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The General Manager
Adjudication Branch
Australian Competition and Consumer Commission
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Dear Sir/Madam,

Qantas Airways Limited (QF) Limited and British Airways Plc (BA) application for revocation and substitution - Joint Services Agreement (JSA) - UPDATED SUBMISSION

Emirates thanks the Australian Competition and Consumer Commission (ACCC) for the opportunity to submit comments for the above re-authorisation application.

Emirates is comfortable for the contents of this document, apart from the sections highlighted in grey, to be made available on the public register.

Introduction

Since the commencement of services in 1996, Emirates has been active in growing the Australian international aviation market - especially from non-traditional markets in the Middle East, Europe and Africa. From 1 January 2010, Emirates will step-up our services to Australia to 70 services a week - operating twice daily to Brisbane and Perth and three times daily to Melbourne and Sydney (of which 28 weekly frequencies extend over the Tasman from Brisbane, Melbourne and Sydney to Auckland and Christchurch).

As noted in their submission, BA and QF have been in a JSA with each other on the Kangaroo route for the past 14 years. During that timeframe, BA has however been progressively reducing its services between the UK and Australia. In July 2000 it stopped operating to/from Perth, in October 2000 it stopped operating to/from Brisbane and in March 2006 it stopped operating to/from Melbourne. Today BA's sole Australian service is its twice-daily service to/from Sydney.

Market shares and competition on the Kangaroo route

The QF-BA submission states that new entrants such as Etihad and Qatar Airways, together with Emirates, will by 2012 operate almost 50% of the premium seats on the Kangaroo route and this - along with various other claims regarding the competitive impact of this to QF-BA on the Kangaroo route - appear to be central planks of their case to obtain re-authorisation of the JSA.



Emirates would like to briefly share with the ACCC certain market share and passenger statistics which we feel shed light on some of the claims made in the QF-BA submission.

The following table shows Marketing Information Data Tapes (MIDT) data from April 2008 to March 2009 for passenger bookings on the route between Australia and London Heathrow.

Airline	First	Business	Economy	Total	First and Business
Qantas Airways	36%	30%	23%	24%	30%
Singapore Airlines	5%	9%	18%	17%	9%
British Airways	22%	14%	10%	11%	15%
Cathay Pacific	4%	10%	11%	11%	9%
Emirates	13%	7%	7%	7%	8%
Malaysian Airlines	4%	5%	7%	7%	5%
Royal Brunei Airlines	0%	4%	4%	4%	4%
Virgin Atlantic	0%	4%	3%	3%	3%
Etihad Airways	6%	2%	3%	3%	3%
Thai Airways	5%	6%	3%	3%	6%
TOTAL	100%	100%	100%	100%	100%
QF + BA	57%	44%	33%	35%	46%

The table shows that Emirates MIDT passenger booking shares in terms of first, business and economy cabins is modest on routes between Australia and London Heathrow.

Emirates share is significantly below that of the combined equivalent shares of QF and BA, which are more than five times as large in terms of business and first class cabin passenger bookings.

It is important to stress that London Heathrow is only one of a total of six points Emirates serves in the UK.

Emirates operates a total of fourteen daily flights to the UK including: three daily flights to London Gatwick, two daily flights to Manchester, two daily flights to Birmingham, one daily flight to Glasgow and one daily flight to Newcastle.

In addition, Emirates operates in total to eight EU Member States (UK, France, Germany, Italy, Austria, Greece, Malta and Cyprus) with a total of 32 flights to and from the EU each day.

Emirates would like to highlight the following statistics (which exclude fifth freedom traffic):

- In 2006, only [] of Emirates flown traffic between Australia and the UK was destined for London Heathrow, which decreased to [] in 2008.
- Emirates flown traffic between Australia and London Heathrow experienced reductions between 2007 and 2008 of [], but flown traffic between Australia and UK regional points which Emirates serves, only reduced by [] in the same period - suggesting a robust market on these routes.
- On each of Emirates services to/from the 4 points served in Australia, passengers bound for London Heathrow only accounted for between 9% and 13% of total passengers on the route between November 2008 and October 2009.
- Emirates flown traffic between London Heathrow/Frankfurt (the points covered in the JSA) and Australia represented only [] of Emirates total flown traffic to and from Australia between November 2008 and October 2009.

Furthermore, within the 'Projected Premium Capacity on Kangaroo Route' in Appendix C of the submission, it incorrectly assumes that the seat capacity on all Emirates' Australian flights is solely deployed for traffic on the Kangaroo route.

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In fact, out of the 70 weekly Emirates' flights during the current season, 42 of them (60%) are shared operations to points en-route and beyond such as Bangkok, Singapore and New Zealand.

The aircraft seating capacities on all Emirates Australian services, both shared and direct services, are targeted at a wide range of points in Europe, the Middle East and Africa - not solely London Heathrow or Frankfurt.

In terms of Emirates' future operations to Australia, we intend to expand our services and believe that any growth will be proportionate to the overall increase in the passenger market and will also stimulate additional passenger growth between Australia and the Middle East, Europe and African markets.

According to the Australian Tourism Forecasting Committee, the Middle East will be the third largest market for international visitor growth to Australia for the period 2009-2014 - with a compound annual growth rate of 12%, which is just behind India and China - suggesting that Emirates' future expansion plans for Australia are well founded.

Alliances

Emirates has never belonged to and does not have any plans to join an alliance. We see alliances as having significant anti-competitive elements and believe that our membership of one would be an artificial brake on our own business plans.

Our fear is that aviation's economic recovery in coming years will see a handful of dominant alliances able to fundamentally alter the competitive landscape in many markets for consumers and un-aligned airlines.

Emirates is big enough now to look after itself but we strongly believe protecting the interests of consumers requires governments and regulators to resist opportunistic and self-interested calls from some in our industry to bend fair competitive norms and structures.

It is a difficult operating environment for all airlines, but certain approvals for consolidation or the granting of immunities for alliances, which otherwise would be viewed with significant skepticism, must be challenged.

Government support

The QF-BA submission makes reference to the 'government support' advantages enjoyed by Emirates.

Emirates is 100% owned by the government of Dubai through its commercial investment arm, Investment Corporation of Dubai (ICD). In 1985 Emirates received US\$10 million in start-up seed capital in 1985 and US\$88 million invested in infrastructure from the government of Dubai. This has been more than covered by total dividend payments to the government of Dubai, which have totalled US\$1.32 billion to date.

The government of Dubai and the management of Emirates have consistently made it clear that Emirates is required to be self-sustainable and profitable, there is no safety net. Furthermore, Emirates is fully and independently audited to the highest international standards by external auditors PricewaterhouseCoopers (PwC), as well as by auditors from the government of Dubai.



Emirates has always successfully raised funds from international and regional markets and major banks to obtain finance on a commercial asset-backed basis. No financing has been obtained from Investment Corporation of Dubai (ICD) or the government of Dubai at concessional rates. In fact, neither entity has ever acted as a guarantor for any of the loans raised by Emirates.

Yours sincerely,

A handwritten signature in black ink, appearing to read "A. Parker".

Andrew J Parker
Senior Vice President
Public, International, Industry & Environment Affairs