air JV Scope Violation

“If it’s Korean Air, Why Does Japan Flying Matter?”

Episode 6 Show Notes

Intro

In this special edition, we discuss Delta scope violations related to the Korean Air JV and why they matter.

Historical Primer

We discuss the timeline of the Korean Air JV and the Company’s violations:

2000:

- Korean Air (KE) is a founding member of SkyTeam along with Aeroméxico, Air France and Delta

2013:

- May: Delta requests relief from the contractual requirement prohibiting codesharing from Japan to Asian cities beyond unless the Company uses mandated 316 weekly NRT slots.
- MEC grants temporary consent for that codesharing to continue until September 30.
- September: **LOA #13-03** was ratified, eliminating the 316 weekly NRT requirement, establishing block hour floors, and setting the stage for the pacific flying drawdown
- Delta yearly pacific block hours have fallen 36,000+ hours since the LOA

2017:

- March: Delta/KE sign MOU announcing the intent to implement a joint venture
- November: US DOT JV approval granted

2018:

- March: South Korean regulators approve JV
- May 1: The Delta/Korean Air JV officially goes into effect
 - *This date marks two significant contractual events:*
 1. It starts the clock on measuring compliance with PWA **Section 1 E. 8.**, which prohibits Delta’s block hours between the US and South Korea and between the US and Japan from falling below pre-JV levels. This is measured on a rolling three months basis.
 2. It is the deadline for complying with key portions of **Section 1 E. 10.**, which requires Delta to meet with ALPA to negotiate JV-specific Scope protections **before** the agreement actually goes into effect. Delta did not do that.
- July 31: Last day of initial **Section 1 E. 8.** compliance period
 - *Note: The podcast inadvertently references this date as July 1, instead of July 31*
- Sept. 28: After information query from Scope Compliance & Analysis Committee, Company acknowledges violations of **Section 1 E. 8.** pending further data analysis
- Oct. 12: Chairman’s Letter/Graham letter released addressing **Section 1 E. 8.** violations

The Facts

What you need to know about the Korean Air JV and violations:

- During the initial three-month compliance period, the Delta failed to perform the minimum required US-Japan flying by approximately 1,970 block hours; this deficit is a result of flight cancellations on Delta between US/NRT
- This equates to roughly 21 block hours daily, or about one roundtrip Pacific widebody flight
- The Company has continued to be in violation of **Section 1 E. 8.** for each subsequent compliance period, with no projected cure based upon current network projections and OAG flight schedule data
- The Company has now committed to meeting with the Delta MEC negotiating team to address the Association's concerns
- The grievance process is also underway at the direction of the MEC chairman

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