

30 June 2015

Dr Richard Chadwick
General Manager
Adjudication Branch
Australian Competition and Consumer Commission

Dear Dr Chadwick

**Re: Qantas Airways and American Airlines Group applications for revocation and substitution
A91502 & A91503**

I write in regard to the application by Qantas Airways and American Airlines Group's (the applicants) for re-authorisation of an expanded Joint Business Agreement for the coordination of their trans-Pacific services.

As you are Aware, the airlines propose to continue to coordinate their operations, including coordination of marketing and sales, freight, pricing, scheduling, distribution strategies, agency arrangements, yield and inventory management, frequent flyer programs, lounges, joint procurement and product and service standards. They also seek urgent interim authorisation to introduce a new American Airlines service between Sydney and Los Angeles and a new joint service between Sydney and San Francisco operated by Qantas.

The objective of the Australian national tourism strategy, Tourism 2020, is to grow the value of overnight visitor expenditure to over \$115 billion per year. Tourism Australia and Austrade are leading the effort to drive Australia's tourism performance to reach this goal. Key to this is the return to strong growth of Australia's traditional tourism markets, the United States of America (USA) in particular.

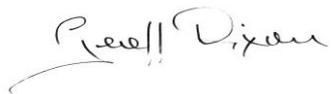
The USA is one of Australia's largest tourism markets by arrivals and one of our biggest spending markets, with more than 500,000 American visitors injecting \$2.6 billion into the economy each year. In the twelve months to February 2015, there were 560,000 visitors to Australia from the USA, a 9.6 per cent increase on the same period in 2014. This growth will be key to the achievement of our Tourism 2020 goals, with the USA estimated to be worth between \$4.5 and \$5.5 billion by 2020.

Significant and sustainable growth in aviation capacity between the United States and Australia is critical to realising this ambition, and Tourism Australia supports the addition of new services between the two countries that will result from this expanded joint businesses agreement.

There is already significant competition on the USA-Australia routes. Although Qantas is in a strong position it competes directly with United Airlines, Air New Zealand, Virgin Australia and Delta, especially between Los Angeles and Sydney. American Airlines has an extensive footprint within the United States and significant marketing resources which will improve access and awareness of Australia. Tourism Australia will work with American Airlines and Sydney Airport in supporting the new services.

Tourism Australia strongly supports the re-authorisation of this agreement between Qantas Airways and the American Airlines Group.

Yours sincerely

A handwritten signature in black ink that reads "Geoff Dixon". The signature is written in a cursive style with a long, sweeping underline.

Geoff Dixon
CHAIRMAN