

Submission of Auckland Airport on the reauthorisation of the Joint Business Agreement between Qantas Airways and American Airlines

25 August 2025

1 Summary

Auckland International Airport (Auckland Airport) supports the reauthorisation of the of the joint business agreement (the agreement) between Qantas Airways (Qantas) and American Airlines (American).

Genuine competition between airlines is vital for consumers, so all forms of coordination, including joint ventures and alliances, must be thoroughly scrutinised to ensure they result in strong consumer benefits. As we remain in a period where global aviation remains constrained by aircraft supply and New Zealand's international seat capacity remains below 2019, lagging key competitor markets such as Australia, it is even more crucial to ensure any airline cooperation results in clear benefits for consumers and the wider economy.

2 This agreement provides clear benefits for New Zealand consumers and has a positive track record of delivering air capacity growth and greater connectivity

As pointed out by the applicants, this agreement has been in place since 2011 and reauthorised twice, in 2015 and 2020. Auckland Airport is of the view that the applicants have demonstrated that the agreement has provided strong net benefits to New Zealand consumers.

Capacity has grown

The agreement has had a strong benefit for New Zealand consumers, with new long-haul capacity added that would have not otherwise existed between New Zealand and North America. The agreement has resulted in positive consumer benefits with the successful launch and ongoing operation of three new routes by the airline operators:

- Dallas/Fort Worth to Auckland (American). This is a northern winter seasonal service of up to 7 flights per week.
- Los Angeles to Auckland (American). This is a Northern winter seasonal service of up to 7 flights per week.
- Sydney via Auckland to New York (Qantas). This is a year-round service of up to 5 flights per week. Qantas recently announced a plan to increase services to 7 flights a week during the period of June to October 2026.

The three routes provide important passenger and air cargo capacity between Auckland/New Zealand and significant global airport connecting hubs at Los Angeles (LAX), Dallas/Fort Worth (DFW) and New York (JFK). The flights provide air capacity allowing passengers and air cargo to seamlessly flow between New Zealand and destinations across the United States and beyond including to Canada, South America, the United Kingdom and Europe.

The consistent year-round services operated within the agreement by Qantas on the Auckland to New York route, over the northern summer period ensures a competitive market exists not only on the Auckland to New York route, but more also more widely between New Zealand and North America over the northern summer.

The agreement provides competition to the largest operator of year-round capacity between New Zealand North America, the joint venture alliance operations of Air New Zealand and United Airlines. Air New Zealand and United Airlines operate a joint venture alliance flights between Auckland and San Francisco, Los Angeles, Houston and New York. Air New Zealand also operates services to Honolulu and Vancouver.

Over the northern winter period (peak season for New Zealand tourism), the routes between New Zealand and the United States and Canada see strong competition between the two airline joint ventures, American/Qantas, United Airlines/Air New Zealand, Air New Zealand's non-alliance operations as well as other airlines that enter the market at that time of year - Delta Air Lines, Hawaiian Airlines and Air Canada.

This level of competition over the northern winter period demonstrates that the American and Qantas agreement does not lessen airline competition or consumer choice for travel between New Zealand and United States or connecting beyond markets, it enhances it.

American Airlines and Qantas Airways have delivered consistent seat capacity growth after border restrictions were relaxed from 2022 onwards. Auckland Airport estimates that the airlines have operated the following annualised seat capacity on the North America to New Zealand routes between 2019 and 2025:

- Calendar year 2019: 87k seats (pre-pandemic comparison year)
- Calendar year 2020: 50k seats (NB: impacted by COVID border restrictions)
- Calendar year 2021: 0 seats (NB: impacted by COVID border restrictions)
- Calendar year 2022: 35k seats (NB: impacted by COVID border restrictions)
- Calendar year 2023: 135k seats +288% YoY
- Calendar year 2024: 229k seats +70% YoY
- Calendar year 2025: 247k seats +8% YoY (forecast based on actual seats operated 1 January 2025 to 31 July 2025 + seats on sale for the period 01 August 2025 to 31 December 2025)

Capacity has driven tourism growth

The agreement has been a factor in driving substantial visitation from the United States to New Zealand, which has had a positive impact on New Zealand inbound tourism. Inbound visitors to New Zealand from the United States numbered 369,000 in calendar year 2024, spending an estimated \$1.7 billion.

A key factor in New Zealand's success as a destination in attracting high value visitors from the United States has been improved direct flight access operated by airline brands that are well known to American travellers. The agreement between American and Qantas has had a significant role in provision of improved air connectivity access for American travellers to New Zealand over the years that the alliance has been operating.

For New Zealand travellers, the agreement has provided increased competition and airline choice to North America and beyond. New Zealand outbound travellers have access into the American Airlines extensive North American and global network present at connecting hub airports

Dallas/Fort Worth (DFW), Los Angeles (LAX) and New York (JFK). New Zealand based customers have benefited from increased access to seat capacity, convenient itineraries and competitive prices by flying American and Qantas from New Zealand to the United Kingdom, Europe and South American and Caribbean countries.

3 The cumulative impact of all airline agreements needs to be carefully scrutinised

Auckland Airport's comments in this submission relate only to the reauthorisation of this agreement. Airline joint venture cooperation agreements allow two or more airlines to co-ordinate pricing and seat capacity deployed on one or more air routes and across multiple origin and destination points. While this can bring about consumer benefits, it also concentrates market power. It is vital that there is a regular process to look at the overall impact of such agreements.

Auckland Airport welcomes the new guidance the Ministry of Transport has issued regarding the criteria airline cooperation agreements should meet. This provides a more robust process and ensures agreements bring about clear benefits for New Zealanders.

Across FY25, Auckland Airport has 28 airlines flying to 42 destinations. International seat capacity has recovered to 92% compared with pre-Covid.

New Zealand's overall international seat capacity continues to lag our key competitor markets at just 87% of pre-Covid. Markets such as Australia, Singapore, Canada, and the United States have fully recovered and exhibited growth. Given the large number of air routes and proportion of overall international air capacity to and from New Zealand that is now packaged up within anti-trust immune airline joint ventures that allow airlines to co-ordinate on capacity and price, we recommend that the Ministry of Transport should give consideration to implementing a system to regularly monitor the structure and health of the international travel market including:

- airline capacity
- levels of airline competition
- prices paid in the New Zealand market for both international travel and domestic travel

4 Conclusion

The Qantas American agreement is a clear example of an airline alliance that is delivering clear benefits for consumers through driving capacity growth that would not otherwise exist.

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