



25 February 2026

OC251143

**Hon James Meager**

**Action required by:**

**Acting Minister of Transport**

Monday, 16 March 2026

## **AUTHORISATION OF TWO AIRLINE COOPERATION AGREEMENTS**

### **Purpose**

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

### **Key points**

- 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 public benefit that would outweigh any lessening in competition that would result, or would be likely to result, from those provisions.
- On 12 November 2025, we advised you that in the case of both applications, our analysis indicates that the public benefits outweigh concerns about competitive detriment (refer OC250892). We recommended that you propose granting authorisations of both applications and that you would need to publish your final decisions by 31 March 2026.
- Subsequently, you proposed authorising both the SAA and the JBA for five years, to 31 March 2031.
- On 1 December 2025, the Ministry initiated public consultation on your proposed decisions to authorise. Although both authorisations continued to receive support, Christchurch Airport raised concerns about the necessity for greater transparency in the assessment and analysis of the application, including the counterfactual, and decision-making processes.

- The New Zealand Airports Association also requested that the Minister provide more detailed reasoning in proposed decisions. While the Act does not require more extensive reasoning to be published with proposed decisions, we agree that sharing additional analysis during consultation on proposed authorisations enables the public to engage more effectively in the process.
- To support transparency, we propose to proactively release both Motu reports and briefings with appropriate redactions; we will seek your agreement to do so separately.
- No submissions have been received that warrant a change to your proposed decisions. We recommend authorising both alliances for five years to 31 March 2031. If you agree, we will coordinate with your office regarding public notification and communication of these decisions.

**Recommendations**

We recommend you:

- |  |          |
|--|----------|
| 1. <b>Agree</b> , pursuant to section 199 of the Civil Aviation Act 2023, to authorise the Air New Zealand and Air China Strategic Alliance Agreement for 5 years, expiring 31 March 2031, and sign the attached decision. | Yes / No |
| 2. <b>Agree</b> , pursuant to section 199 of the Civil Aviation Act 2023, to authorise the Qantas and American Airlines Joint Business Agreement for 5 years, expiring 31 March 2031, and sign the attached decision.      | Yes / No |

*CC Durrant*

Dr Carolina Durrant  
Manager, Aviation

25 / February / 2026

Hon James Meager  
Acting Minister of Transport

..... / ..... / .....

- Minister's office to complete:
- |  |   |
|--|---|
| <input type="checkbox"/> Approved            | <input type="checkbox"/> Declined             |
| <input type="checkbox"/> Seen by Minister    | <input type="checkbox"/> Not seen by Minister |
| <input type="checkbox"/> Overtaken by events |   |

**Comments**

**Contacts**

| Name                                     | Telephone | First contact |
|--|-----------|---------------|
| Dr Carolina Durrant, Manager, Aviation   | s 9(2)(a) | ✓             |
| Craig Sengelow, Senior Adviser, Aviation | s 9(2)(a) |               |

## DECISION TO AUTHORISE TWO AIRLINE COOPERATION AGREEMENTS

- 1 Airline cooperation agreements, such as alliances and joint business agreements, are common internationally, but can reduce competition. They exist primarily to improve airlines' efficiency, expand global reach, and enhance services for travellers. The benefits and risks of airline alliances are explained in more detail in **Annex 1**.

### **The Civil Aviation Act 2023 enables you to authorise airline alliances where they may contravene parts of the Commerce Act**

- 2 Airline cooperation agreements may include provisions that would contravene sections 27 or 30 of the Commerce Act. Where airlines consider this may occur, an authorisation from the Minister of Transport, granted under section 199 of the Act, is required to exempt airlines from sections 27 and 30 of the Commerce Act. Those sections prohibit provisions of agreements that substantially lessen competition and agreements that contain cartel provisions.

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

- 3 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.

- 4 Section 199(1) of the Act states:

“(1) 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:

- (a) all parties to the contract, arrangement, or understanding are conducting international carriage by air in cooperation with each other, and
- (b) the provision or provisions relate to:
  - (i) a specified activity carried out for the purposes of the cooperation, or
  - (ii) an activity that is ancillary to a specified activity and that is reasonably necessary for the purpose of the cooperation.”

- 5 You must be satisfied with both parts of the statutory test before authorising. You may grant an authorisation if you are satisfied that:

- 5.1 granting the authorisation will contribute to the main purpose, or any of the additional purposes, of the Act; and
- 5.2 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.

## **Air New Zealand and Air China seek authorisation of their Strategic Alliance Agreement**

- 6 Air New Zealand and Air China have applied for the continued authorisation of their airline alliance, under their SAA, the codeshare agreement, and several implementing agreements. 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 five years, until 31 March 2031.
- 7 Under the SAA, Air New Zealand operates the Auckland – Shanghai route and Air China operates the Auckland – Beijing route. The airlines share revenue, coordinate schedules, and align customer service functions on these routes, and coordinate sales and marketing on connecting services.

## **Qantas and American Airlines seek authorisation of their Joint Business Agreement**

- 8 Qantas and American Airlines have applied for the continued authorisation of their airline alliance, under their JBA. The JBA is an airlines revenue sharing “metal-neutral”<sup>1</sup> agreement covering three routes which has been in place since 2015. American Airlines operates the Auckland – Los Angeles route and the Auckland – Dallas Fort Worth route, while Qantas operates the Sydney – Auckland – New York route.
- 9 They are seeking authorisation to continue the JBA for a further five years, until 31 March 2031. The JBA was first authorised by the Minister of Transport in 2011. The current arrangement was authorised in November 2010 for a period of 5 years, which you extended to 31 March 2026 to allow for completion of the assessment process under the new Act.

## **On 12 November 2025, we advised you that in the case of both applications, our analysis indicates that the public benefits outweigh concerns about competitive detriment**

- 10 The Ministry used the *Assessment framework for airline cooperation agreements*<sup>2</sup> to assess both applications and commissioned Motu Economic and Public Policy Research (Motu) to undertake two independent economic and competition analyses to help inform our advice. The Ministry also used an Expert Review Panel to independently evaluate our advice to you on the SAA application. A summary of the assessment of both applications is provided in **Annex 2**. The Public Notices attached include our assessments of the applications against the framework.
- 11 We recommended that you propose granting authorisations of both applications and that you would need to publish your final decisions by 31 March 2026 (refer OC250892).

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. To consider the full cumulative impact of all relevant alliances on the Asian market, we recommended alignment of expiry

---

<sup>1</sup> 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.

<sup>2</sup> <https://www.transport.govt.nz/assets/Uploads/Assessment-framework-for-airline-cooperation-agreements-FINAL-JULY-2025.pdf>

dates and propose to grant authorisation for the Air New Zealand and Air China SAA for three years and seven months to 31 October 2029, instead of five years.

- 13 On 18 November 2025, you agreed to the airlines' request and proposed authorisation for both the SAA and the JBA for the full 5 years.

**The Ministry consulted publicly on your proposed decisions to authorise**

- 14 On 1 December 2025, we released your proposals for public consultation.

- 15 Air China, Air New Zealand, the Tourism Industry Association, the Travel Agents Association and Tourism New Zealand all expressed support for the SAA.

- 16 Christchurch Airport raised several concerns about the necessity for greater transparency in the assessment and analysis of the application, including that:

16.1 the proposed decision does not disclose the Ministry's independent counterfactual to the alliance

16.2 in light of the July 2025 Guidelines, the Ministry has not published with the proposed decision an analysis explaining how the application meets the statutory test, how competitive detriments have been weighed against claimed public benefits, or how the application has been assessed against the Ministry's own assessment framework.

- 17 Christchurch Airport felt that it lacked sufficient information to form a view.

- 18 The New Zealand Airports Association, in considering both the JBA and the SAA, requested that the Minister provide more detailed reasoning in proposed decisions.

- 19 While the Act does not require more extensive reasoning, and the guidelines do not indicate that we will provide reasoning with the proposed decision, in the future sharing additional analysis during the consultation on proposed authorisations will enable stakeholders to engage more effectively in the process. We consider that the key issues raised by Christchurch Airport have been addressed through our analysis, including the Motu reports. We cannot, of course, confirm if this analysis has addressed all their residual concerns.

- 20 To support transparency, we propose to proactively release both Motu reports and briefings with appropriate redactions; we will seek your agreement to do so separately. As this is the first time alliances have been assessed under the new Act, we intend to review the application assessment process, once complete, to inform the assessment of subsequent alliance applications.

- 21 Submissions on proposed decisions were published soon after receipt, and a period for cross-submissions followed; however, no cross-submissions were received.

**We recommend no change to your proposed decisions**

- 22 No submissions have been received that warrant a change to your proposed decisions. We recommend granting authorisations for both alliances for five years to 31 March 2031.
- 23 Section 201 of the Act requires that after making a final decision to grant or decline an authorisation, you must give public notice of your final decision and your reasons for the decision. Once you have authorised these alliances we will:
- 23.1 notify the alliance partners of your decision
  - 23.2 work with your office to draft a press release and Q&As for this announcement
  - 23.3 publish the decisions and supporting documents on our website and advise interested parties of the decisions.

PROACTIVELY RELEASED BY MINISTRY OF TRANSPORT TE MANATU WAKA

## ANNEX 1: AIRLINE ALLIANCES BENEFITS AND RISKS

- 1 **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.
- 2 **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.
- 3 **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.
- 4 **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.
- 5 **Airline alliance arrangements often come under regulatory scrutiny.** If an alliance is deemed to substantially reduce competition, competition authorities in destination countries may challenge it or require concessions, such as surrendering airport slots.

PROACTIVELY RELEASED BY MINISTRY OF TRANSPORT AND INFRASTRUCTURE

## ANNEX 2: SUMMARY OF THE APPLICATION ASSESSMENTS

### *Air New Zealand and Air China SAA*

- 1 In summary, when considering the net impact of the SAA, the Ministry's view is that the SAA delivers net public benefits to New Zealand relative to the counterfactual. The SAA supports Air New Zealand to operate the Auckland to Shanghai route. Most Chinese airlines are ultimately state-owned enterprises, s 6(a) [REDACTED]  
[REDACTED]  
[REDACTED] China is a very important trade partner for New Zealand.  
s 6(a) [REDACTED]  
[REDACTED]
- 2 The Ministry used an Expert Review Panel to independently evaluate our advice to you on the SAA application. In summary, the panel found that while it is theoretically possible that the alliance is not beneficial, it is not likely material enough to justify declining authorisation.
- 3 We previously recommended that the Air New Zealand and Air China SAA authorisation be for a shorter period (3 years and seven months) to fully assess the cumulative impact of all relevant alliances on the Asian market.
- 4 The Public Notice attached includes a summary of our assessment of the SAA against the Ministry's *Assessment Framework for airline cooperation agreements*.

### *American Airlines and Qantas JBA*

- 5 In summary, when considering the net impact of the JBA, the Ministry considers that the JBA delivers net public benefits to New Zealand because it:
  - 5.1 supports investment by the JBA parties and does not hinder investment by other airlines
  - 5.2 contributes to a more competitive market for air travel
  - 5.3 provides increased connectivity from additional capacity and new routes. s 9(2)(b)(ii), s 9(2)(ba)(i) [REDACTED]
- 6 The Public Notice attached includes a summary of our assessment of the JBA against the Ministry's *Assessment Framework for airline cooperation agreements*.

PROACTIVELY RELEASED BY MINISTRY OF TRANSPORT TE MANATU WAKA