

# Application to the Minister of Transport pursuant to Part 9 of the Civil Aviation Act 1990

23 January 2025



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**PART 9 CIVIL AVIATION ACT 1990: NOTICE SEEKING AUTHORISATION**

23 January 2025

Ministry of Transport  
PO Box 3175  
Wellington 6140  
New Zealand

**EXECUTIVE SUMMARY****Background**

- 1 British Airways Plc (**BA**) and Qatar Airways Group Q.C.S.C. (**QR**) entered into a confidential Joint Business Agreement on 17 November 2016 (**Original JBA**). The Original JBA has since been amended as follows:
  - 1.1 on 15 May 2018 the Original JBA was amended and restated (**First Amended JBA**),
  - 1.2 on 9 December 2021 BA and QR entered into a Waiver Agreement to temporarily waive certain rights and obligations under the First Amended JBA, and
  - 1.3 on 22 June 2023 the First Amended JBA was amended and restated in its entirety, with Iberia Líneas Aéreas de España, S.A Operadora Unipersonal (**IB**) added as a party (**Second Amended JBA**).<sup>1</sup>
- 2 The Second Amended JBA governs how BA/IB and QR (together, the **Parties**) will cooperate in relation to air passenger services for up to 65 countries. The Parties have agreed to a phased approach:<sup>2</sup>
  - 2.1 "Phase 1" will include cooperation between countries in: (i) Europe (including the United Kingdom (**UK**)),<sup>3</sup> and (ii) certain countries in the Middle East, Asia, Africa and Australasia (**Phase 1 Territories**),<sup>4</sup> and
  - 2.2 [
    - ].<sup>5</sup>
- 3 At present, the scope of the Parties' cooperation is confined to services between countries in respect of which clearance from the relevant competition authority has been sought (**Joint Business Territory**).<sup>6</sup> The Joint Business

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<sup>1</sup> A confidential copy of the Second Amended JBA is provided as **Appendix A**. Note the Second Amended JBA is effective from 1 January 2022 as between BA and QR, and from 22 June 2023 for IB.

<sup>2</sup> Second Amended JBA, recital 5.

<sup>3</sup> The European scope of the Second Amended JBA extends to the member countries of each of the European Union, the European Economic Area and the European Free Trade Association, as well as the UK. This comprises 29 countries.

<sup>4</sup> A list of the Phase 1 Territories is contained in Appendix B of the Second Amended JBA.

<sup>5</sup> [ ].

<sup>6</sup> A list of cities/countries within the Joint Business Territory is contained in Appendix C of the Second Amended JBA.

Territory comprises a subset of the Phase 1 Territories (noting there are some Phase 1 Territories in respect of which competition clearance remains pending (**Pending CC Territories**)).<sup>7</sup> Once clearance is obtained these will be added to the scope of the Joint Business Territory).

4 [ ].

5 [ ].

6 [ ]:

6.1 [ ], and

6.2 [ ].

7 [ ]:

7.1 [ ],

7.2 [ ]<sup>8</sup> and

7.3 [ ].

8 Services between the UK/Europe and New Zealand are currently within the scope of the Joint Business Territory.<sup>9</sup>

#### **Rationale for the Second Amended JBA**

9 The rationale for the Second Amended JBA does not materially differ from that of the First Amended JBA, for which BA and QR obtained authorisation from the Minister in respect of their UK/Europe-New Zealand routes on 13 May 2020.

10 In summary:

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<sup>7</sup> For a list of the Pending CC Territories, refer to Appendix D of the Second Amended JBA.

<sup>8</sup> DDS data.

<sup>9</sup> The Minister of Transport (**Minister**) agreed to authorise an alliance between BA and QR for 5 years to 31 May 2025. See further: <https://www.transport.govt.nz/consultations/british-airwaysqatar-airways-code-sharing-application-2020>

- 10.1 the principal objective of the Second Amended JBA is to give the Parties access to “offline”<sup>10</sup> origin and destination ports to enable each of them to compete more effectively on Europe/UK to Asia/Australasia/Middle East/Africa routes with other Gulf carriers (most notably Emirates and Etihad, as well as Turkish Airlines), and the large competing global alliances, Skyteam and Star Alliance,
- 10.2 the Second Amended JBA allows the Parties to offer customers more compelling and competitive travel options than either of them would be able to offer on a stand-alone basis, including by allowing each Party’s customers access to the other’s complementary network of routes behind and beyond (**B&B**) the London-Doha and Madrid-Doha “trunk routes”,<sup>11</sup>
- 10.3 QR contributes an established network between the UK and Doha and a wide range of onward destinations B&B Doha, [  
  
],
- 10.4 BA, in turn, contributes a number of B&B London routes and offers an established distribution structure with strong loyalty programmes and marketing platforms as well as extensive corporate and agency relationships,<sup>12</sup>
- 10.5 IB became a party to the Second Amended JBA to enable cooperation with BA and QR in the Joint Business Territory and thus support the commencement of its Madrid-Doha route (noting IB and BA were already interconnected bodies corporate, having merged in 2010). This rationale is strengthened further by [  
  
]

] (see further paragraph 25 below),

and

- 11 the Second Amended JBA facilitates the Parties’ ability to generate efficiencies and cost savings. In addition to no materially different rationale for the Second Amended JBA, the scope of the Second Amended JBA also remains largely unchanged. That is, the activities in respect of which the Parties propose to coordinate, and their proposed financial arrangements, broadly

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<sup>10</sup> An “offline” route is one where the airline does not operate its own aircraft on the route but serves the route, if at all, only via competitive connecting codeshare or interline arrangements with third-party airlines.

<sup>11</sup> A “trunk route” in air transport is a strategic route between major cities, usually a long-haul route that connects hubs to other hub routes and cities.

<sup>12</sup> Note that if one of the Parties decides to commence its own operations to a JBA destination then each Party may review their competitive status on that route. Each carrier makes such decisions entirely independently without any discussion or coordination with the other party, who are informed of the decision only on the date of the public announcement.



align with those contained in the First Amended JBA (see further from paragraph 36 below).

### **Proposed co-ordination on New Zealand B&B routes**

12 The B&B routes that are the subject of this application include all routes between:

- 12.1 New Zealand, which is offline to BA and IB, and
- 12.2 the UK, and the member countries of each of the European Union, the European Economic Area and the European Free Trade Association, some of which are offline to QR

(the **New Zealand B&B Routes** or the **Proposed Conduct**).

13 Currently the Parties serve approximately 548 New Zealand B&B Routes (based on data for summer 2024 (**S24**)<sup>13</sup>). Further detail is provided in Sheet 1 ("1. All classes") of the Direct Data Solutions spreadsheet (**DDS data**) provided as **Appendix B**.<sup>14</sup>

14 In the previous authorisation application BA/QR focused on the New Zealand B&B routes with a passenger density of 20,000 passengers per annum (i.e. a conservative adaptation of the European Commission's decisional threshold practice of 30,000 passengers per annum).<sup>15</sup> The Parties understand that the Ministry of Transport (**MoT**) does not apply a passenger threshold to determine which routes are considered for authorisation when assessing applications; all affected routes are subject to authorisation. However, MoT took the view in its final report on the Previous Application that if no issues are found in relation to the busiest affected routes, the competitive effects across all affected routes are unlikely to be significant.<sup>16</sup>

15 Accordingly, for the purposes of this re-authorisation application the Parties have again focused on the New Zealand B&B routes with a passenger density of 20,000 passengers. These are:

- 15.1 London-Auckland (~186,000 passengers),
- 15.2 London-Christchurch (~43,000 passengers),
- 15.3 Frankfurt-Auckland (~41,000 passengers),

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<sup>13</sup> Which is based on northern hemisphere summer dates, i.e. April 2024 to October 2024.

<sup>14</sup> Note the spreadsheet contains data that has either been submitted to DDS by various airlines or DDS' estimates for airlines who choose not to submit data for all UK/Europe-New Zealand routes (i.e. including routes not served by the Parties). There are approximately 1,375 such routes. DDS is a global dataset of airline sales, marketing and itinerary data. It is provided by the International Air Transport Association (**IATA**) and aggregated from multiple sources. More information can be found here: <https://www.iata.org/en/services/data/passenger-traffic/direct-data-solutions/>

<sup>15</sup> BA/QR, *Application to the Minister of Transport pursuant to Part 9 of the Civil Aviation Act 1990*, 19 November 2019 (**Previous Application**), at [12]-[14].

<sup>16</sup> MoT, *British Airways-Qatar Airways Codeshare Application Report*, May 2020 (**Final Report**), at [67]. Available at: <https://www.transport.govt.nz/assets/Uploads/Report/British-Airways-Qatar-Airways-Full-report.pdf>

- 15.4 Paris-Auckland (~38,000 passengers),
- 15.5 Amsterdam-Auckland (~33,000 passengers),
- 15.6 Manchester-Auckland (~28,000 passengers), and
- 15.7 London-Wellington (~22,000 passengers)

**(Key New Zealand B&B Routes).**

- 16 The Proposed Conduct will not involve any air cargo services.

**Re-authorisation sought**

- 17 The Parties seek re-authorisation under s 88(2) of the Civil Aviation Act 1990 (**Act**) to make and give effect to the Proposed Conduct.
- 18 The Parties submit that the Minister should exercise his discretion to re-authorise the Proposed Conduct because the Proposed Conduct:
  - 18.1 has previously been, and continues to be, capable of authorisation by the Minister under s 88 of the Act (see from paragraph 30 below),
  - 18.2 will continue to result in benefits to the public in the form of increased competition on the Key New Zealand B&B Routes and the other New Zealand B&B Routes, including because it may trigger a competitive response from other airlines, through more compelling travel options for passengers wishing to travel on those routes, and efficiencies (which given the competitiveness of the routes there will be pressure to pass on) (see from paragraph 81 below),
  - 18.3 will not result in detriment to the public sufficient to outweigh those benefits, including because the Proposed Conduct will continue not to have any substantial impact on the concentration of suppliers on any of the Key New Zealand B&B Routes (with the highest increase being on the London-Auckland route at 2-5%, which only arises if time sensitive passengers are considered separately<sup>17</sup>), and because there remains vigorous competition from other well-established international air carriers on the Key New Zealand B&B Routes (see from paragraph 98 below), and
  - 18.4 does not breach any of the specific provisions in section 88(4)(a)-(f) of the Act which limit the Minister's discretion to grant an authorisation (see from paragraph 144 below).

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<sup>17</sup> The share of supply increment when all passengers are taken into account is slightly smaller, at 2-4%.

## THE PARTIES

### BA

- 19 BA is a British airline with a hub at London Heathrow and bases at London Gatwick and London City airports. It is part of the International Airlines Group (**IAG**) following a merger with IB in 2011<sup>18</sup> and is one of the world's leading global airlines. BA flies to around 200 destinations in over 75 different countries, carries approximately 43 million customers a year and has a fleet of more than 285 aircraft. For further information, please see **Appendix C** for BA's most recent company fact sheet, and [www.iairgroup.com](http://www.iairgroup.com), including for a copy of [BA's Annual Reports](#).
- 20 IB is Spain's largest airline and the leading carrier between Europe and Latin America. Together with Iberia Express and Iberia Regional Air Nostrum, it has a fleet of 167 aircraft and offers flights to 143 destinations in 50 countries around the world from Madrid airport. As above, it is a member of IAG.
- 21 For further information, please see IB's webpage [https://grupo.iberia.com/about\\_us](https://grupo.iberia.com/about_us), as well as [www.iairgroup.com](http://www.iairgroup.com), including for a copy of [Iberia's Annual Reports](#).

### **BA's operations in New Zealand**

- 22 Passengers travelling with BA to New Zealand have a choice of flying to New Zealand via Doha, Hong Kong, Kuala Lumpur, Sydney, Singapore and Shanghai.<sup>19</sup>
- 23 BA does not have any direct flights into or out of New Zealand. Accordingly, all routes into or out of New Zealand are serviced via codeshare or interline arrangements.
- 24 BA has codeshare arrangements with QR on its Auckland-Doha route, Cathay Pacific on its Auckland-Hong Kong route, Malaysia Airlines on its Auckland-Kuala Lumpur route<sup>20</sup> and Qantas on routes between Sydney and Auckland, Christchurch, Queenstown and Wellington. BA also offers interline connections via Singapore and Shanghai with Air New Zealand.
- 25 IB does not have any direct flights into or out of New Zealand. IB has offered the Madrid-Auckland route via Doha since Summer 2020, through a codeshare on QR flights, and subsequently since joining the JBA in 2023. IB has separate interline arrangements with Qatar and Air New Zealand.

### QR

- 26 QR provides international air transportation services as well as domestic air transportation services in Qatar. QR is the national carrier of the State of

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<sup>18</sup> Other IAG airline members include Vueling, Aer Lingus and LEVEL. For more information, see: <https://www.iairgroup.com/about-us/> and [https://grupo.iberia.com/about\\_us/historical\\_timeline](https://grupo.iberia.com/about_us/historical_timeline)

<sup>19</sup> Passengers travelling via Singapore to New Zealand also stop in Sydney.

<sup>20</sup> Note BA temporarily removed its marketing code from Malaysia Airlines' Auckland-Kuala Lumpur route following BA's suspension of the London-Kuala Lumpur route during the COVID-19 pandemic. However, the codeshare will be in place from 1 April 2025, being the date BA intends to resume services to Kuala Lumpur.

Qatar. QR is one of the fastest growing airlines operating one of the youngest fleets in the world. It flies to more than 170 destinations, carries approximately 40 million passengers a year and has a fleet of 258 aircraft.<sup>21</sup>

- 27 For further information, please see **Appendix D** for QR's most recent company fact sheet, and [www.qatarairways.com](http://www.qatarairways.com), including for a copy of [QR's Annual Reports](#).

### **QR's operations in New Zealand**

- 28 In February 2017 QR began flying to New Zealand with its record-breaking Auckland-Doha flight, the world's longest direct commercial flight at that time.<sup>22</sup>
- 29 QR offers daily flights between Auckland and London, and Auckland and Manchester, via Doha. It also offers daily flights between Christchurch and London via codeshare or interline arrangements with Cathay Pacific, Qantas and Jetstar.

## **RE-AUTHORISATION SOUGHT**

### **The Proposed Conduct is capable of re-authorisation under s 88 of the Act**

- 30 The Proposed Conduct could involve the Parties revenue planning, coordinating sales and marketing activities, and setting service parameters and standards with a view to ensuring they deliver a seamless service for passengers and realise efficiencies (see further below at paragraph 36). Consequently, for the purposes of the Act, the Proposed Conduct may be an arrangement in respect of international carriage by air that relates, directly or indirectly, to the fixing of tariffs, the application of tariffs, or the fixing of capacity.<sup>23</sup>
- 31 The Parties therefore seek re-authorisation under section 88(2) of the Act to make and give effect to the Proposed Conduct. As set out from paragraph 130 below, the Proposed Conduct does not breach any of the provisions in section 88 of the Act which limit the Minister's discretion to grant an authorisation.

### **Term of re-authorisation**

- 32 The Parties seek re-authorisation for a period of five years. The Parties consider this term is necessary in order to realise the benefits of the Proposed Conduct. This would also be consistent with the Minister's previous decisions (including in respect of the Previous Application, for which a five-year term was granted).<sup>24</sup>

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<sup>21</sup> Aircraft fleet number correct as at 21 January 2025.

<sup>22</sup> QR Press Release, 7 February 2017. Available: [https://www.qatarairways.com/en/press-releases/2017/Feb/pressrelease\\_aucklandprconference\\_eng.html?activeTag=Press-releases](https://www.qatarairways.com/en/press-releases/2017/Feb/pressrelease_aucklandprconference_eng.html?activeTag=Press-releases)

<sup>23</sup> Civil Aviation Act 1990, s 88(2).

<sup>24</sup> Other recent examples include:

- the Air New Zealand/Virgin Australia codeshare agreement, which was authorised in 2024 for a period of five years,
- the Air New Zealand/Singapore Airlines alliance, which was re-authorised in 2024 for a period of five years, and

- 33 The Parties seek initial approval by 5 April 2025. For commercial reasons, it is important for the Parties to be able to engage in the Proposed Conduct as soon as possible. For example, scheduling and marketing activities typically occur in large blocks (e.g. for an entire summer or winter season). Any delay in authorisation is only likely to prevent the benefits of the Proposed Conduct from accruing for an entire season. The inability to take advantage of these benefits would be commercially costly for both carriers and to the detriment of the passengers travelling on the New Zealand B&B Routes.
- 34 Further, 5 April 2025 is also the date of the law change associated with the authorisation process. The process will be administratively much more efficient if confined to the period prior to the law change rather than spanning the pre- and post-change periods.
- 35 Finally, MoT will be largely familiar with the scope of, and information relevant to, the Proposed Conduct following the Previous Application – noting very little has changed during the authorisation period. BA and QR’s previous submissions regarding the likely benefits associated with the Proposed Conduct and its impact on consumers remain relevant.

## THE PROPOSED CONDUCT

### The Second Amended JBA

#### *Co-ordination under the Second Amended JBA*

- 36 Under the Second Amended JBA, the Parties may co-ordinate their activities in various ways for each Joint Business Territory and Pending CC Territory (unless otherwise stated), including in relation to:
- 36.1 schedule co-ordination,
  - 36.2 network strategy plans and capacity changes (currently limited to London-Doha and Madrid-Doha),
  - 36.3 revenue planning [
    - ],<sup>25</sup>
  - 36.4 joint pricing,
  - 36.5 sales e.g. fare combinability, joint selling (currently limited to London-Doha and Madrid-Doha) and dealing through direct and indirect channels,
  - 36.6 marketing,

- 
- the Qantas/Emirates alliance, which was re-authorised in 2023 for a period of five years.

For further information, see: <https://www.transport.govt.nz/area-of-interest/air-transport/airline-code-share-and-alliance-agreements>

<sup>25</sup> Second Amended JBA, cls 5.4.1 and 5.4.2.

- 36.7 service parameters and standards e.g. routings, frequencies, connection requirements and times,
  - 36.8 product development and alignment of passenger handling policies and service procedures (currently limited to London-Doha and Madrid-Doha),
  - 36.9 frequent flyer programmes, and
  - 36.10 sharing and alignment of best practices and tools.
- 37 The Proposed Conduct may involve all of the above co-ordinated activities except for those currently confined to the London-Doha and Madrid-Doha routes.

**Financial and other arrangements under the Second Amended JBA**

38 Under the Second Amended JBA, the Parties also agreed to:

- 38.1 [ ],
- 38.2 [ ],  
and
- 38.3 [ ].

39 Further details regarding the Parties’:

- 39.1 [ ]:
  - (a) [ ],<sup>26</sup> and
  - (b) [ ],<sup>27</sup> and
- 39.2 [ ]:
  - (a) [ ]<sup>28</sup> and [ ]<sup>29</sup>  
and
  - (b) [ ]<sup>30</sup> and [ ]

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<sup>26</sup> [ ]  
].

<sup>27</sup> [ ]  
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<sup>28</sup> [ ]  
].

<sup>29</sup> [ ]  
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<sup>30</sup> [ ]

].<sup>31</sup>***The New Zealand B&B Routes are important to the Parties' ability to compete***

40 The New Zealand B&B Routes are significant for any carrier operating on the trunk route. This is because access to the New Zealand B&B Routes helps maximise passenger numbers, improving the commercial viability of the London-Doha and London-Madrid trunk route.

***Value-added services for passengers***

41 The arrangements under the Second Amended JBA, including the ability to jointly offer loyalty benefits, including reciprocal "earn and burn" of frequent flyer points, status recognition and ease of booking flights, together with an enhanced network of destinations on the code of each Party, are particularly important to passengers on itineraries involving long international sectors on which ease of connection becomes of increasing value. These value-added services have a significant impact on consumer satisfaction and preferences when choosing which airline to fly with.

42 The Second Amended JBA was designed to address these very consumer needs and adapt the Parties' offerings accordingly. The Proposed Conduct would allow passengers travelling on the B&B Routes to enjoy these value-added benefits.

***Drive for efficiency is increasingly necessary for airline success***

43 The highly competitive nature of the passenger airline industry means that the Parties must continually search for opportunities to drive efficiency. Given the competitiveness of the Key New Zealand B&B Routes (and other New Zealand B&B Routes), and international passenger travel more generally, there is likely to be competitive pressure to pass on cost efficiencies to consumers.

**COUNTERFACTUAL**

44 In the absence of the Proposed Conduct, the counterfactual scenario would be less effective competition against other carriers on the Key New Zealand B&B Routes and other New Zealand B&B Routes.

45 Without authorisation of the Proposed Conduct, the Parties would not extend the Second Amended JBA to include the New Zealand B&B Routes but would look to continue their existing codeshare and interline arrangements. BA notes that [

].

<sup>31</sup> [

]. [

]. [

].

].

- 46 This would mean that the customer benefits set out below at paragraphs 83 to 89 would not materialise.
- 47 The MoT and Commerce Commission (**Commission**) have acknowledged that co-ordination between airlines can result in:
- 47.1 benefits to consumers, for example, better access to connecting flights, the ability to earn and redeem frequent flyer points across the networks of both airlines,<sup>32</sup> and improved service quality,<sup>33</sup> and
- 47.2 synergies for airlines, enabling airlines to interface networks to provide seamless travel and share facilities and services. This can lead to reduced unit costs, allowing partners to take advantage of operational or cost economies, increased traffic density and economies of scope.<sup>34</sup>

## AIR PASSENGER SERVICES BETWEEN THE UK/EUROPE AND NEW ZEALAND

### UK/Europe-New Zealand

- 48 While the number of airline passengers on UK/Europe-New Zealand routes decreased significantly during the COVID-19 pandemic,<sup>35</sup> the aviation industry has recovered and passenger numbers are approaching pre-COVID-19 levels (although some routes remain below their pre-COVID-19 levels, notably London-Auckland, which is [10-20]%-[10-20]% below 2019 season levels for Winter 2023 and Summer 2024 respectively).<sup>36</sup> For the period October 2023 to October 2024, the total demand for air services between the UK/Europe and New Zealand was approximately 681,323 passengers. This figure comprises approximately 407,819 overseas visitors from Europe that travelled to New Zealand and 273,504 New Zealand residents that travelled from Europe to New Zealand.<sup>37</sup>
- 49 MoT has also previously acknowledged that the market for air services between New Zealand and Europe is very competitive by industry standards.<sup>38</sup>

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<sup>32</sup> MoT, *Air New Zealand / Cathay Pacific Alliance Re-authorisation: Ministry of Transport Analysis*, August 2019 at [13]. Available at: <https://www.transport.govt.nz/assets/Uploads/Report/2019-Cathay-Air-NZ-alliance-full-report.pdf>

<sup>33</sup> Commission, *Air New Zealand and Qantas Authorisation*, 23 October 2003 (**Air New Zealand/Qantas Authorisation**) at [179].

<sup>34</sup> At [176]-[179].

<sup>35</sup> For example, for the period October 2020 to October 2021 only 11,717 overseas visitors travelled from Europe to New Zealand (compared to 365,592 overseas visitors for the period October 2019 to October 2020). Stats NZ, *International travel: October 2021*, 13 December 2021. Available at: <https://www.stats.govt.nz/information-releases/international-travel-october-2021/>

<sup>36</sup> DDS data.

<sup>37</sup> Note overseas visitors' arrival data is measured by country of last permanent residence and New Zealand-resident traveller arrivals data is measured by main country visited. Stats NZ, *International travel: October 2024*, 13 December 2024. Available at: <https://www.stats.govt.nz/information-releases/international-travel-october-2024/>

<sup>38</sup> MoT, *Detailed analysis to support the report to the Minister of Transport: Application by Air New Zealand and Singapore Airlines for authorisation of a Strategic Alliance Agreement*, 28 July 2014 at [122]. Available at: <https://www.transport.govt.nz/assets/Uploads/Report/Final-Public-Version-of-Detailed-Analysis.pdf>



Currently 11 carriers<sup>39</sup> offer one-stop services to Europe through hubs in the Middle East, Southeast Asia, North America and Northern Asia,<sup>40</sup> and a further four carriers offer two-stop services to Europe.<sup>41</sup>

### **Other airlines on the UK/Europe-New Zealand routes**

- 50 The Parties are subject to competitive constraints from other carriers, including in many instances from other Gulf carriers, as well as Star and SkyTeam alliance airlines more generally on the UK/Europe-New Zealand routes.
- 51 UK/Europe-New Zealand routes are characterised by strong competition between Air New Zealand, Qantas and numerous, well-established mid-point carriers that offer services from hubs in Asia, the Middle East and the United States. Other codeshare carriers also represent a competitive constraint.

### **Air New Zealand**

- 52 Air New Zealand operates multiple daily indirect flights between Auckland and Europe, via one of the hubs in Asia or North America out of which the airlines with whom it has alliances or codesharing arrangements operate, including Cathay Pacific, Virgin Atlantic, United Airlines and Singapore Airlines.<sup>42</sup> It also offers a direct service between Christchurch and Singapore (operated by Singapore Airlines), which enables South Island customers to travel to Europe with only one stop.
- 53 Air New Zealand has invested significantly in its fleet, capacity and marketing in recent years,<sup>43</sup> and its extensive network of partnerships and agreements with airlines operating on the UK/Europe-New Zealand routes provides customers with greater access to competitive fares.
- 54 Air New Zealand also announced in November 2024 that it was “exploring options” for a possible return to London.<sup>44</sup> It has secured daily slots at London Gatwick Airport and is aiming to resume services in 2026, via Los Angeles.<sup>45</sup>

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<sup>39</sup> Singapore Airlines, Emirates, Cathay Pacific, QR, Malaysia Airlines, Korean Air, China Southern, China Eastern, Air China, United Airlines, and American Airlines.

<sup>40</sup> MoT, *Air New Zealand / Singapore Airlines Alliance Re-authorisation: Ministry of Transport Analysis*, September 2018. Available: <https://www.transport.govt.nz/assets/Uploads/Air/Documents/f39bdc014e/Full-report-September-2018.pdf> at [103].

<sup>41</sup> China Airlines, Thai Airways, Qantas and Delta Airlines (noting as of May 2024 this is a seasonal route, i.e. it does not operate during the northern hemisphere winter). See, for example: <https://www.businesstraveller.com/business-travel/2024/05/17/united-cancels-auckland-brisbane-flights-from-los-angeles/>

<sup>42</sup> Noting Air New Zealand will typically be the carrier for the Auckland leg of the overall route.

<sup>43</sup> See, for example, <https://www.airnewzealandnewsroom.com/press-release-2023-air-nz-attracting-offshore-visitors-with-expanded-capacity-and-fleet-investment>

<sup>44</sup> Grant Bradley, *Air New Zealand puts London flights back on the radar*, The New Zealand Herald, 18 November 2024. Available at: <https://www.nzherald.co.nz/business/companies/airlines/air-new-zealand-puts-london-flights-back-on-the-radar/APQUCIXJBNACLOZER4CVKU5JGQ/>

<sup>45</sup> Air New Zealand secured the Gatwick slots for summer 2025, but it has since emerged that Air New Zealand will be unable to use them due to aircraft availability issues. It has said summer 2026 is a more realistic timeline. See: <https://simpleflying.com/air-new-zealand-london-2026-via-los-angeles-787/>

**Qantas**

- 55 Qantas is Australia's largest carrier, operating multiple daily indirect flights from Auckland, Christchurch, Wellington and Queenstown via Australia and then onto London, via Singapore or Dubai.
- 56 It is also worth noting that:
- 56.1 Qantas launched non-stop flights between Perth and Paris in July 2024 (in addition to its non-stop flights from London to Perth,<sup>46</sup> and between Perth and Rome). Qantas' CEO has also recently expressed a desire to revive its Auckland-Perth route.<sup>47</sup> This would enable even more passengers to access Qantas' non-stop flights to Europe,
  - 56.2 in June 2023 Qantas launched non-stop flights from Sydney to New York, via Auckland, three times a week. Qantas also sells itineraries onto London in connection with alliance or codeshare partners,
  - 56.3 Qantas intends to launch non-stop flights from Sydney to London and New York in 2026,<sup>48</sup> and
  - 56.4 Qantas and Emirates entered into an alliance in 2013. Their combined network is one of the most comprehensive in the world. The two airlines cooperate on services on trans-Tasman routes, as well between Australia and the UK/Europe, the Middle East and Asia.<sup>49</sup>

**Mid-point carriers based in Asia**

- 57 The following mid-point carriers based in Asia also operate on the UK/Europe-New Zealand routes:
- 57.1 Singapore Airlines: currently operates services from Auckland and Christchurch to Europe, via Singapore. It has increased its passenger capacity to London with the introduction of a fifth daily London-Singapore service, compared to four frequencies in 2019.
  - 57.2 Cathay Pacific: currently operates services from Auckland and Christchurch to Europe, via Hong Kong.
  - 57.3 Malaysia Airlines: currently operates services from Auckland to Europe, via Kuala Lumpur.
  - 57.4 China Southern Airlines: currently operates services from Auckland and Christchurch to Europe, via Guangzhou.

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<sup>46</sup> As of 8 August 2024, Qantas has rerouted its non-stop Perth to London flight as a result of escalating tensions in the Middle East. The flight now makes a stop in Singapore. See, for example: <https://www.skynews.com.au/australia-news/qantas-temporarily-reroutes-nonstop-perth-to-london-service-as-tensions-between-israel-and-iran-reach-boiling-point/news-story/80a2830c2d88ab0b57182191d44a5562>

<sup>47</sup> See, for example: <https://www.stuff.co.nz/travel/350380671/qantas-about-muscle-another-air-new-zealand-route>

<sup>48</sup> See, for example: <https://www.qantas.com/gb/en/about-us/our-company/fleet/new-fleet/project-sunrise.html>

<sup>49</sup> For more information, see: <https://www.emirates.com/nz/english/travel-partners/qantas/> and <https://www.qantas.com/nz/en/qantas-experience/network-and-partner-airlines/emirates.html>

- 57.5 Thai Airways International: currently operates services from Auckland to Europe, via Sydney/Melbourne and Bangkok.
- 57.6 Korean Air: currently operates services from Auckland to Europe, via Seoul.
- 57.7 Air China: currently operates services from Auckland to Europe, via Beijing.
- 57.8 China Eastern Airlines: currently operates services from Auckland to Europe, via Shanghai, Hangzhou and Sydney.
- 57.9 China Airlines: currently operates services from Auckland to Europe, via Brisbane and Taiwan.
- 57.10 Hainan Airlines currently operates services from Auckland to Europe, via Hainan and Shenzhen.

***Mid-point carriers based in the Middle East***

- 58 The largest Middle East carrier operating on the UK/Europe-New Zealand routes is Emirates. Emirates operates daily services between Auckland and London via Dubai. It also offers two-stop services from Christchurch (via Australia and Dubai), and from Wellington (also via Australia and Dubai) through its alliance with Qantas.

***Mid-point carriers based in the United States***

- 59 Three mid-point carriers based in the United States also offer flights between New Zealand and Europe:
  - 59.1 United Airlines: currently operates daily services from Auckland and Christchurch to Europe, via Los Angeles and San Francisco.
  - 59.2 American Airlines: currently operates services between Auckland and Europe, via Dallas and Los Angeles.
  - 59.3 Delta Airlines: currently operates services from Auckland to Europe, via Los Angeles.

***Codeshare carriers***

- 60 A large number of carriers offer services between New Zealand and Europe by codesharing with other airlines, in addition to BA, including:
  - 60.1 Airlines based in Europe: Swiss International Airlines, Austrian Airlines, Virgin Atlantic, Finnair, Lufthansa and KLM Royal Dutch Airlines. Airlines based in the Middle East: Etihad Airways and Oman Air.
  - 60.2 Airlines based in Asia: All Nippon Airways and Sri Lankan Airlines.
  - 60.3 Airlines based in North America: Air Canada.

***Existing competitors are vigorous and effective***

- 61 The UK/Europe-New Zealand route is characterised by competitive behaviour that will not be lessened in any way as a result of the Proposed Conduct.

- 62 As set out above, the route is characterised by large, well-established carriers. As well as being vigorous competitors individually, these carriers have a number of codeshare and authorisation arrangements in place that pose a significant competitive constraint on individual carriers.
- 63 The Parties expect that competitors will continue the pro-competitive initiatives they have in place, including by taking advantage of efficiencies and enhanced offerings enabled by the creation of alliances.
- 64 Both the MoT and the Commission have recognised the competitive nature of long-haul services between New Zealand and Europe, including the UK.<sup>50</sup> The Commission noted that in relation to flights into Europe:<sup>51</sup>

Competition on international routes is strong with the presence of many large and fringe competitors. Many alternatives exist in flying to destinations in Europe, for instance Singapore Airlines, Thai Airways, Cathay Pacific and Emirates all operate extensive routes to Europe from their respective hubs in Singapore, Bangkok, Hong Kong and Dubai.

- 65 Further:
- 65.1 There is competition on the New Zealand B&B Routes via multiple hubs including Dubai, Bangkok, Singapore, Hong Kong and cities in the United States and China.
- 65.2 There are a large number of established carriers with the ability to expand their operations, including a number of Chinese airlines which have expanded services to New Zealand, such as China Southern Airlines, China Eastern Airlines and Air China, as well as other mid-point carriers who all have the ability to expand capacity between New Zealand and Europe.
- 65.3 There are very few barriers to entry or expansion on the New Zealand B&B Routes. Auckland Airport continues to expand, upgrade and integrate its international and domestic terminal and other facilities, to accommodate a forecast growth to 40 million passengers per year (from its current 16 million).<sup>52</sup> Air Service Agreements (**ASAs**) are generally not a barrier to entry for international airlines who wish to fly into New Zealand.
- 66 We summarise below some examples of initiatives implemented by other airlines to attract travellers to and from New Zealand.

### ***Qantas and Emirates***

- 67 As mentioned above at paragraph 56.4, the Qantas/Emirates alliance has created one of the most comprehensive networks in the world. Customers can purchase either a Qantas ticket or an Emirates ticket and access any of the alliance's codeshare flights, resulting in greater combinability and choice.

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<sup>50</sup> Air New Zealand/Qantas Authorisation at [833].

<sup>51</sup> *ibid*, at [833].

<sup>52</sup> Airport Technology, *Auckland Airport International Terminal Expansion*. Available at: <https://www.airport-technology.com/projects/auckland-airport-international-terminal-expansion/>. See also: <https://infrastructurepipeline.org/project/auckland-airport-expansion>

Notably, the alliance gives customers access to 74 destinations served by Qantas but not Emirates (including Wellington and Queenstown), and 67 destinations in the UK/Europe and the Middle East and Northern Africa that are served by Emirates but not Qantas. As a result, the Qantas-Emirates alliance holds the largest passenger share of any carrier or alliance between New Zealand and Europe (noting its share of passenger flows on these routes increased from [30-40]%-[30-40]% in S19/W19 to [30-40]%-[30-40]% in W23/24).

- 68 Emirates has also expanded its operations in Australia in recent years, including adding a second daily service between Brisbane and Dubai, and Perth and Dubai.<sup>53</sup> This provides additional options to New Zealand passengers connecting to these services from trans-Tasman services operated by Qantas and Emirates, including those passengers intending to take a further connection to one of the 20 or more European countries to which Emirates flies.<sup>54</sup>
- 69 Qantas and Emirates expect the number of available destinations to increase in the coming years as routes suspended during the COVID-19 pandemic recommence and growth plans resume.<sup>55</sup>

#### ***Air New Zealand and Singapore Airlines***

- 70 In January 2015 Air New Zealand and Singapore Airlines entered into an alliance, which was re-authorized on 20 February 2024. Through the alliance Singapore Airlines and Air New Zealand operate 28 weekly frequencies between New Zealand (Auckland and Christchurch) and Singapore in the summer season, and 36 weekly frequencies in the winter season. This is an increase of two weekly frequencies in summer and 6 weekly frequencies in winter compared to S19/W19 (all of which are on the Auckland-Singapore route). Going forward Singapore Airlines intends to upgrade its services between Auckland from an A350 to an A380 and introduce an additional three services each week between Christchurch and Singapore.<sup>56</sup>
- 71 The alliance has resulted in increased capacity and passenger volumes between New Zealand and Singapore, and provided Air New Zealand customers with greater choice and flexibility of schedules in flying to the UK and Europe via Singapore.<sup>57</sup> The alliance's passenger share of New Zealand to Europe flows has increased from [20-30]%-[20-30]% in S19/W19 to [20-30]%-[20-30]% in W23/S24. It holds the second largest passenger share of

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<sup>53</sup> See, for example: <https://www.emirates.com/media-centre/emirates-ramps-up-operations-in-australia/>

<sup>54</sup> See, for example: <https://www.emirates.com/nz/english/about-us/our-communities/our-global-presence/emirates-and-the-eu/>

<sup>55</sup> Qantas/Emirates, *Application for Re-authorization*, 28 November 22, at [1.14]. Available at: <https://www.transport.govt.nz/assets/Uploads/PUBLIC-VERSION-QF-EK-SUBMISSION-TO-MOT-28-NOVEMBER.pdf>

<sup>56</sup> Air New Zealand/Singapore Airlines, *Application to the Minister of Transport pursuant to Part 9 of the Civil Aviation Act 1990 for authorisation of the Air New Zealand and Singapore Airlines Strategic Alliance*, 31 July 2023, at [1.5(b)]. Available at: [https://www.transport.govt.nz/assets/Uploads/PUBLIC-VERSION\\_2023-NZ-SQ-Application.pdf](https://www.transport.govt.nz/assets/Uploads/PUBLIC-VERSION_2023-NZ-SQ-Application.pdf)

<sup>57</sup> Air New Zealand operates Boeing 777 aircraft between Auckland and Singapore. On the same route, Singapore Airlines operates Airbus 350 aircraft. Singapore Airlines also operates Airbus 350 aircraft between Singapore and Christchurch year round. See: <https://www.airnewzealand.com.sg/alliance-partners-singapore-airlines>

any carrier or alliance between New Zealand and Europe, only behind the Emirates-Qantas alliance.<sup>58</sup>

- 72 In addition, codeshare flights on the Singapore Airlines and Scoot networks give Air New Zealand customers access to more than 75 destinations around the world, including 15 destinations in Europe.<sup>59</sup>
- 73 The Air New Zealand/Singapore alliance offers a one-stop service from Auckland and Christchurch to London via Singapore. This means that customers wishing to fly to London on Air New Zealand have a choice of flying either via Los Angeles or Singapore.

#### **Continuing expansion of Chinese airlines**

- 74 Following the COVID-19 pandemic, the various Chinese airlines have rapidly expanded in Europe and restored their capacity in the majority of markets, including New Zealand. For routes between the UK and New Zealand, the passenger share held by Chinese carriers has increased from an average of [0-10]%-[0-10]% across S19/W19 to [0-10]%-[0-10]% across W23/S24.<sup>60</sup>
- 75 China Southern also announced in May 2024 that it would increase its services between Christchurch and Guangzhou to five times a week,<sup>61</sup> meaning greater numbers of New Zealand passengers will have access to this route, including the option of connecting onto a Europe-bound flight.

#### **Customers have the ability to completely bypass the Parties**

- 76 Clearly, New Zealand travellers have significant choice in how to fly from New Zealand to the UK/Europe. Customers can completely bypass the Parties.

#### **The New Zealand B&B Routes are highly contestable**

- 77 The Parties will remain constrained by the threat of new entry and expansion as a result of New Zealand's bilateral "open skies"-focused ASAs with certain countries.
- 78 As the Commission has acknowledged, in negotiating ASAs, New Zealand has a preference for "Open Skies" agreements.<sup>62</sup> There are no restrictions imposed from the New Zealand side of the ASA negotiations on which airports may be serviced; its approach is to leave the choice to the foreign airline's commercial assessment, although sometimes the foreign government specifies the airport to be used.<sup>63</sup>
- 79 Although the provisions of the "Open Skies" agreements vary from arrangement to arrangement, such agreements generally permit unrestricted services by the airlines of the countries involved to, from and beyond the

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<sup>58</sup> For further information, see sheet 5 ("5. Alliances") of **Appendix B**.

<sup>59</sup> Singapore Airlines, *Where we fly*. Available: [https://www.singaporeair.com/en\\_UK/us/plan-travel/destinations/where-we-fly/](https://www.singaporeair.com/en_UK/us/plan-travel/destinations/where-we-fly/)

<sup>60</sup> See sheet 4 ("4. Chinese carriers") of **Appendix B**.

<sup>61</sup> See: <https://www.christchurchairport.co.nz/about-us/who-we-are/media/2024/china-southern-airlines-confirms-return-to-christchurch/>

<sup>62</sup> Air New Zealand/Qantas Authorisation at [145].

<sup>63</sup> *ibid*, at [144].

other's territories, without prescribing where carriers fly, the number of flights they operate and the prices they charge.<sup>64</sup>

- 80 New Zealand's liberalised air services agreements with other countries make it likely that the Parties will remain constrained by the prospect of new entry and expansion (including by low-cost carriers).

## **PUBLIC BENEFITS**

### **The Proposed Conduct will increase competition**

- 81 It is well established that the enhancements to the product and service offerings enabled by the creation of an alliance have the potential to trigger a competitive response from rival airlines, having regard to the varying competitive conditions across the relevant markets.<sup>65</sup>
- 82 The Proposed Conduct will increase competition by making the Parties each more effective competitors against other Gulf carriers and joint businesses.

### **Passengers will enjoy more compelling travel options**

- 83 The Proposed Conduct will allow the Parties to offer customers more compelling and competitive travel options than each is able to offer currently, such as by adjusting schedules to offer more convenient connection times.
- 84 During the five-year authorisation, the Parties have:
- 84.1 increased London-Doha "trunk" capacity, and
  - 84.2 increased cross-selling through the more compelling options offered together.

### **Increased London-Doha "trunk" capacity**

- 85 BA and QR have co-ordinated the planning and optimisation of the London-Doha schedule to provide more compelling options for customers connecting to and from New Zealand. As set out below, the capacity growth has continually outpaced the growth in point-to-point traffic during the five-year authorisation, showing the significant increase in capacity has been driven by improved connectivity rather than demand for point-to-point traffic:
- 85.1 BA and QR began coordinating London-Doha capacity in 2016, with 2016 capacity averaging [80-90] weekly non-stop frequencies and [30,000-40,000] weekly seats,
  - 85.2 by 2019, this increased to [130-140] weekly frequencies and [40,000-50,000] weekly seats – an increase of [50-60]% and [40-50]% respectively compared to 2016. In the same time period, London-Doha point-to-point passenger traffic increased by [20-30]%, and
  - 85.3 by 2024, this increased to [150-160] weekly frequencies and [40,000-50,000] weekly seats – an increase of [70-80]% and [50-60]%

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<sup>64</sup> *ibid*, at [145]. Further information about New Zealand's ASAs is available at: <https://www.transport.govt.nz/about-us/what-we-do/queries/new-zealands-air-services-agreements>

<sup>65</sup> ACCC, *Determination on Qantas/Emirates alliance (Authorisation numbers A91332 and A91333)*, 27 March 2013, p 58.

respectively against 2016. In the same time period, London-Doha point-to-point passenger traffic increased by [40-50]%. By comparison, in the same time period, London-Doha transfer traffic increased by [100-110]%.

***Increased cross-selling through the more compelling options offered together***

- 86 On its own, BA currently offers itineraries from London to Auckland with Air New Zealand, Cathay Pacific, Malaysia Airlines, and Qantas via several different cities. The BA/QR partnership enables BA to offer QR's services via Doha and the Parties are able to create a more compelling option through schedule coordination, fare combinability and elimination of double marginalisation via the metal-neutral benefit sharing arrangement.
- 87 Below is a summary of the BA sales on QR's New Zealand (Auckland) route over the past 8 years and since the original authorisation, demonstrating that an increasing number of customers are enjoying the more compelling options that BA/QR are able to provide together:
- 87.1 in 2016 and 2017, BA did not commercially sell QR's Auckland services and, as a result, the number of BA-sold passengers travelling on QR-operated services to Auckland was close to zero at this time ([0-10] in 2016 and [20-30] in 2017),
- 87.2 in 2019, this significantly increased to [10,000-20,000] passengers, or [10-20] passengers per day each way (**PDEW**), following the implementation of BA codeshare on QR's services,
- 87.3 for the period September 2022 to August 2023, when QR operated one-stop via Australia, BA-sold passengers on QR's Auckland service averaged [0-10] PDEW, and
- 87.4 for the most recent 12 months (November 2023 to October 2024),<sup>66</sup> BA-sold passengers on QR's direct Doha-Auckland service average [10-20] PDEW. Comparing the same time period to 2019, the UK-New Zealand passenger market size has declined by [20-30]% (DDS data). Therefore, adjusting for the market size, the number of BA-sold customers travelling on QR to Auckland as a proportion of the total UK-New Zealand market has increased by [20-30]% compared to 2019.

**Passengers will enjoy improved customer service**

- 88 Passengers travelling on the Key New Zealand B&B Routes (and other New Zealand B&B Routes) will have the benefit of the following as a result of the Proposed Conduct:
- 88.1 seamless journeys when connecting between the Parties on indirect services through enhanced customer support in London and Doha and enhanced lounge access (such as access to arrival lounges, which are

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<sup>66</sup> Note October 2024 is the end of the most recent summer season (with the winter season commencing on the last Monday of October). [

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beyond **oneworld's** standard access policies, and transfer lounges for connecting customers),

- 88.2 seamless booking and check-in on either Party's website,
  - 88.3 enhanced access to both Parties' frequent flyer programmes beyond what is offered through **oneworld**, including enhanced loyalty offerings and more options to earn/use points, aligned benefits gained from different loyalty programmes, improved availability of redemption classes and access to promotions and special offers in the Parties' combined networks,
  - 88.4 fare combinability leading to a greater number of frequency choices for passengers,
  - 88.5 the ability to select seats via "Manage my booking" on the ticketing airline's website for partner-operated services. The Parties are currently working on a proof of concept to develop this functionality, and
  - 88.6 further enhancements to the baggage handling, pre-travel communications and first contact resolution initiatives discussed below in paragraph 89.
- 89 During the five-year authorisation, passengers have enjoyed the following improvements in customer service:
- 89.1 **baggage handling:** BA, IB, and QR are coordinating to improve baggage handling services at Doha airport to reduce the number of mishandled bags through improved processes and operational data sharing. This initiative has been ongoing since mid-2024 and the number of mishandled bags per 1,000 customers has now decreased for three consecutive months (from [30-40] per 1,000 customers in July 2024, to [20-30] per 1,000 customers in October 2024). Efforts are ongoing to reduce this further, including implementing a new initiative that if a customer's bag misses the flight, the bag will be placed on the next flight, regardless of whether the flight is operated by BA, QR, or IB. As this is a large project involving both data sharing and cooperation between the Parties' respective operational teams, further improvements are likely to require work beyond the current authorisation period,
  - 89.2 **transfer experience:** BA have also implemented a seamless transfer experience in Doha, whereby BA customers can be serviced by any QR desk in the connections area, rather than dedicated BA connections desks, which could often become congested following the arrival of a BA flight. In addition, for customers using the Doha airport's landside departures area (e.g. stopovers), BA and IB are working with Hamad International Airport (**HIA**) to implement new signage to better signpost to customers travelling in Premium cabins or eligible Frequent Flyer Programme (**FFP**) members that they are able to use QR's Premium check-in facility. This is expected to be implemented in Q1 of 2025,

- 89.3 **pre-travel communications:** following coordination between the teams, QR has recently updated its “hand-off” emails to QR-ticketed customers travelling on BA-operated services at 72 hours before departure and check-in emails to BA-ticked customers travelling on QR-operated services at 48-24 hours before departure. QR and IB have also gone live for pre-travel communications for QR and IB-ticketed customers travelling on BA/QR-operated services. Work is ongoing for pre-travel communications for BA-ticketed customers travelling on QR and IB-operated services, although this may be completed prior to the end of the current authorisation period. Previously, as is the norm with many airlines, the communications process between ticketing airline and operating airline for flights operated by a partner airline were not aligned, resulting in the customer either receiving communications from both airlines or neither of the airlines. This new process gives customers more clarity about their journey at the pre-travel stage and advises how they can service their booking. In addition, updates to “Manage my booking” on QR’s website were completed in 2024, better explaining who is operating a customer’s journey and directing customers to operating carrier webpages where appropriate,
- 89.4 **seating selection:** updates to “Manage my booking” on BA’s website were completed in 2024, explaining how to book seats on partner metal (this is intended to bridge the gap until seat selection functionality is live),
- 89.5 **meal preferences:** from December 2024, QR-ticked customers travelling on BA-operated services are able to book special meals via “Manage my booking” on QR’s website. BA is currently working to improve the links in the “Manage my booking” of BA’s website to help customers better navigate meal preferences with links to QR’s FAQs,
- 89.6 **first contact resolution:** previously, as is the norm with many airlines, customers calling an airline to service a partner-operated sector would sometimes be advised to contact the operating airline. Similarly, the operating airline would sometimes advise the customer to contact the ticketing airline. This resulted in the customer making several phone calls without being able to make their desired changes. BA and QR have recently implemented “First-contact resolution” whereby customers contacting the airline’s engagement centres are supported (wherever possible) by the first courier they contact. BA and QR are in the midst of building ‘call pass through’ technology, which is likely to be implemented within the current authorisation period. This will mean that, in instances where the customer cannot be supported by the first carrier they contact, that carrier will pass the customer through to the operating carrier without them needing to re-dial. BA and QR are also continuing to update their policies to further improve contact centre processes and enable engagement centre staff to perform actions on partner-operated sectors that they are not able to perform today, noting these improvements are likely to require work beyond the current authorisation period in order to be fully implemented, and

89.7 **Frequent Flyer programmes:** QR adopted Avios,<sup>67</sup> the loyalty currency offered by BA and IB through IAG Loyalty, in March 2022. As a result, the **QJB** is the first passenger joint business to have a common loyalty currently across the airlines. This enables customers of the British Airways Executive Club, Iberia Plus, and Qatar Airways Privilege Club, to combine their Avios balances across the three programmes for free, opening up more opportunities for customers to collect and redeem with Avios partners across the globe. [

]. The Parties have also run promotional campaigns offering double Avios for bookings made by customers on either carrier's website on qualifying routes operated by the Parties.<sup>68</sup>

### The Proposed Conduct will result in efficiencies

90 The Parties expect the Proposed Conduct will potentially allow them to generate efficiencies across the Key New Zealand B&B Routes (and other New Zealand B&B Routes), leading to lower average per-passenger costs. Strong competition from other major airlines and alliances means there is likely to be an incentive to pass on cost efficiencies. As explained in the Previous Application, there is overwhelmingly strong empirical evidence of the pro-consumer price effects of metal-neutral joint businesses. In 2017, Compass Lexecon published a comprehensive worldwide study of international airline cooperation, analysing airline passenger, capacity, and fare data over a 17-year period.<sup>69</sup> The study shows that revenue-pooling joint businesses are "strongly procompetitive, generating lower fares on connecting routes and increased traffic on segments served by multiple alliance partners, with no associated increase in non-stop fares where partner airlines have overlapping operations".<sup>70</sup> An analysis conducted by Brueckner and Singer for the United States Department of Transportation further confirmed these pro-competitive

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<sup>67</sup> IAG Loyalty, *Media release: Qatar Airways Privilege Club adopts Avios as its new rewards currency starting late March* (9 August 2022). Available at: <https://www.iagloyalty.com/news-insights/qatar-airways-privilege-club-adopts-avios-as-its-new-rewards-currency-starting-late-march>

<sup>68</sup> See, for example, QA webpage: <https://www.qatarairways.com/en/Privilege-Club/qatar-airways-offers/offerDetails.qatar-airways-offers.2411PC063.html?cid=EMALL394390> (Last accessed 8 January 2025).

<sup>69</sup> Robert J Calzaretta Jr, Yair Eilat, and Mark A Israel "Competitive Effects of International Airline Co-operation" (2017) 13(3) *Journal of Competition Law & Economics* 501. Available at: <https://doi.org/10.1093/joclec/nhx016>. The article is provided at **Appendix L**.

<sup>70</sup> At 530.

fare effects (in relation to connecting markets).<sup>71</sup>The Parties envisage deriving the following efficiencies from the Proposed Conduct.

***Elimination of double-marginalisation***

- 91 The Proposed Conduct will prevent double-marginalisation on the Key New Zealand B&B Routes.
- 92 In competitive arm's length arrangements, the Parties individually set prices on the portion of the itinerary where they operate their own aircraft and maximise their own mark-up based on the demand on that portion of the passenger's journey. However, this pricing fails to take into account the demand for the overall itinerary and has the potential to result in higher fares and suboptimal capacity utilisation.
- 93 By comparison, the co-operative pricing arrangement under the Second Amended JBA will allow each of the Parties to take into account the effect of its pricing on the overall demand for the itinerary, removing double-marginalisation and consequently having the potential to reduce fare levels and improve capacity utilisation.

***Other efficiencies***

- 94 Further, the Second Amended JBA is expected to allow the joint utilisation of the marketing and distribution strength of each Party, particularly in their home markets (London in the case of BA, Doha in the case of QR, and Madrid in the case of IB), enabling better promotion of their services.
- 95 Combined passenger feed means that new routes and frequencies reach acceptable load factors earlier than would be the case for each carrier operating individually, providing the potential to increase capacity.
- 96 The Proposed Conduct allows the Parties to improve efficiencies by benefitting from:
- 96.1 economies of scope by spreading head office, marketing, IT and distribution costs over a greater number of destinations serviced,
  - 96.2 more efficient and effective brand exposure, marketing budget allocation and sales impact. The ability to co-operate and openly discuss strategy is integral to both short-term tactical decisions to promote services to specific destinations and to broader joint marketing and promotional activity,
  - 96.3 economies of density as a result of the Parties being able to increase load factors on the Key New Zealand B&B Routes and consequently reduce average cost per seat sold, and
  - 96.4 cost savings from various areas of invariable costs including, but not limited to, marketing and sales and scheduling.

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<sup>71</sup> Jan K Brueckner and Ethan Singer "Pricing by International Airline Alliances: A Retrospective Study Using Supplementary Foreign-Carrier Fare Data" revised February 2019, available at: [http://www.socsci.uci.edu/~jkbrueck/DOT\\_study.pdf](http://www.socsci.uci.edu/~jkbrueck/DOT_study.pdf)

- 97 The Second Amended JBA will allow the Parties to better compete to win share from competitors such as the other global alliances, the Gulf carriers and other carriers. In light of the strong competition on relevant routes, there is likely to be pressure to pass on cost efficiencies.

## NO ADVERSE IMPACT ON CONSUMERS

### The effect on competition will be minimal

- 98 The Key New Zealand B&B Routes that are the focus of this application are serviced by QR using its own planes, but BA only services the Key New Zealand B&B Routes through competitive codeshare or interline arrangements with third-party airlines and has a very low share of supply on the routes. Accordingly, the effect on competition will be minimal (regardless of Air New Zealand's presence or otherwise on the relevant routes).

### The incremental increases in shares of supply will not be significant

- 99 Table 1 below shows the incremental increases in share of supply on the Key New Zealand B&B Routes for time-sensitive, non-time sensitive and all passengers that will result from the Proposed Conduct (noting more detailed tables that include data for the Parties' individual shares of supply are set out in Schedule 1). It is clear that the incremental increase in shares brought about by the Proposed Conduct will be small, irrespective of how passengers are segmented.

- 100 Table 1 has been prepared based on the information contained in **Appendix B**, which contains a detailed breakdown of passenger shares (as well as passenger volumes) for each of the Key New Zealand B&B Routes.<sup>72</sup>

**Table 1: Incremental increases in shares of supply on the Key New Zealand B&B Routes**

Route	Share of supply increment - passengers		
	Time-sensitive <sup>73</sup>	Non-time Sensitive <sup>74</sup>	All passengers
London-Auckland	[0-10]%-[0-10]%	[0-10]%-[0-10]%	[0-10]%-[0-10]%
London-Christchurch	[0-10]%	[0-10]%-[0-10]%	[0-10]%-[0-10]%
Frankfurt-Auckland	[0-10]%	[0-10]%	[0-10]%
Paris-Auckland	[0-10]%	[0-10]%	[0-10]%
Amsterdam-Auckland	[0-10]%	[0-10]%-[0-10]%	[0-10]%
Manchester-Auckland	[0-10]%-[0-10]%	[0-10]%-[0-10]%	[0-10]%-[0-10]%

<sup>72</sup> Please refer to sheets 1-3 and 6-12. Note this data is sourced from DDS – refer to footnote 14 above.

<sup>73</sup> "Time Sensitive" passengers are passengers predominantly interested in reaching their destination in the shortest possible time and purchase tickets with a high level of flexibility and with fewer restrictions on changing their itineraries. They are mainly (but not exclusively) travelling on business. Time-sensitive passengers are mapped to the following service classes: first class, business class and premium/full economy class (referred to in **Appendix B** as "Premium" customers).

<sup>74</sup> "Non-Time Sensitive" passengers are passengers prepared to accept longer journey times and are more price-sensitive. They are mainly (but not exclusively) those travelling for leisure. Non-time sensitive passengers are mapped to following service classes: discounted economy class and other classes (referred to in **Appendix B** as "Non-premium" customers).

Route	Share of supply increment - passengers		
	Time-sensitive <sup>73</sup>	Non-time Sensitive <sup>74</sup>	All passengers
London-Wellington	[0-10]%-[0-10]%	[0-10]%-[0-10]%	[0-10]%-[0-10]%

### Competitive constraints on the Key New Zealand B&B Routes

- 101 As can be seen from the data provided in sheets 6-12 of **Appendix B**, which provide detailed data and shares for the summer and winter seasons 2022-2024, inclusive, on the Key New Zealand B&B Routes, the Parties will continue to face vigorous competition from other carriers. This will continue to be the case following Air New Zealand's withdrawal from the route in October 2020.
- 102 Although **Appendix B** contains data from 2020-2021, that data has not been relied on in preparing this application, given the impact of Covid-19 at that time.
- 103 More detailed breakdowns, including information about other airlines/alliances' shares of supply, for each of the Key New Zealand B&B routes are included in **Appendix B**.

### London-Auckland

- 104 The incremental increase in share of supply resulting from the Proposed Conduct on the London-Auckland route will be small – [0-10]%-[0-10]% if time-sensitive passengers are considered separately, [0-10]%-[0-10]% for non-time sensitive passengers and [0-10]%-[0-10]% for all passengers. This is due to BA's very limited presence on this route and the fact IB's market share is [0-10]%.
- 105 QR resumed its non-stop Doha-Auckland services in September 2023 (i.e., shortly prior to W23 commencing). In W23, QJB passenger share increased compared to W19 because QR operated the same amount of capacity in W23 and W19, but the passenger demand had decreased by [10-20]%,<sup>75</sup> meaning that carrying the same number of passengers drives a higher passenger share. BA's passenger share remains comparable to W19.
- 106 QR's presence, if aggregated with BA's, would continue to be relatively limited at [10-20]%-[20-30]% if time sensitive passengers are considered separately, [0-10]%-[20-30]% for non-time sensitive passengers and [10-20]%-[20-30]% for all passengers. The route is relatively fragmented, with no one airline being a clear leader in terms of its share of the route.
- 107 Other airlines have made material gains in passenger share compared to W19. This includes China Southern (CZ), American Airlines (AA), Delta (DL), and Malaysia Airlines (MH). Whereas Thai Airways (TG) have exited the market and both Cathay Pacific (CX) and Korean Air (KE) have lost share as they need to avoid the Russian/Siberian airspace, which makes the routing via East-Asia less competitive. By comparison, Chinese airlines such as CZ and China Eastern, which currently overfly Russian/Siberian airspace, have gained share compared to W19.

<sup>75</sup> DDS data.

- 108 In S24, QJB passenger share increased compared to 2019, because QR operated the same amount of capacity in S24 compared to S19, but the passenger demand deflated by [10-20]%,<sup>76</sup> meaning that carrying the same number of passengers drives a higher passenger share.
- 109 QR's share, aggregated with BA's, would be exceeded by several other airlines for non-time sensitive passengers and all passengers. For time sensitive passengers, several competitors would have comparable shares of supply with QJB's [10-20]%-[20-30]% – Emirates has a share of [20-30]%-[30-40]%, Singapore Airlines has a share of [20-30]%-[30-40]%, and Air New Zealand has a share of [0-10]%-[0-10]%.
- 110 For non-time sensitive passengers, several airlines would have comparable shares of supply with QR and BA's aggregated shares of [0-10]%-[20-30]%. Emirates has a share of [10-20]%-[20-30]%, Singapore Airlines has a share of [10-20]%-[20-30]%, and Air New Zealand has a share of [0-10]%-[20-30]%.
- 111 In terms of total passengers, QR and BA's aggregated share would be [0-10]%-[20-30]%. However, several competitors would have higher or comparable shares of supply – Emirates has a share of [10-20]%-[20-30]%, Singapore Airlines has a share of [10-20]%-[30-40]%, and Air New Zealand has a share of [0-10]%-[10-20]%.
- 112 Accordingly, the Parties will continue to be constrained by competition on the London-Auckland route from other airlines, including in particular, Emirates, Singapore Airlines, and Air New Zealand.

### **London-Christchurch**

- 113 The incremental increase in share of supply resulting from the Proposed Conduct on the London-Christchurch route will be minimal – [0-10]% if time sensitive passengers are considered separately, [0-10]%-[0-10]% for non-time sensitive passengers, and [0-10]%-[0-10]% for all passengers. This is due to the QR and BA's very limited presence on the route, and the fact IB's market share is [0-10]%.
- 114 QJB W23 passenger share remained comparable to W19 at approximately [0-10]%. In S24, BA's passenger share on the route increased to [0-10]%, however the QJB passenger share remained in single digits at approximately [0-10]%. The increase in BA's share in S24 was driven by an increase in connections from BA's London-Sydney service to local partners. [
- ].
- 115 The Parties will continue to be constrained by competition on the London-Christchurch route, particularly by Singapore Airlines, Emirates, Qantas, and Air New Zealand. In terms of total passengers, Singapore Airlines has a share of [50-60]%-[60-70]%, Emirates has a share of [0-10]%-[20-30]%, Air New Zealand has a share of [0-10]%-[0-10]%, and Qantas has a share of [0-10]%-[0-10]%.

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<sup>76</sup> DDS data.

**Frankfurt-Auckland**

- 116 The Proposed Conduct [ ] on the Frankfurt-Auckland route. This is the case for time sensitive passengers, non-time sensitive passengers, and all passengers. BA's presence on this route is very limited ([ ]), and the fact that IB's market share is [0-10]%.
- 117 QR will continue to be constrained by competition on the Frankfurt-Auckland route, particularly by Singapore Airlines, Emirates, and Air New Zealand. In terms of total passengers, Singapore Airlines has a share of [20-30]%-[30-40]%, Emirates has a share of [10-20]%-[20-30]%, and Air New Zealand has a share of [0-10]%-[10-20]%.

**Paris-Auckland**

- 118 The Proposed Conduct [ ] on the Paris-Auckland route. This is the case for time sensitive passengers, non-time sensitive passengers, and all passengers. BA's presence on this route is very limited ([ ]), and the fact that IB's market share is [0-10]%.
- 119 QR will continue to be constrained by competition on the Paris-Auckland route, particularly by Emirates, Singapore Airlines, and Air New Zealand. In terms of total passengers, Emirates has a share of [20-30]%-[30-40]%, Singapore Airlines has a share of [10-20]%-[10-20]%, and Air New Zealand has a share of [0-10]%-[10-20]%.

**Amsterdam-Auckland**

- 120 The incremental increase in share of supply resulting from the Proposed Conduct on the Amsterdam-Auckland route will be minimal – [ ] if time sensitive passengers are considered separately, [0-10]%-[0-10]% for non-time sensitive passengers, and [0-10]%-[0-10]% for all passengers.
- 121 This is due to the Parties' very limited presence on the route. BA operated only S22 and W22 for non-time sensitive passengers, QR operates the route but with a small share of supply, and IB's market share is [0-10]%.
- 122 QR will continue to be constrained by competition on the Amsterdam-Auckland route, particularly by Emirates, Singapore Airlines, and Air New Zealand. In terms of total passengers, Emirates has a share of [10-20]%-[30-40]%, Singapore Airlines has a share of [10-20]%-[20-30]%, and Air New Zealand has a share of [0-10]%-[10-20]%.

**Manchester-Auckland**

- 123 The incremental increase in share resulting from the Proposed Conduct on the Manchester-Auckland route will be minimal - [0-10]%-[0-10]% for time sensitive passengers, [0-10]%-[0-10]% for non-time sensitive passengers, and [0-10]%-[0-10]% for all passengers.
- 124 While QR, combined with BA, would have a share of [20-30]%-[40-50]% if time sensitive passengers were considered separately, [10-20]%-[30-40]% for non-time sensitive passengers and 10-40% for all passengers, the aggregation is limited, given BA's very limited presence on this route and the fact IB's market share is [0-10]%.



- 125 Emirates surpasses QR with higher shares. For time sensitive passengers, Emirates has a share of [30-40]%-[50-60]%, for non-time sensitive passengers Emirates has a share of [30-40]%-[50-60]%, and for all passengers Emirates has a share of [40-50]%-[50-60]%. Singapore Airlines and Air New Zealand also have material passenger shares. In terms of all passengers, Singapore Airlines has a share of [0-10]%-[10-20]%, and Air New Zealand has a share of [0-10]%-[0-10]%.  
 126 Accordingly, the Parties will continue to be constrained by competition on the Manchester-Auckland route from other airlines and, in particular, Emirates.

### **London-Wellington**

- 127 The incremental increase in share resulting from the Proposed Conduct on the London-Wellington route will be small – [0-10]%-[0-10]% for time sensitive passengers, [0-10]%-[0-10]% for non-time sensitive passengers, and [0-10]%-[0-10]% for all passengers.  
 128 While BA, combined with QR, would have a share of [0-10]%-[10-20]% if time sensitive passengers were considered separately, [0-10]%-[10-20]% for non-time sensitive passengers, and [0-10]%-[10-20]% for all passengers, the aggregation is limited, given QR's limited presence on this route and the fact IB's market share is [0-10]%.  
 129 BA will continue to be constrained by competition on the London-Wellington route, particularly by Singapore Airlines, Emirates, Air New Zealand, and Qantas. In terms of total passengers, Singapore Airlines has a share of [20-30]%-[40-50]%, Emirates has a share of [10-20]%-[20-30]%, Air New Zealand has a share of [0-10]%-[10-20]%, and Qantas has a share of [0-10]%-[10-20]%.  
 130 In considering whether to grant authorisation for the Proposed Conduct under s 88 of the Act, ss 88(3) and (4) provide specific reasons for the Minister to decline to authorise.

## **NO LEGAL REASONS FOR THE MINISTER TO REFUSE TO AUTHORISE THE PROPOSED CONDUCT**

### **Introduction**

- 130 In considering whether to grant authorisation for the Proposed Conduct under s 88 of the Act, ss 88(3) and (4) provide specific reasons for the Minister to decline to authorise.  
 131 In its Final Report, MoT accepted that:  
 131.1 the proposed arrangements would not affect compliance with the relevant international agreements for the purposes of s 88(3),<sup>77</sup> and  
 131.2 no provisions in the proposed codeshare agreement or in relevant sections of the First Amended JBA fell within any of the prohibitions in s 88(4).<sup>78</sup>  
 132 The Parties do not consider there have been any material changes to the Proposed Conduct since the Previous Application that would warrant MoT

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<sup>77</sup> Final Report, at [28].

<sup>78</sup> At [44].

reaching a different conclusion in this application. But the Parties briefly comment below on each of these sections.

### **No infringement of section 88(3)**

133 The Minister's authorisation of the Proposed Conduct will not prejudice New Zealand's compliance with any relevant international conventions, agreements or arrangements. Conventions and agreements that may be relevant include:

133.1 the ASA between New Zealand and the UK,

133.2 the ASA between New Zealand and Spain (as adapted by the Agreement between the European Community and New Zealand on certain aspects of air services),<sup>79</sup> and

133.3 the ASA between New Zealand and Qatar.

### **ASA between New Zealand and the UK**

134 Article 18 of the ASA between New Zealand and the UK provides that:<sup>80</sup>

The airlines of each Contracting Party may, subject to applicable laws and regulations governing competition, enter into code-sharing or other co-operative marketing arrangements with any other airline or carrier, whether as an operating airline or marketing airline, provided that:

- i. each flight forming part of a service to which the arrangements apply is operated by an airline entitled to operate that flight;
- ii. none of the airlines concerned holds out service for the carriage of local traffic between any two points unless it is entitled to operate and carry local traffic between these points in its own right;
- iii. in respect of each ticket sold, the purchaser is informed at the point of sale which airline will operate each sector of the service.

135 The Proposed Conduct will clearly meet the criteria described under Article 18 of the ASA. The ASA expressly contemplates codesharing arrangements of the type sought in this application and therefore any authorisation cannot be said to prejudice compliance with that agreement.

### **ASA between New Zealand and Spain**

136 Clause 1 of the Route Schedule contained in the Annex to the ASA between New Zealand and Spain allows airlines designated by New Zealand to operate

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<sup>79</sup> MoT, *New Zealand's air service agreements*. Available: <https://www.transport.govt.nz/air/internationalairservices/newzealandsairserviceagreements/> ASAs contain provisions on traffic rights (the routes planes fly and the cities served), capacity (the number of flights and passengers), the number and ownership of airlines operating between countries and the prices involved (including any tariffs imposed). For further information see: <https://www.productivity.govt.nz/sites/default/files/B%20-%20Air%20Services%20agreements%20and%20CAA%20Act.pdf>

<sup>80</sup> Agreement between the Government of the United Kingdom of Britain and Northern Ireland and the Government of New Zealand concerning Air Services, 26 July 2005, p 18. Available: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/273248/6659.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/273248/6659.pdf)

unlimited frequencies to two points in Spain for the purpose of transporting passengers.<sup>81</sup>

137 Clause 2 of the Route Schedule allows EU airlines to operate unlimited frequencies to two points in New Zealand. Currently no EU Airlines operate from Spain to New Zealand, meaning these two points are available for any entrant.

138 In addition, clause 7 of the Route Schedule provides that:

When operating or holding out (i.e. selling transportation under its own code on flights operated by another airline) the agreed services on the specified routes, or on any sector of the routes, the designated airlines of each Contracting Party, whether as the operating airline or the non-operating (hereinafter referred to as the "marketing") airline, may enter into co-operative marketing arrangements such as blocked space or code sharing with:

- (a) an airline or airlines of the same Contracting Party;
- (b) an airline or airlines of the other Contracting party; and
- (c) an airline or airlines of third countries.

139 The ASA therefore expressly contemplates codesharing arrangements of the type sought in this application, and any authorisation cannot be said to prejudice compliance with that agreement.

140 Note that amendments to the ASA, which are intended to provide new opportunities for airlines, are currently being negotiated.<sup>82</sup>

141 For completeness, the Agreement between the European Community and New Zealand on certain aspects of air services does not purport to limit the ability to authorise the Proposed Conduct.<sup>83</sup>

142 This agreement allows any EU airline to operate flights between New Zealand and any EU Member State where a bilateral agreement with New Zealand exists and traffic rights are available. It does not replace or conflict with the bilateral agreements (such as the ASA between New Zealand and Spain), but rather adapts them to bring them into line with EU law.

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<sup>81</sup> Air Transport Agreement between New Zealand and the Kingdom of Spain, signed 6 May 2002 and entered into force for New Zealand 16 September 2003. Available at: <https://www.treaties.mfat.govt.nz/search/details/t/3363/>

<sup>82</sup> For more information, see: <https://www.treaties.mfat.govt.nz/search/details/p/225/750>

<sup>83</sup> Agreement between the European Community and New Zealand on certain aspects of air services, signed 6 July 2006. Available at: <https://www.transport.govt.nz/assets/Uploads/Other/Horizontal20Agreement20Euro20-20NZ20air20services.pdf>

**ASA between New Zealand and Qatar**

143 New Zealand and Qatar agreed an ASA in 2015. However, it does not address codesharing or alliances.<sup>84</sup>

**No infringement of s 88(4)**

144 The Parties consider that the Minister should not decline to authorise the Proposed Conduct under s 88(4) as the Proposed Conduct includes no provision that would infringe s 88(4)(a)-(f):

144.1 **No infringement of s 88(4)(a):** The Proposed Conduct makes no provision for either party to directly or indirectly enforce the Proposed Conduct through any form of action by way of fines or market pressures against any person.

144.2 **No infringement of s 88(4)(b):** The Parties are aware of two commission regimes currently in force:

- (a) The Civil Aviation (Passenger Agents' Commission Regime) Notice 1983. This is not engaged because the JBA does not specify arrangements with respect to agents.
- (b) The Civil Aviation (Cargo Agents' Commission Regime) Notice 1983. The Proposed Conduct does not have the purpose or effect of breaching the terms of either of these commission regimes. This is not engaged because the Proposed Conduct will not involve air cargo services.

144.3 **No infringement of s 88(4)(c):** The Proposed Conduct, [

], does not contain any provision which discriminates between consumers in the access they have to tariffs. In fact, the Proposed Conduct is likely to enhance the availability of competitive fares on the Key New Zealand B&B Routes, and improve outcomes for consumers of international air services – see paragraphs 90 to 95 above.

The Second Amended JBA does not prescribe actual tariffs, but puts in place a process for setting tariffs, and does not contain any provisions that unjustifiably discriminate between consumers in their access to competitive tariffs.

In addition, the Parties will continue to face competitive pressure from a range of international airlines, including Emirates, Singapore Airlines, Cathay Pacific, Qantas, Malaysian Airlines and Air New Zealand.

Accordingly, neither the Second Amended JBA viewed as a whole, nor the specific Proposed Conduct that the Parties are seeking authorisation for, will undermine consumers' wide access to competitive fares either

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<sup>84</sup> Agreement between the Government of New Zealand and the Government of the State of Qatar for Air Services, signed 9 September 2015. Available at: <https://www.treaties.mfat.govt.nz/search/details/t/3836>

from the Parties or their competitors on the two New Zealand B&B Routes. Indeed, the opposite is the case.

144.4 **No infringement of s 88(4)(d):** The Proposed Conduct will have no impact on the ability of any supplier of international carriage by air from participating in the provision of services on the two New Zealand B&B Routes or other B&B Routes as:

- (a) The Parties will continue to set tariffs having regard to existing and potential competition from other carriers on all routes on which they operate. Authorisation will not have any flow-on impact in terms of ASAs or other regulatory conditions that would impact another airline's access to the B&B Routes.
- (b) Given the low barriers to entry and expansion and the existence of strong international competitors such as Emirates, Singapore Airlines, Cathay Pacific and Air New Zealand, the Parties will have no ability to set tariffs so as to exclude any person from providing international air services on any routes.

144.5 **No infringement of s 88(4)(e):** The ASA between the UK and New Zealand allows tariffs for air services to be established freely by each designated airline.<sup>85</sup> The ASA between Qatar and New Zealand allows tariffs for air services to be decided freely by each designated airline, subject to limited grounds for intervention by the government of New Zealand or Qatar.<sup>86</sup> The Proposed Conduct does not prevent any party from seeking the Minister's approval of any tariff under section 90 of the Act.

144.6 **No infringement of section 88(4)(f):** [

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(a) [

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<sup>85</sup> Agreement between the Government of the United Kingdom of Britain and Northern Ireland and the Government of New Zealand concerning Air Services, 26 July 2005, p 10. Available: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/273248/6659.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/273248/6659.pdf)

<sup>86</sup> Agreement between the Government of New Zealand and the Government of the State of Qatar for Air Services, signed 9 September 2015 at Article 8. Available: <https://www.treaties.mfat.govt.nz/search/details/t/3836>. Intervention by the Contracting Parties is limited to:

- (a) prevention of unreasonably discriminatory prices or practices;
- (b) protection of consumers from prices that are unreasonably high or restrictive due to the abuse of a dominant position; and
- (c) protection of airlines from prices that are artificially low due to direct or indirect governmental subsidy or support.

].

(b) [

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[

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As the Ministry has recognised in the past, alliance agreements provide for a greater degree of commitment by the Parties than lesser forms of co-operation, such as codeshare arrangements, that justify a longer notice period.

### **International Comity**

145 Section 88(4) is subject to s 88(5), which allows the Minister to authorise the Proposed Conduct if the Minister believes that to decline authorisation would have an undesirable effect on international comity between New Zealand and any other state.

146 The Parties note MoT's conclusion in its Final Report that considerations of comity did not provide an overriding ground for authorisation.<sup>87</sup> However, the Parties remain of the view that declining authorisation would have an undesirable effect on international comity for the reasons set out in their Previous Application.<sup>88</sup>

147 In that regard, the Parties note the following updates:

147.1 the UK remains New Zealand's fourth largest international tourist market<sup>89</sup> and a significant trading partner. The importance of trade with the UK is demonstrated by New Zealand signing a Free Trade Agreement with the UK on 28 February 2022 (**NZ-UK FTA**).<sup>90</sup> One of the primary drivers of the Proposed Conduct is to offer customers more competitive and compelling travel options, leading to lower average per-passenger costs across the Key New Zealand B&B routes, which include routes between the UK and New Zealand, and

147.2 Qatar continues to be a significant trade partner for New Zealand and New Zealand recently concluded free trade agreement negotiations with

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<sup>87</sup> Final Report, at [54].

<sup>88</sup> Previous Application, at [121]-[126].

<sup>89</sup> Tourism New Zealand, *International Visitor Arrivals (short term)*. Available: <https://www.tourismnewzealand.com/insights/tourism-data/>

<sup>90</sup> The NZ-UK FTA entered into force on 31 May 2023. Ministry of Foreign Affairs and Trade, *New Zealand-United Kingdom Free Trade Agreement Overview*. Available: <https://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-in-force/new-zealand-united-kingdom-free-trade-agreement/new-zealand-united-kingdom-free-trade-agreement-overview>

the Gulf Cooperation Council (of which Qatar is a member) on 31 October 2024.<sup>91</sup> In relation to those trade discussions, Minister for Trade Hon Todd McClay described the GCC as “an important economic partner for New Zealand”.<sup>92</sup>

## CONCLUSION

148 In conclusion:

148.1 the Proposed Conduct will not be likely to cause any appreciable loss to competition or other public detriment, including uncompetitive pricing or uncompetitive service levels; and

148.2 material public benefits are expected to arise from the Proposed Conduct. The benefits to the public include increased efficiencies, growth in quality of services, better product offering and increased competition on the Key New Zealand B&B Routes, and all other New Zealand B&B Routes.

149 Accordingly, the Parties submit that the Minister should authorise the Proposed Conduct and grant this application for authorisation.

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<sup>91</sup> Ministry of Foreign Affairs and Trade, *NZ-Gulf Cooperation Council Free Trade Agreement Overview*. Available: <https://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-concluded-but-not-in-force/nz-gulf-cooperation-council/overview>

<sup>92</sup> Beehive, *Trade Minister travels to Doha for GCC trade discussions* (30 October 2024). Available: <https://www.beehive.govt.nz/release/trade-minister-travels-doha-gcc-trade-discussions>

**CONFIDENTIALITY**

- 150 The Parties claim confidentiality over **Appendices A, B, and E to N** to this application and also the information in this application enclosed in square brackets (**Confidential Information**) pursuant to section 9(2)(b) of the Official Information Act 1982.
- 151 A public version with Confidential Information redacted will be provided separately. The Confidential Information is commercially sensitive and valuable to the Parties and disclosure would be likely to unreasonably prejudice the commercial position of one, or both, of the Parties. The Parties request that they be notified if a request is made to MoT for release of the Confidential Information under the Official Information Act 1982.



## SCHEDULE 1: KEY NEW ZEALAND B&B ROUTES SHARES OF SUPPLY FOR S22-S24

### Definitions

- 1 In this Schedule, the terms below have the following meanings:
  - 1.1 **Time Sensitive passengers:** passengers travelling in first, business or premium economy cabins (referred to as "Premium" passengers in the DDS data provided in **Appendix B**). In reality not all passengers in these cabins will be time-sensitive (i.e. predominantly interested in reaching their destination in the shortest possible time and purchasing tickets with a high level of flexibility and with fewer restrictions on changing their itineraries). These passengers are often (but not exclusively) travelling for business.
  - 1.2 **Non-Time Sensitive passengers:** passengers travelling in discounted economy cabins, or passengers categorised as "Non-Premium" by DDS (see **Appendix B**). In reality, not all passengers in these cabins will be non-time sensitive (i.e. prepared to accept longer journey times, more price sensitive, and often travelling for leisure).

### Methodology for calculating the incremental increase in share of supply

- 2 Throughout this Schedule, the increment is the lower of the numbers for the share of supply contributed by each of BA, QR and IB to the "Total QJB" row in the tables below (except where one airline has zero share, in which case the increment is based on the next lowest number. But if two airlines have zero share, the increment will be zero).
- 3 Note any minor discrepancies between individual share of supply figures and the figures in the "Total QJB" rows in each table are due to rounding.
- 4 Although **Appendix B** contains data from 2020-2021, that data has not been relied on in preparing this application, given the impact of Covid-19 at that time.
- 5 More detailed breakdowns, including information about other airlines/alliances' shares of supply, for each of the Key New Zealand B&B routes are included in **Appendix B**.

### London-Auckland

#### **Time-sensitive passengers**

- 6 BA, QR and IB's respective shares of supply, and QJB's combined share of supply, for time-sensitive passengers for S22-S24 are as follows:

Time-sensitive passengers (London-Auckland)					
Airline	Share of supply				
	S22	W22	S23	W23	S24
QR	[10-20]%	[0-10]%	[10-20]%	[10-20]%	[20-30]%
BA	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
IB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total QJB	[10-20]%	[10%-20]%	[10-20]%	[20-30]%	[20-30]%
<b>Increment</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>

- 7 Therefore, the Proposed Conduct would result in an incremental increase in share of supply of approximately [0-10]%-[0-10]%.

***Non-time sensitive passengers***

- 8 BA, QR and IB's respective shares of supply, and QJB's combined share of supply, for non-time-sensitive passengers for S22-S24 are as follows:

<b>Non-time sensitive passengers (London-Auckland)</b>					
<b>Airline</b>	<b>Share of supply</b>				
	<b>S22</b>	<b>W22</b>	<b>S23</b>	<b>W23</b>	<b>S24</b>
QR	[0-10]%	[0-10]%	[0-10]%	[10-20]%	[10-20]%
BA	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
IB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total QJB	[0-10]%	[0-10]%	[0-10]%	[10-20]%	[20-30]%
<b>Increment</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>

- 9 Therefore, the Proposed Conduct would result in an incremental increase in share of supply of approximately [0-10]%-[0-10]%.

***All passengers***

- 10 BA, QR and IB's respective shares of supply, and QJB's combined share of supply, for all passengers for S22-S24 are as follows:

<b>All passengers (London-Auckland)</b>					
<b>Airline</b>	<b>Share of supply</b>				
	<b>S22</b>	<b>W22</b>	<b>S23</b>	<b>W23</b>	<b>S24</b>
QR	[0-10]%	[0-10]%	[0-10]%	[10-20]%	[10-20]%
BA	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
IB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total QJB	[0-10]%	[10-20]%	[0-10]%	[10-20]%	[20-30]%
<b>Increment</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>

- 11 Therefore, the Proposed Conduct would result in an incremental increase in share of supply of approximately [0-10]%-[0-10]%.

**London-Christchurch**

***Time-sensitive passengers***

- 12 BA, QR and IB's respective shares of supply, and QJB's combined share of supply, for time-sensitive passengers for S22-S24 are as follows:

<b>Time-sensitive passengers (London-Christchurch)</b>					
<b>Airline</b>	<b>Share of supply</b>				
	<b>S22</b>	<b>W22</b>	<b>S23</b>	<b>W23</b>	<b>S24</b>
QR	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
BA	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%

IB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total QJB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
<b>Increment</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>

- 13 Therefore, the Proposed Conduct would result in an incremental increase in share of supply of approximately [0-10]%.

***Non-time sensitive passengers***

- 14 BA, QR and IB's respective shares of supply, and QJB's combined share of supply, for non-time-sensitive passengers for S22-S24 are as follows:

<b>Non-time sensitive passengers (London-Christchurch)</b>					
<b>Airline</b>	<b>Share of supply</b>				
	<b>S22</b>	<b>W22</b>	<b>S23</b>	<b>W23</b>	<b>S24</b>
QR	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
BA	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
IB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total QJB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
<b>Increment</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>

- 15 Therefore, the Proposed Conduct would result in an incremental increase in share of supply of [0-10]%-[0-10]%.

***All passengers***

- 16 BA, QR and IB's respective shares of supply, and QJB's combined share of supply, for all passengers for S22-S24 are as follows:

<b>All passengers (London-Christchurch)</b>					
<b>Airline</b>	<b>Share of supply</b>				
	<b>S22</b>	<b>W22</b>	<b>S23</b>	<b>W23</b>	<b>S24</b>
QR	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
BA	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
IB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total QJB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
<b>Increment</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>

- 17 Therefore, the Proposed Conduct would result in an incremental increase in share of supply of approximately [0-10]%-[0-10]%.

**Frankfurt-Auckland**

***Time-sensitive passengers***

- 18 BA, QR and IB's respective shares of supply, and QJB's combined share of supply, for time-sensitive passengers for S22-S24 are as follows:

<b>Time-sensitive passengers (Frankfurt-Auckland)</b>					
<b>Airline</b>	<b>Share of supply</b>				
	<b>S22</b>	<b>W22</b>	<b>S23</b>	<b>W23</b>	<b>S24</b>
QR	[10-20]%	[10-20]%	[20-30]%	[20-30]%	[20-30]%
BA	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
IB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total QJB	[10-20]%	[10-20]%	[20-30]%	[20-30]%	[20-30]%
<b>Increment</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>

19 Therefore, the Proposed Conduct [ ].

***Non-time sensitive passengers***

20 BA, QR and IB's respective shares of supply, and QJB's combined share of supply, for non-time-sensitive passengers for S22-S24 are as follows:

<b>Non-time sensitive passengers (Frankfurt-Auckland)</b>					
<b>Airline</b>	<b>Share of supply</b>				
	<b>S22</b>	<b>W22</b>	<b>S23</b>	<b>W23</b>	<b>S24</b>
QR	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[10-20]%
BA	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
IB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total QJB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[10-20]%
<b>Increment</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>

21 Therefore, the Proposed Conduct [ ].

***All passengers***

22 BA, QR and IB's respective shares of supply, and QJB's combined share of supply, for all passengers for S22-S24 are as follows:

<b>All passengers (Frankfurt-Auckland)</b>					
<b>Airline</b>	<b>Share of supply</b>				
	<b>S22</b>	<b>W22</b>	<b>S23</b>	<b>W23</b>	<b>S24</b>
QR	[0-10]%	[0-10]%	[10-20]%	[10-20]%	[10-20]%
BA	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
IB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total QJB	[0-10]%	[0-10]%	[10-20]%	[10-20]%	[10-20]%
<b>Increment</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>

23 Therefore, the Proposed Conduct [ ].

**Paris-Auckland*****Time-sensitive passengers***

- 24 BA, QR and IB's respective shares of supply, and QJB's combined share of supply, for time-sensitive passengers for S22-S24 are as follows:

<b>Time-sensitive passengers (Paris-Auckland)</b>					
<b>Airline</b>	<b>Share of supply</b>				
	<b>S22</b>	<b>W22</b>	<b>S23</b>	<b>W23</b>	<b>S24</b>
QR	[10-20]%	[10-20]%	[10-20]%	[20-30]%	[20-30]%
BA	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
IB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total QJB	[10-20]%	[10-20]%	[10-20]%	[20-30]%	[20-30]%
<b>Increment</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>

- 25 Therefore, the Proposed Conduct [ ].

***Non-time sensitive passengers***

- 26 BA, QR and IB's respective shares of supply, and QJB's combined share of supply, for non-time-sensitive passengers for S22-S24 are as follows:

<b>Non-time sensitive passengers (Paris-Auckland)</b>					
<b>Airline</b>	<b>Share of supply</b>				
	<b>S22</b>	<b>W22</b>	<b>S23</b>	<b>W23</b>	<b>S24</b>
QR	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[10-20]%
BA	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
IB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total QJB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[10-20]%
<b>Increment</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>

- 27 Therefore, the Proposed Conduct [ ].

***All passengers***

- 28 BA, QR and IB's respective shares of supply, and QJB's combined share of supply, for all passengers for S22-S24 are as follows:

<b>All passengers (Paris-Auckland)</b>					
<b>Airline</b>	<b>Share of supply</b>				
	<b>S22</b>	<b>W22</b>	<b>S23</b>	<b>W23</b>	<b>S24</b>
QR	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[10-20]%
BA	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
IB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total QJB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[10-20]%
<b>Increment</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>

29 Therefore, the Proposed Conduct [ ].

### **Amsterdam-Auckland**

#### ***Time-sensitive passengers***

30 BA, QR and IB's respective shares of supply, and QJB's combined share of supply, for time-sensitive passengers for S22-S24 are as follows:

<b>Time-sensitive passengers (Amsterdam-Auckland)</b>					
<b>Airline</b>	<b>Share of supply</b>				
	<b>S22</b>	<b>W22</b>	<b>S23</b>	<b>W23</b>	<b>S24</b>
QR	[10-20]%	[0-10]%	[0-10]%	[10-20]%	[10-20]%
BA	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
IB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total QJB	[10-20]%	[0-10]%	[0-10]%	[10-20]%	[10-20]%
<b>Increment</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>

31 Therefore, the Proposed Conduct [ ].

#### ***Non-time sensitive passengers***

32 BA, QR and IB's respective shares of supply, and QJB's combined share of supply, for non-time-sensitive passengers for S22-S24 are as follows:

<b>Non-time sensitive passengers (Amsterdam-Auckland)</b>					
<b>Airline</b>	<b>Share of supply</b>				
	<b>S22</b>	<b>W22</b>	<b>S23</b>	<b>W23</b>	<b>S24</b>
QR	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
BA	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
IB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total QJB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
<b>Increment</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>

33 Therefore, the Proposed Conduct would result in an incremental increase in share of supply of approximately [0-10]%-[0-10]%.

#### ***All passengers***

34 BA, QR and IB's respective shares of supply, and QJB's combined share of supply, for all passengers for S22-S24 are as follows:

<b>All passengers (Amsterdam-Auckland)</b>					
<b>Airline</b>	<b>Share of supply</b>				
	<b>S22</b>	<b>W22</b>	<b>S23</b>	<b>W23</b>	<b>S24</b>
QR	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[10-20]%
BA	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%

IB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total QJB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[10-20]%
<b>Increment</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>

- 35 Therefore, the Proposed Conduct would result in an incremental increase in share of supply of [0-10]%-[0-10]%.

### **Manchester-Auckland**

#### ***Time-sensitive passengers***

- 36 BA, QR and IB's respective shares of supply, and QJB's combined share of supply, for time-sensitive passengers for S22-S24 are as follows:

<b>Time-sensitive passengers (Manchester-Auckland)</b>					
<b>Airline</b>	<b>Share of supply</b>				
	<b>S22</b>	<b>W22</b>	<b>S23</b>	<b>W23</b>	<b>S24</b>
QR	[20-30]%	[20-30]%	[20-30]%	[30-40]%	[30-40]%
BA	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
IB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total QJB	[20-30]%	[20-30]%	[20-30]%	[30-40]%	[30-40]%
<b>Increment</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>

- 37 Therefore, the Proposed Conduct would result in an incremental increase in share of supply of approximately [0-10]%-[0-10]%.

#### ***Non-time sensitive passengers***

- 38 BA, QR and IB's respective shares of supply, and QJB's combined share of supply, for non-time-sensitive passengers for S22-S24 are as follows:

<b>Non-time sensitive passengers (Manchester-Auckland)</b>					
<b>Airline</b>	<b>Share of supply</b>				
	<b>S22</b>	<b>W22</b>	<b>S23</b>	<b>W23</b>	<b>S24</b>
QR	[0-10]%	[10-20]%	[10-20]%	[20-30]%	[30-40]%
BA	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
IB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total QJB	[10-20]%	[10-20]%	[10-20]%	[20-30]%	[30-40]%
<b>Increment</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>

- 39 Therefore, the Proposed Conduct would result in an incremental increase in share of supply of approximately [0-10]%-[0-10]%.

#### ***All passengers***

- 40 BA, QR and IB's respective shares of supply, and QJB's combined share of supply, for all passengers for S22-S24 are as follows:

<b>All passengers (Manchester-Auckland)</b>					
<b>Airline</b>	<b>Share of supply</b>				
	<b>S22</b>	<b>W22</b>	<b>S23</b>	<b>W23</b>	<b>S24</b>
QR	[10-20]%	[10-20]%	[10-20]%	[20-30]%	[30-40]%
BA	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
IB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total QJB	[10-20]%	[10-20]%	[10-20]%	[20-30]%	[30-40]%
<b>Increment</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>

- 41 Therefore, the Proposed Conduct would result in an incremental increase in share of supply of approximately [0-10]%-[0-10]%.

### **London-Wellington**

#### ***Time-sensitive passengers***

- 42 BA, QR and IB's respective shares of supply, and QJB's combined share of supply, for time-sensitive passengers for S22-S24 are as follows:

<b>Time-sensitive passengers (London-Wellington)</b>					
<b>Airline</b>	<b>Share of supply</b>				
	<b>S22</b>	<b>W22</b>	<b>S23</b>	<b>W23</b>	<b>S24</b>
QR	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
BA	[0-10]%	[10-20]%	[0-10]%	[0-10]%	[0-10]%
IB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total QJB	[0-10]%	[0-10]%	[0-10]%	[10-20]%	[0-10]%
<b>Increment</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>

- 43 Therefore, the Proposed Conduct would result in an incremental increase in share of supply of approximately [0-10]%-[0-10]%.

#### ***Non-time sensitive passengers***

- 44 BA, QR and IB's respective shares of supply, and QJB's combined share of supply, for non-time-sensitive passengers for S22-S24 are as follows:

<b>Non-time sensitive passengers (London-Wellington)</b>					
<b>Airline</b>	<b>Share of supply</b>				
	<b>S22</b>	<b>W22</b>	<b>S23</b>	<b>W23</b>	<b>S24</b>
QR	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
BA	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[10-20]%
IB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total QJB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[10-20]%
<b>Increment</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>

- 45 Therefore, the Proposed Conduct would result in an incremental increase in share of supply of approximately [0-10]%-[0-10]%.



- 46 **All passengers**  
BA, QR and IB's respective shares of supply, and QJB's combined share of supply, for all passengers for S22-S24 are as follows:

<b>All passengers (London-Wellington)</b>					
<b>Airline</b>	<b>Share of supply</b>				
	<b>S22</b>	<b>W22</b>	<b>S23</b>	<b>W23</b>	<b>S24</b>
QR	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
BA	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[10-20]%
IB	[0-10]%	[0-10]%	[0-10]%	[0-10]%	[0-10]%
Total QJB	[0-10]%	[10-20]%	[0-10]%	[0-10]%	[10-20]%
<b>Increment</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>	<b>[0-10]%</b>

- 47 Therefore, the Proposed Conduct would result in an incremental increase in share of supply of approximately [0-10]%-[0-10]%.

**APPENDIX A: [ ]**

Attached.

**APPENDIX B: [ ]**

Attached.

**APPENDIX C: BA FACT SHEET**

Attached.

**APPENDIX D: QR FACT SHEET**

Attached.

**APPENDIX E: [**  
**]**

Attached.

**APPENDIX F: [**

**]**

Attached.

APPENDIX G: [

]



**APPENDIX H: [**  
**]**

Attached.

**APPENDIX I: [**  
**]**

Attached.

**APPENDIX J: [**  
**]**

Attached.

**APPENDIX K: [**  
**]**

Attached.

**APPENDIX L: [**

**]**

Attached.

**APPENDIX M: [**

**]**

Attached.

**APPENDIX N: [**

**]**

Attached.

**APPENDIX O: CALZARETTA JR, EILAT AND ISRAEL ARTICLE**

Attached.