



ACCC APPROVES AMERICAN-QANTAS EXPANDED ALLIANCE IN DRAFT DECISION

News /



The Australian Competition and Consumer Commission (**ACCC**) has issued a draft ruling giving **American** Airlines and **Qantas**'s proposed expanded alliance on trans-Pacific routes the green light for the next five years.

Although Qantas and American had an existing alliance that the ACCC approved in September 2011 for five years, the pair sought reauthorisation of a new agreement that included a revenue-sharing component to reflect American's entry on trans-Pacific routes with its own metal and Qantas's return to San Francisco.

ACCC Commissioner Jill Walker said the alliance was likely to benefit the travelling public through more flights and new destinations.

"The alliance is also likely to promote competition between other airlines that provide services on trans-Pacific routes," Dr Walker said in a statement on Friday.

"The ACCC considers that the alliance is unlikely to result in any significant public detriment, largely because the ACCC accepts that American Airlines would be unlikely to introduce its own trans-Pacific services in the absence of its alliance with Qantas."

In December, American will begin flights between Sydney and Los Angeles with Boeing 777-

300ERs, while Qantas is relaunching services to San Francisco in the same month.

The US carrier is also adding Auckland to its network from June 2016 with Boeing 787s.

Under the alliance, Qantas and American would coordinate marketing and sales, freight, pricing, scheduling, distribution strategies including agency arrangements, yield and inventory management, frequent flyer programs, lounges, joint procurement, and product and service standards, the ACCC said.

The ACCC granted interim authorisation in July, which allowed Qantas and American to begin selling tickets for their proposed new flights.

The expanded alliance was approved by the New Zealand transport minister in October.

Qantas and American have also applied to the US Department of Transportation for approval of the expanded alliance.

Qantas said in a statement on Friday it welcomed the ACCC's draft determination.

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