



12 November 2025

OC250892

Hon James Meager
Acting Minister of Transport

Action required by:
Friday, 28 November 2025

PROPOSED DECISION TO AUTHORISE TWO AIRLINE COOPERATION AGREEMENTS

Purpose

This briefing seeks agreement to, and notification of, the proposed authorisation of two airline alliance agreements.

Key points

- Airline cooperation agreements (such as alliances) are a common feature of international aviation. While airline cooperation agreements can result in benefits to consumers, they also risk reducing competition. This can lead to higher fares or reduced services.
- Airline cooperation agreements may include provisions that would otherwise contravene sections 27 or 30 of the Commerce Act 1986 (these are related to restrictive trade practices and cartel provisions). Where airlines consider this may occur, an authorisation from the Minister of Transport, granted under section 199 of the Civil Aviation Act 2023 (the Act), is required to exempt airlines from those sections of the Commerce Act.
- Air New Zealand and Air China have applied for authorisation of their strategic alliance agreement (SAA) for five years to 31 March 2031 (the current authorisation expires on 31 March 2026).
- Qantas and American Airlines have applied for authorisation of their joint business agreement (JBA) for five years to 31 March 2031 (the current authorisation expires on 31 March 2026).
- You may grant an authorisation if you are satisfied that:
 - granting the authorisation will contribute to the main purpose or any of the additional purposes of the Act
 - giving effect to the provisions of the contract, arrangement, or understanding to which the application relates will in all the circumstances result, or be likely to result, in a benefit to the public that would outweigh any lessening in competition that would result, or would be likely to result, from those provisions.
- In the case of both applications, our analysis indicates that the public benefits outweigh concerns about competitive detriment. We recommend that you propose granting authorisations of both

applications. You will need to publish your final decisions by 31 March 2026. Before you decide, the Act requires you consult on proposed decisions. Key dates to support this process are:

- publishing your proposed decision and seeking submissions (1 December 2025)
 - submissions close (22 December 2025)
 - final advice and recommendations to the Minister (11 March 2026).
- The Ministry consulted publicly on both applications. While there was support for both authorisations, concerns were raised about the cumulative impact of multiple alliances on competition. We propose that you align alliance end dates so that a more thorough assessment of overall market impact can be provided (if further authorisation is sought). Airlines tend to provide only data related to a particular alliance and the minimum amount of information that is required for an application.
 - There are three Air New Zealand alliances with Asian airlines. These alliances service the Asian market, involve major airport hubs and airlines that are major users of those airports and have Air New Zealand as a party:
 - the Air New Zealand and Cathay Pacific North Asia alliance agreement to 31 October 2029
 - the Air New Zealand and Singapore Airlines strategic alliance agreement to 31 March 2029
 - the Air New Zealand and Air China SAA to 31 March 2026.
 - The Act requires you to specify the duration of the authorisation sought under the Act. This duration can be different from that sought by the applicants.
 - We recommend you align expiry dates and propose to grant authorisation for the Air New Zealand and Air China SAA for 3 years and 7 months, instead of 5 years, to 31 October 2029. This aligns with the expiry date of the Air New Zealand and Cathay Pacific North Asia alliance agreement.
 - The Air New Zealand and Singapore Airlines strategic alliance agreement expires on 31 March 2029. This will allow some assessment of the cumulative impact of all three alliances.
 - We recommend you propose to grant authorisation of the Qantas and American Airlines JBA for 5 years, to 31 March 2031.

Recommendations

We recommend you:

1. Agree to

EITHER

- 1.1. pursuant to section 200 of the Civil Aviation Act 2023, notify your proposed decision to authorise the Air New Zealand and Air China strategic alliance agreement for 3 years 7 months, expiring 31 October 2029, and sign the proposed decision in Annex 4 (preferred option) Yes / No

OR

- 1.2. pursuant to section 200 of the Civil Aviation Act 2023, notify your proposed decision to authorise the Air New Zealand and Air China strategic alliance agreement for 5 years, expiring 31 March 2031, and sign the proposed decision in Annex 5 (as proposed by the applicants). Yes / No
2. **Agree**, pursuant to section 200 of the Civil Aviation Act 2023, to notify your decision proposing to authorise the Qantas and American Airlines joint business agreement for 5 years, expiring 31 March 2031, and sign the proposed decision in Annex 6. Yes / No

CC Durrant

Dr Carolina Durrant
 Manager, Aviation
 12 November 2025

Hon James Meager
 Acting Minister of Transport
 / /

Minister's office to complete:

- Approved Declined
 Seen by Minister Not seen by Minister
 Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Dr Carolina Durrant, Manager, Aviation	s 9(2)(a)	✓
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PROPOSED DECISION TO AUTHORISE TWO AIRLINE COOPERATION AGREEMENTS

Airline cooperation agreements, such as alliances, are common internationally, but can reduce competition

- 1 **Airline alliances exist primarily to improve airlines' efficiency, expand global reach, and enhance services for travellers.**
- 2 **Airline alliances benefit airlines.** By sharing resources such as lounges, maintenance facilities, and even staff, airlines can reduce operational cost. Airline alliances help airlines strengthen their market presence and compete more effectively against other carriers. The depth and breadth of different types of alliance is explained in more detail in Annex 1.
- 3 **Airline alliances can benefit consumers.** Reduced operational costs for airlines can be passed on to passengers. Passengers benefit from smoother connections, baggage handling, and check-in processes across multiple airlines within the same alliance.
- 4 **Airline alliances can benefit New Zealand.** Alliances provide access to a network of destinations. This can make it easier for travellers to connect to various parts of the world with fewer layovers and better flight schedules. Enhanced connectivity can help to attract more tourists and business travellers to New Zealand. It can facilitate trade and investment by making it easier for businesses to connect with global markets.
- 5 **Airline alliances, while beneficial in many ways, also pose risks.** Alliances can lead to reduced competition on certain routes, especially if the member airlines dominate those markets. This can result in higher fares and fewer choices for consumers. Large alliances can exert significant market power, potentially leading to monopolistic practices. This can make it difficult for smaller airlines to compete. There is a risk that airlines within an alliance that coordinate on prices reduce the competitive pressure to keep fares low. Alliances often control a significant number of airport slots, which can limit access for other airlines. This can prevent new entrants from establishing a presence at key airports. Further, dominance by major alliances can create barriers to entry for new airlines.
- 6 **Airline alliance arrangements** often come under regulatory scrutiny. If an alliance is deemed to substantially reduce competition, competition authorities in destination counties may challenge it or require concessions, such as surrendering airport slots.

The Act provides for greater transparency and consistency when authorising airline alliances

- 7 Your portfolio includes responsibility for authorising alliances under section 199 of the Act. The effect of an authorisation is that the arrangements are exempt from provisions of the Commerce Act 1986 that prohibit arrangements that substantially lessen competition.
- 8 The Act provides greater transparency and consistency when authorising alliances compared to the Civil Aviation Act 1990. It includes new steps that must be followed, including two statutory consultations. The first seeks feedback on the application and the second seeks feedback on your draft decision.

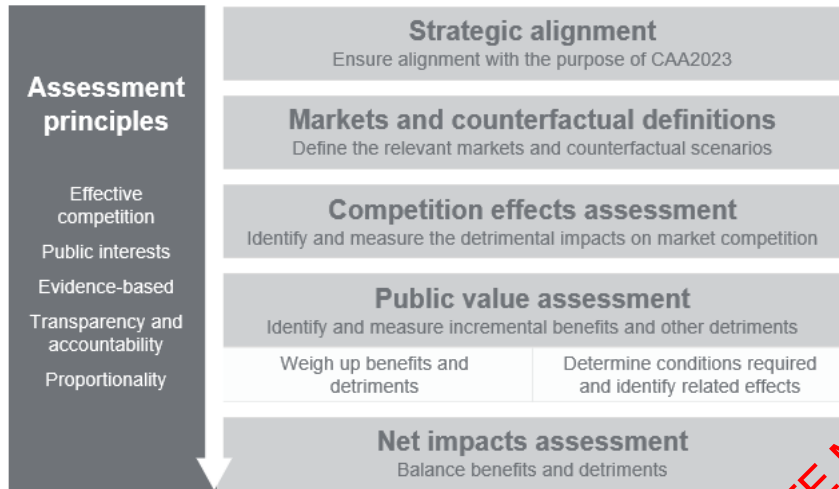
Subpart 2 of Part 6 of the Act provides the legislative framework

- 9 The legislative framework enables a person to apply to the Minister of Transport for an authorisation relating to international carriage by air. Section 199 of the Act provides the scope and statutory test about which the Minister must be satisfied before considering the granting of an authorisation.
- 10 Section 199 of the Act states “The Minister may, in relation to an application for an authorisation under this subpart, authorise a provision or provisions of a contract, an arrangement, or an understanding where:
 - 10.1 all parties to the contract, arrangement or understanding are conducting international carriage by air in co-operation with each other, and
 - 10.2 the provision or provisions relate to:
 - 10.2.1 a specified activity carried out for the purposes of the co-operation, or
 - 10.2.2 an activity that is ancillary to a specified activity and that is reasonably necessary for the purpose of the co-operation.”
- 11 There are two prongs to the statutory test about which you must be satisfied before granting an authorisation. You may grant an authorisation if you are satisfied that:
 - 11.1 granting the authorisation will contribute to the main purpose or any of the additional purposes of this Act, and
 - 11.2 giving effect to the provisions of the contract, arrangement, or understanding to which the application relates will in all the circumstances result, or be likely to result, in a benefit to the public that would outweigh any lessening in competition that would result, or would be likely to result, from those provisions.

To support transparency and accountability, the Ministry assesses whether a cooperation agreement application is recommended for authorisation using a consistent assessment framework

- 12 The Ministry’s assessment framework details how its economic assessment will be done. The value of this approach is to improve the consistency and rigour of authorisations. The framework also requires the applicants to provide more data than they had previously,

undertake some of the analysis, and submit these to the Ministry for review. The framework, published in July 2025, comprises five components.¹



Qantas and American Airlines seek authorisation of their JBA

- 13 Qantas and American Airlines have applied for the continued authorisation of their airline alliance, under their JBA. This would allow them to jointly operate Trans-Pacific and Trans-Tasman routes between New Zealand, Australia and North America.
- 14 The JBA was first authorised by the Minister of Transport in 2011. The current arrangement was authorised in November 2020 for a period of 5 years, which you recently extended to 31 March 2026. The Applicants seek authorisation to continue the JBA for a further term of five years, until 31 March 2031.
- 15 The JBA has been a airlines revenue sharing “metal² neutral” agreement since 2015 and covers three routes. American Airlines operates Auckland – Los Angeles, and Auckland – Dallas Fort Worth, while Qantas operates Sydney – Auckland – New York.

Air New Zealand and Air China seek authorisation of their strategic alliance agreement

- 16 Air New Zealand and Air China have applied for the continued authorisation of their airline alliance, under their strategic alliance agreement (SAA). The SAA was first authorised by the Minister of Transport in 2015 and last authorised in March 2021. The Applicants seek authorisation to continue to give effect to the SAA for a further term of five years, until 31 March 2031.
- 17 Under the SAA, Air New Zealand operates the Auckland – Shanghai route and Air China operates Auckland – Beijing. The airlines share revenue, coordinate schedules and align customer service functions on these routes. They coordinate sales and marketing on connecting services.

¹ <https://www.transport.govt.nz/assets/Uploads/Assessment-framework-for-airline-cooperation-agreements-FINAL-JULY-2025.pdf>

² This form of agreement enables partner airlines to share passenger revenue and costs, regardless of which airline (“metal”) operates the flight. From the passenger perspective, the flight can be booked through their preferred airline (the marketing carrier) and as part of a connecting itinerary as if it were a flight with their preferred airline, even if will be operated by the partner airline.

The Ministry consulted the public on the applications

- 18 Six submissions were received – from Auckland Airport, Christchurch Airport, NZ Airports Association, Tourism New Zealand, Tourism Industry Association and the Travel Agents' Association of New Zealand.
- 19 Five submitters support authorising the Air New Zealand – Air China SAA. Christchurch Airport does not support it. Their view is that the SAA is defensive as it is designed to make it more difficult for other airlines to enter the alliance routes and to improve the return on these routes for the alliance partners. Christchurch Airport's view is not shared by Auckland Airport and the NZ Airports Association.
- 20 All submitters support authorising the Qantas – American Airlines JBA. Submitters are consistent in highlighting that the JBA has delivered benefits, primarily through the three new routes between New Zealand and the US. The JBA is perceived to counterbalance the Air New Zealand and United Airlines alliance. Submitters were concerned that not authorising it would risk reducing competition.

Some stakeholders are concerned about the cumulative effect of multiple alliances

- 21 Auckland Airport, Christchurch Airport and the New Zealand Airports Association have expressed concern about the cumulative effect of multiple alliances in the New Zealand aviation sector. Of the eight authorised cooperation agreements in place, Air New Zealand is party to five (the dark grey below) and Qantas party to two airline cooperation agreements (the light grey below).

Airline cooperation agreements currently authorised (previously authorised under the Civil Aviation Act 1990)

Arrangement	Authorisation expires	Market (including NZ)
Qantas and American Airlines joint business agreement	31 March 2026	Australia, North America
Air New Zealand and Air China strategic alliance agreement	31 March 2026	China
Qantas and Emirates master coordination agreement	31 March 2028	Australia, Europe, Middle East, North Africa
Air New Zealand and United Airlines side agreement	5 April 2028	United States
Air New Zealand and Singapore Airlines strategic alliance agreement	31 March 2029	South Asia, Southeast Asia
Air New Zealand and Virgin Australia codeshare agreement	22 August 2029	Australia
Air New Zealand and Cathay Pacific North Asia alliance agreement	31 October 2029	North Asia
British Airways, Qatar Airways and Iberia Airlines joint business agreement	31 May 2030	Middle East, Europe

22 While each alliance and partner airlines focus on a different market, there is risk of market dynamics at the margin, or potential for certain markets to overlap, affecting competition. Submitters have raised this particularly as an issue for Air New Zealand’s alliance partnerships in Asia where passengers may choose different routes from those alliances to get to their destination.

Independent economic and competition analysis supports the authorisation of the two alliances


23 The Ministry commissioned Motu Economic and Public Policy Research (Motu) to undertake two independent economic and competition analyses to help inform our recommendations to you on both the Air New Zealand/Air China SAA and the Qantas/American Airlines JBA. Motu’s reports include detailed analysis of the connectivity, public benefits, counterfactuals and competitive effects of both alliances. In summary:

23.1 regarding the SAA, the analysis concludes that “the net impact of the alliance over the proposed reauthorisation period is more likely than not to be beneficial for consumers and New Zealand”. This analysis is attached as Annex 2

23.2 regarding the JBA, the analysis found evidence that the JBA “is likely to deliver net economic value to New Zealand”. This analysis is attached as Annex 3.

We recommend you propose to authorise the Qantas and American Airlines JBA

24 We have assessed the JBA against the published framework. This is summarised below.

Framework Part	Assessment Summary
<p>1. Strategic alignment: Does the cooperation agreement align with, and contribute to, the main or additional purposes of the Act?</p>	<p>These flights provide for capacity, connectivity and consumer choice benefits to New Zealand, contributing to economic prosperity and efficiency in the civil aviation system.</p>
<p>2. Market and counterfactual definitions: The markets affected by the cooperation agreement and the counterfactual scenarios are clearly defined</p>	<p>The markets affected by the agreement are New Zealand, Australia and North America. We agree with the applicants’ counterfactual that, in the absence of an authorised JBA:</p> <p>s 9(2)(b)(ii)</p> 
<p>3. Competition effects assessment: The state, or likely state, of competition with the agreement (the factual) is compared with the state of competition without the agreement (the counterfactual). The known</p>	<p>The applicants are not the dominant operators on the New Zealand – North America market. Air New Zealand and United Airlines, operating under an alliance agreement, have approximately 75% of the market share. We assess that the JBA enables Qantas and American Airlines to more effectively compete</p>

<p>and likely impacts of an agreement on markets are clearly outlined.</p>	<p>with the dominant carriers. However, we acknowledge that it gives rise to potential anti-competitive effects relative to smaller operators (such as Hawaiian Airlines) that might otherwise expand Trans-Pacific flights. We consider that the pro-competitive effects (eroding the dominance of the market leaders) outweigh the potential for anti-competitive effects for other airlines.</p> <p>Trans-Pacific direct capacity has increased since the JBA was first authorised in 2011. This increase came from Qantas /American Airlines and from other airlines operating independently (including Delta on the Auckland – Los Angeles route). This suggests there has not been a dampening of competition in this market. Instead, it suggests that continuing with the JBA will have pro-competitive effect on the Trans-Pacific market.</p>
<p>4. Public value assessment: The benefits and detriments are compared to determine whether the agreement gives rise to a net public benefit. The Ministry will also consider whether conditions could offset competitive harm to give rise to a net public benefit.</p>	<p>Overall the JBA delivers net public benefits to New Zealand relative to the counterfactual. This is primarily because of the increased connectivity from additional capacity and new routes, and from increased overall competition in the market.</p>

Net impact assessment

- 25 The final step in the assessment framework determines whether the cooperation agreement delivers net benefits to the New Zealand public. This involves a final weighing and balancing of benefits and detriments (including the effects of any conditions required).
- 26 As noted in the table above, the Ministry considers that the JBA delivers net public benefits to New Zealand because it:
 - 26.1 supports investment by the JBA parties and does not hinder investment by other airlines
 - 26.2 contributes to a more competitive market for air travel
 - 26.3 provides increased connectivity from additional capacity and new routes. s 9(2)(ba)(i),
s 9(2)(b)(ii)

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We recommend you propose to authorise the Air New Zealand and Air China’s SAA

27 We have assessed the SAA against the published framework. This is summarised below.

Framework Part	Assessment Summary
<p>1. Strategic alignment: Does the cooperation agreement align with, and contribute to, the main or additional purposes of the Act?</p>	<p>The SAA contributes to the applicants’ wider international network strategy as it enables each airline to market and sell services operated by the other and offer passengers tickets on connecting services at favourable rates.</p> <p>Providing passengers with a choice of direct flights to major Chinese cities contributes to economic prosperity. The ‘metal-neutral’ nature of flights on both routes promotes efficiency in civil aviation.</p> <p>The SAA also aligns to other government objectives in the Tourism Growth Roadmap.</p>
<p>2. Market and counterfactual definitions: The markets affected by the cooperation agreement and the counterfactual scenarios are clearly defined.</p>	<p>The markets affected by the agreement are New Zealand and China. Regarding China in particular, there is a Yangtze River Delta economic region accessed via Shanghai, and the Jin-Ji economic region accessed by Beijing. We accept the applicant’s counterfactuals that, without the SAA:</p> <p>s 9(2)(b)(ii), s 9(2)(ba)(i)</p>
<p>3. Competition effects assessment: The state, or likely state, of competition with the agreement (the factual) is compared with the state of competition without the agreement (the counterfactual). The known and likely impacts of an agreement on markets are clearly outlined.</p>	<p>As the hub carrier at Shanghai, China Eastern has expanded capacity on the Auckland – Shanghai route and grown its share of passenger traffic to 47%. This suggests that the existence of the SAA has not dissuaded other carriers from entering the market.</p>
<p>4. Public value assessment: The benefits and detriments are compared to determine whether the agreement gives rise to a net public benefit. The Ministry will also consider whether conditions could offset competitive harm to give rise to a net public benefit.</p>	<p>The principal public benefit from the SAA is the continued operation of a direct Auckland – Beijing route. Less convenient one-stop services would be the only alternative in the absence of the SAA. Although it is not credible to suggest that the SAA (or any other alliance) creates no competitive detriment, our assessment is that the SAA makes Air New Zealand a more viable competitor to China Eastern on the Auckland – Shanghai route.</p>

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Net impact assessment

28 The final step in the assessment framework determines whether the cooperation agreement delivers net benefits to the New Zealand public. This involves a final weighing and balancing of benefits and detriments (including the effects of any conditions required).

29 s 6(a)



30 The Ministry used an expert review panel to independently evaluate our advice to you on the Air New Zealand and Air China SAA application. It did this given Air New Zealand's significance to New Zealand air travel and its alliances with other major carriers in a similar market. Consequently, there is a greater risk of anticompetitive outcomes. In summary, the panel:

- 30.1 supported aligning the expiry dates of authorisations. This would support future analysis of the cumulative impact of Air New Zealand's Asian alliances
- 30.2 found some of the information provided by the applicants lacked the robustness and detail needed to provide full confidence in the proposed recommendation
- 30.3 found that while an alternative conclusion is possible, it is not likely enough to not authorise the SAA.

31 While the panel agreed with our advice to you to propose authorisation, it recommended regular monitoring to assess market share and airfares by requiring reporting of trends and related analysis as a condition for reauthorisation. However, The Ministry does not support this position. The information arising from the reporting is unlikely to meet the threshold for a material change of circumstances required to vary an authorisation under the Act.

We propose a review of Asian market alliances in the future to assess their cumulative impacts on competition

32 The Act requires you to specify the duration of the authorisation sought under the Act. This duration can be different from that sought by the applicants.

33 Auckland Airport, Christchurch Airport and the New Zealand Airports Association suggested that further work is needed to look at how different airline alliances together affect competition in New Zealand's aviation market (see paragraph 21 above). Submitters have raised this particularly as an issue for Air New Zealand's alliance partnerships in Asia where there is the potential for passengers to choose different routes from those alliances to get to their destination.

34 We agree that it's important to look at the combined impact of alliances when:

- 34.1 an airline is involved in several alliances in closely connected markets, especially if the airports are big hubs where airlines compete

34.2 the partnerships include major airlines and major airports.

35 As part of our assessment of the current applications, we considered other relevant alliances, such as the overlapping competition from one stop services³ and those covered by Air New Zealand's alliances with Cathay Pacific and Singapore Airlines.

36 Our assessment of the current application considered the cumulative impacts of multiple alliances. However, it was very limited due to a lack of available data. The information needed for a robust assessment of the cumulative impact was only available for the current application and not the other relevant alliances.

37 To consider the full cumulative impact of all relevant alliances on the Asian market, ideally the authorisations of the relevant alliances should have very similar expiry dates. This allows the Minister to require the detailed information necessary, through the application requirements under the Act, to consider their cumulative impact. s 9(2)(g)(i)

38 Section 199 (3) of the Act requires you to specify the duration of an authorisation. The Minister may set a duration that is different than that sought by the parties. We note that this is not explicit in our current guidelines. We will update them to include this.

39 The Air New Zealand and Air China SAA, the Air New Zealand and Cathay Pacific alliance, and the Air New Zealand and Singapore Airlines alliance all:

39.1 service the Asian market

39.2 involve major airport hubs (Shanghai, Singapore Changi and Hong Kong)

39.3 involve major airlines – two of whom are the major airlines at those airports (Cathay Pacific at Hong Kong and Singapore Airlines at Changi)

39.4 have Air New Zealand as a party.

We recommend you propose authorising the Air New Zealand – Air China SAA for 3 years and seven months to 31 October 2029

40 This will align the authorisation with the expiry date of the Air New Zealand and Cathay Pacific alliance. The length of this proposed authorisation is shorter than the 5 years to 31 March 2031 requested. If you agree, we recommend you publish the proposed decision to grant the authorisation at Annex 4. If, at the time, authorisation of both alliances is sought, this will allow their cumulative effect to be assessed. This assessment will also overlap with the assessment of the Air New Zealand and Singapore Airlines strategic alliance agreement (if authorisation is sought). This agreement expires on 31 March 2029. Therefore, this will allow some assessment of the cumulative impact of all three alliances.

41 However, we expect Air New Zealand to provide feedback in the consultation period seeking authorisation for the full five years. If you do not agree there is value in assessing the

³ (i.e. where the direct route to Beijing and Shanghai competes with services that go via one stop at Hubs such as Singapore or Hong Kong)

cumulative effect of these alliances, then you could authorise the alliance for the full five years, expiring 31 March 2031. If this is the case, we recommend you publish the proposed decision to grant the authorisation in Annex 5.

We recommend you authorise the Qantas – American Airlines JBA for 5 years to 31 March 2031

42 We do not see the same benefit in looking at the cumulative effect of the alliances in the North American market, in the current circumstances. This is due to the low competition concerns and the applicants not being the dominant operators on the trans-Pacific market. The Qantas – American Airlines JBA strengthens competition where there is already a dominant party. The Air New Zealand and United Airlines alliance agreement covers approximately 75% of the market share of the NZ – North American market.

43 The authorisation of the Air New Zealand and United Airlines side agreement expires on 5 April 2028. You could authorise the JBA to this date only. However, a two year authorisation is a short period, given it can take up to a year to approve.

44 We therefore recommend you publish the proposed decision to grant the authorisation of the Qantas – American Airlines JBA in Annex 6.

You should also be aware that it is likely that more airlines will apply for authorisation of airline cooperation agreements over the next two years

45 For example:

- in March 2025, Air New Zealand and Air India entered into a Memorandum of Understanding (MoU) to strengthen connectivity between India and New Zealand. The MoU includes exploring the introduction of a direct service between India and New Zealand by the end of 2028, subject to new aircraft deliveries and approvals from relevant government regulators
- Air New Zealand's re-entry into London is a priority for the airline after securing slots at London Gatwick airport. Air New Zealand's choice of transit point such as Hong Kong, or a US port, may also affect cooperation agreements, particularly where the UK and Europe are key 'beyond destinations'.

Next steps following your proposed decision

- 46 If you agree, the Ministry will publish the proposed decisions on our website.
- 47 We will provide your office with reactive Q&As, as there is likely to be media interest following the release of the proposed decisions.
- 48 Following consultation on the proposed decisions we will advise you on whether to authorise both agreements. Next steps are:

What	When
Publish proposed decision	1 December 2025
Submissions close	22 December 2025
Cross submissions ⁴ close	23 January 2026
Final advice and recommendations to Minister	11 March 2026
Decision no later than	27 March 2026
Inform applicants and publish decision	by 31 March 2026

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⁴ Submissions on the submission provided prior to Christmas. The submissions made prior to Christmas will be made public.

ANNEX 1 – TYPES OF AIRLINE COOPERATION AGREEMENTS

Some common types of airline agreements are:

- **“Interline” arrangement:** in which one airline buys tickets for travel on another airline at a pre-determined price.
- **Codeshare arrangement:** an agreement through which an airline is effectively given the ability to sell seats on flights operated by another airline as if it were operating that flight with its own aircraft. Codeshare agreements are relatively common and, without additional cooperation, rarely raise competition issues.
- **Revenue sharing alliance:** an extensive commercial agreement in which two or more airlines agree to cooperate on all aspects of pricing, scheduling and service delivery in a particular market. These arrangements are generally subject to a much higher level of regulatory scrutiny as they have the potential to reduce competition. The agreements under which the applicants are currently working have a degree of cooperation similar to those of a revenue-sharing alliance.
- **Global airline alliance:** many airlines are members of one of three global alliance groups: Star, Oneworld and Skyteam. Members of global alliances work together to provide services to consumers by cooperating in areas such as marketing, scheduling, ticketing, and frequent flyer schemes. The level of cooperation differs between members. However, it is common for members of the same groups to enter into interline and codeshare agreements with one another.

The depth of cooperation in airline agreements can be broadly categorised into three levels of agreement:

- **Limited cooperation on specific routes:** Interline or frequent flyer programmes and lounge access.
- **Additional cooperation to expand the network:** Code sharing agreements or direct coordination.
- **Merger-like integration:** Revenue sharing or “metal neutral”.

ANNEX 2 – MOTU INDEPENDENT ECONOMIC AND COMPETITION ANALYSIS

Air New Zealand – Air China strategic alliance agreement

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ANNEX 3 – MOTU INDEPENDENT ECONOMIC AND COMPETITION ANALYSIS

Qantas – American Joint Business Agreement

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ANNEX 4

Public notice of a proposed decision under Section 199 of the Civil Aviation Act 2023

Authorisation

The Minister of Transport has responsibility for granting or declining authorisation of an application made under sections 195 and 199 of the Civil Aviation Act 2023 (the Act). This responsibility is currently delegated to Hon James Meager, as Acting Minister of Transport responsible for aviation matters.

Section 200 of the Act requires the Minister to publish a draft Proposed Decision setting out the intention to grant or decline an authorisation. It also requires the Minister to specify a time within which the Minister will receive written representations on the proposal, before any final determination is made.

Summary

Airline cooperation agreements, such as alliances, are an increasingly common feature of international aviation. They exist primarily to improve efficiency, expand global reach, and enhance services for travellers. While alliances can result in benefits to consumers, they also risk reducing competition, which can lead to higher fares or reduced services.

Airline alliances need authorisation to manage the risk of reducing competition. The effect of an authorisation is that the arrangements are exempt from provisions of the Commerce Act 1986 that prohibit behaviour that substantially lessens competition.

The Ministry uses an assessment framework to help it assess applications consistently under the Act. The Ministry of Transport has analysed the application on behalf of the Minister.

Section 199 of the Act provides the scope and statutory test about which the Minister must be satisfied before granting that authorisation.

Proposal

Air New Zealand and Air China have applied for the continued authorisation of their airline alliance, under their strategic alliance agreement (SAA). The SAA was first authorised by the Minister of Transport in 2015 and last authorised in March 2021. The applicants seek authorisation to continue to give effect to the SAA for a further term of five years, until 31 March 2031.

Under the Alliance, the two airlines coordinate their operations between and within New Zealand and China. The SAA governs both airlines' commercial activity on routes between Auckland and Shanghai, and Auckland and Beijing.

The Ministry consulted the public on this application in August 2025.

Why I support the continuation of Air New Zealand and Air China's SAA

I consider the Strategic Alliance Agreement delivers net public benefits to New Zealand.

The SAA contributes to the applicants' wider international network strategy as it enables each airline to market and sell services operated by the other and offer passengers tickets on connecting services at favourable rates. Providing passengers with a choice of direct flights to major Chinese cities contributes to economic prosperity. The 'metal-neutral' nature of flights on both routes promotes efficiency in civil aviation. The SAA also aligns to other government objectives in the Tourism Growth Roadmap.

s 9(2)(b)(ii), s 9(2)(ba)(i)

. The existence of the SAA has not dissuaded other carriers from entering the market between China and New Zealand.

The Air New Zealand and Cathay Pacific North Asia alliance agreement authorisation also expires on 31 October 2029. If, at that time, authorisation is again sought for both alliances, I intend that their cumulative impact be fully assessed. Aligning their expiry dates will ensure these airlines provide the detailed information needed to do so. I support assessing the cumulative impact of these alliances, including an assessment of the Air New Zealand and Singapore Airlines strategic alliance agreement (if authorisation is sought), as they all serve the Asian markets, involve major airport hubs and airlines, and include Air New Zealand as a party.

Notice of proposed decision

In accordance with section 200 of the Civil Aviation Act 2023, I, James Meager, as Acting Minister of Transport (with responsibility for all aviation matters), give public notice of my intention to grant authorisation to Air New Zealand and Air China to continue to implement the Strategic Alliance Agreement dated 23 March 2015 (the "SAA"), the Code Share Agreement and a number of Implementing Agreements.

The proposed authorisation is for three years and seven months to 31 October 2029 and is not subject to any conditions.

Any written representations from any person regarding the proposed decision to grant the authorisation should be submitted to the Ministry of Transport - alliances@transport.govt.nz by Monday 22 December 2025. Submissions will then be made public before Christmas. Any cross-submissions on these submissions will be accepted by Friday 23 January 2026.

Hon James Meager

Acting Minister of Transport

1 December 2025

ANNEX 5

Public notice of a proposed decision under Section 199 of the Civil Aviation Act 2023

Authorisation

The Minister of Transport has responsibility for granting or declining authorisation of an application made under sections 195 and 199 of Civil Aviation Act 2023 (the Act). This responsibility is currently delegated to Hon James Meager, as the Acting Minister of Transport responsible for aviation matters.

Section 200 of the Act requires the Minister to publish a draft Proposed Decision setting out the intention to grant or decline an authorisation. It also requires the Minister to specify a time within which the Minister will receive written representations on the proposal, before any final determination is made.

Summary

Airline cooperation agreements, such as alliances, are an increasingly common feature of international aviation. They exist primarily to improve efficiency, expand global reach, and enhance services for travellers. While alliances can result in benefits to consumers, they also risk reducing competition, which can lead to higher fares or reduced services.

Airline alliances need authorisation to manage the risk of reducing competition. The effect of an authorisation is that the arrangements are exempt from provisions of the Commerce Act 1986 that prohibit behaviour that substantially lessens competition.

The Ministry uses an assessment framework to help it assess applications consistently under the Act. The Ministry of Transport has analysed the application on behalf of the Minister.

Section 199 of the Act provides the scope and statutory test about which the Minister must be satisfied before granting that authorisation.

Proposal

Air New Zealand and Air China have applied for the continued authorisation of their airline alliance, under their strategic alliance agreement (SAA). The SAA was first authorised by the Minister of Transport in 2015 and last authorised in March 2021. The applicants seek authorisation to continue to give effect to the SAA for a further term of five years, until 31 March 2031.

Under the Alliance, the two airlines coordinate their operations between and within New Zealand and China. The SAA governs both airlines' commercial activity on routes between Auckland and Shanghai, and Auckland and Beijing.

The Ministry consulted the public on this application in August 2025.

Why I support the continuation of Air New Zealand and Air China's SAA

I consider the Strategic Alliance Agreement delivers net public benefits to New Zealand.

The SAA contributes to the applicants' wider international network strategy as it enables each airline to market and sell services operated by the other and offer passengers tickets on connecting services at favourable rates. Providing passengers with a choice of direct flights to major Chinese cities contributes to economic prosperity. The 'metal-neutral' nature of flights on both routes promotes efficiency in civil aviation. The SAA also aligns to other government objectives in the Tourism Growth Roadmap.

s 9(2)(b)(ii), s 9(2)(ba)(i)

The existence of the SAA has not dissuaded other carriers from entering the market between China and New Zealand.

I have considered aligning the expiry dates of the authorisation for the SAA with the expiry of the authorisation for the Air New Zealand and Cathay Pacific North Asia alliance agreement. If, at the time, authorisation of both alliances is sought, this would support assessing the cumulative impact of these alliances, and some assessment of the Air New Zealand and Singapore Airlines strategic alliance agreement. However, on balance, it is better to give the SAA parties the certainty that extending the authorisation for 5 years provides.

Notice of proposed decision

In accordance with section 200 of the Civil Aviation Act 2023, I, James Meager, as Acting Minister of Transport (with responsibility for all aviation matters), give public notice of my intention to grant authorisation to Air New Zealand and Air China to continue to implement the Strategic Alliance Agreement dated 23 March 2015 (the "SAA"), the Code Share Agreement and a number of Implementing Agreements.

The proposed authorisation is for five years to 31 March 2031 and is not subject to any conditions.

Any written representations from any person regarding the proposed decision to grant the authorisation should be submitted to the Ministry of Transport - alliances@transport.govt.nz by Monday 22 December 2025. Submissions will then be made public before Christmas. Any cross-submissions on these submissions will be accepted by Friday 23 January 2026.

Hon James Meager

Acting Minister of Transport

1 December 2025

ANNEX 6

Public notice of a proposed decision under Section 199 of the Civil Aviation Act 2023

Authorisation

The Minister of Transport has responsibility for granting or declining authorisation of an application made under sections 195 and 199 of Civil Aviation Act 2023 (the Act). This responsibility is currently delegated to Hon James Meager, as Acting Minister of Transport responsible for aviation matters.

Section 200 of the Act requires the Minister to publish a draft Proposed Decision setting out the intention to grant or decline an authorisation. It also requires the Minister to specify a time within which the Minister will receive written representations on the proposal, before any final determination is made.

Summary

Airline cooperation agreements, such as alliances, are an increasingly common feature of international aviation. These exist primarily to improve efficiency, expand global reach, and enhance services for travellers. While alliances can result in benefits to consumers, they also risk reducing competition, which can lead to higher fares or reduced services.

Airline alliances need authorisation to manage the risk of reducing competition. The effect of an authorisation is that the arrangements are exempt from provisions of the Commerce Act 1986 that prohibit behaviour that substantially lessens competition.

The Ministry uses an assessment framework to help it assess applications consistently under the Act. The Ministry of Transport has analysed the application on behalf of the Minister.

Section 199 of the Act provides the scope and statutory test about which the Minister must be satisfied before granting that authorisation.

Proposal

Qantas and American Airlines have applied for the continued authorisation of their airline alliance, under their Joint Business Agreement (the JBA). The JBA was first authorised by the Minister of Transport in 2011 and last renewed in November 2020. I recently extended this authorisation to 31 March 2026. The Applicants seek authorisation to continue to give effect to the JBA for a further term of five years, until 31 March 2031.

Under the JBA, the two airlines jointly operate Trans-Pacific and Trans-Tasman routes between New Zealand, Australia and North America. The JBA governs both airlines' commercial activity on routes between Auckland and Los Angeles, Auckland and Dallas Fort Worth, Sydney and Auckland, and Auckland and New York.

The Ministry consulted the public on this application in August 2025.

I support the continuation of the Qantas and American Airlines JBA

I conclude that the JBA delivers net public benefits to New Zealand.

My assessment is that these flights provide for capacity, connectivity and consumer choice benefits to New Zealand. This contributes to economic prosperity and efficiency in the civil aviation system.

I accept that without the JBA there would be a reduction of flights by these carriers between New Zealand, Australia and the United States. This would likely lead to a material loss of Trans-Pacific capacity if the JBA is not authorised.

The applicants are not the dominant operators on the NZ-North America market. I assess that the JBA enables Qantas and American Airlines to more effectively compete with the dominant carriers.

Trans-Pacific direct capacity has increased since the JBA was first authorised in 2011. This increase came from the applicants and from other airlines operating independently. This suggests there has not been a dampening of competition in this market. Instead, it suggests that continuing with the JBA will have pro-competitive effect on the Trans-Pacific market.

I have considered aligning the expiry dates of the authorisation for the JBA with the expiry of the Air New Zealand and United Airlines alliance agreement. However, I do not see the benefit in looking at the cumulative effect of the alliances in the North American market, in the current circumstances. This is due to the low competition concerns and the JBA parties not being the dominant operators on the trans-Pacific market. The Qantas American Airlines JBA creates competition where there is already a dominant party. Therefore, it is better to give the JBA parties the certainty that extending the authorisation for 5 years provides.

Notice of proposed decision

In accordance with section 200 of the Civil Aviation Act 2023, I, James Meager, as Acting Minister of Transport (with responsibility for all aviation matters), give public notice of my intention to grant authorisation to Qantas and American Airlines to continue to implement their Joint Business Agreement dated 26 September 2011.

The proposed authorisation is for five years to 31 March 2031 and is not subject to any conditions.

Any written representations from any person regarding the proposed decision to grant the authorisation should be submitted to the Ministry of Transport - alliances@transport.govt.nz by Monday 22 December 2025. Submissions will then be made public before Christmas. Any cross-submissions on these submissions will be accepted by Friday 23 January 2026.

Hon James Meager

Acting Minister of Transport

1 December 2025