

Australian regulator moves to block Qantas-Japan Airlines deal

May 6 2021



Australia's competition regulator said it would block a pricing, code-sharing and scheduling deal between Qantas and Japan Airlines because it would likely mean higher fares for passengers

Australia's competition regulator on Thursday said it would block a

pricing, code-sharing and scheduling deal between Qantas and Japan Airlines because it would likely mean higher fares for passengers.

Qantas had claimed the five-year agreement—proposed in late 2020—would speed the pandemic recovery and "better serve customers" by improving connections between 29 smaller cities in Australia, Japan and New Zealand.

The Australian Competition and Consumer Commission said in reality cooperation would cause "severe harm to competition" and "eliminate any prospect of Qantas and Japan Airlines competing for passengers".

Before the coronavirus pandemic, Qantas and Japan Airlines had dominated the market for flights between Tokyo and Australia's two largest cities, Sydney and Melbourne.

The world's major airlines have seen profits plunge since the pandemic began, with many receiving taxpayer bailouts to survive.

As international travel slowly returns and airlines have tried to claw back profits, at times bumping up against rules designed to protect passengers.

Australia's regulator said it was open to granting exceptions to aid airlines' recovery, but not at the expense of reducing competition in the long term.

"The ACCC can only authorise these agreements if the [public benefits](#) from the coordination outweigh the harm to competition," ACCC Chair Rod Sims said.

"At this stage, we do not consider that Qantas and Japan Airlines' proposal passes that test."

The airlines have until 27 May to make their case before the ACCC makes its final determination.

© 2021 AFP

Citation: Australian regulator moves to block Qantas-Japan Airlines deal (2021, May 6) retrieved 6 May 2024 from

<https://techxplore.com/news/2021-05-australian-block-qantas-japan-airlines.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.