



Draft Determination and interim authorisation

Application for authorisation AA1000630

lodged by

British Airways plc, Qatar Airways group Q.C.S.C. and Iberia Líneas
Aéreas de España, S.A. Operadora

in respect of

coordination on air passenger services between Australia and the
UK/Europe

Authorisation number: AA1000630

Date: 29 March 2023

Commissioners: Keogh
Brakey
Lowe

Summary

The ACCC proposes to grant authorisation to enable British Airways, Qatar Airways and Iberia (the Applicants) to coordinate air passenger services on routes between Australia and the United Kingdom (UK)/Europe.

This application for authorisation seeks to expand the coordination between British Airways and Qatar Airways that is the subject of an authorisation granted by the ACCC in May 2020.

The ACCC proposes to grant authorisation for the expanded coordination for 5 years. The ACCC considers that the proposed conduct would be likely to result in public benefits from an enhanced product and service offering, cost savings and efficiencies and increased competition.

The ACCC considers the proposed conduct would be unlikely to result in material public detriment given the number of other international airlines operating on routes between Australia and the UK/Europe, including on the 10 routes on which the Applicants overlap.

The ACCC has also decided to grant interim authorisation to enable the Applicants to commence the proposed conduct while the ACCC is considering the substantive application.

The ACCC invites submissions in relation to this draft determination by 17 April 2023 before it makes a final decision.

1. The application for authorisation

- 1.1. On 22 November 2022, British Airways plc (**British Airways**), Qatar Airways Group Q.C.S.C (**Qatar Airways**) and Iberia Líneas Aéreas de España, S.A. Operadora (**Iberia**) (the **Applicants**) lodged application for authorisation AA1000630 with the Australian Competition and Consumer Commission (the **ACCC**). The Applicants are seeking authorisation to coordinate air passenger services on routes between Australia and the United Kingdom (**UK**)/Europe for 5 years.
- 1.2. This application for authorisation AA1000630 was made under subsection 88(1) of the *Competition and Consumer Act 2010* (Cth) (the **Act**). If granted, an authorisation provides businesses with protection from legal action under the competition provisions in Part IV of the Act. The ACCC has a discretion to grant authorisation, but must not do so unless it is satisfied in all the circumstances that the conduct would result in benefit to the public that would outweigh any likely public detriment (s 90(7) of the Act (the **authorisation test**)).
- 1.3. The Applicants also requested interim authorisation to enable them to commence coordination while the ACCC is considering the substantive application. The request for interim authorisation is discussed further in section 6.

The Proposed Conduct

- 1.4. The Applicants are seeking authorisation to coordinate all their air passenger related activities on routes between Australia and the UK/Europe under their Expanded Joint Business Agreement (referred to in paragraph 2.2 below), including:
 - codeshare arrangements

- schedule coordination
- capacity planning
- revenue management to equitably share Expanded Joint Business Agreement revenue to reflect the addition of new routes and to appropriately deal with the revenue recovery period following the COVID-19 pandemic
- joint pricing/sales to provide a one-stop shop to customers and joint deals to agency and corporate customers
- distribution strategy, for instance, Qatar Airways adding pure British Airways journeys to support the selling of the British Airways network where no Qatar Airways metal (or plane) is involved
- marketing activities to jointly promote the Expanded Joint Business to customers
- passenger handling, service procedures and frequent flyer programmes with the aim of providing a seamless product to passengers¹

(the **Proposed Conduct**).

2. Background

Related authorisation

- 2.1. On 7 May 2020, the ACCC granted authorisation [AA1000463](#) to enable British Airways and Qatar Airways to coordinate air passenger services between Australia and the UK/Europe which includes a UK-Doha leg until 29 May 2025 (**May 2020 Authorisation**). The May 2020 Authorisation excludes any routes where Sydney is the origin or destination port, for instance, the Sydney-London route on which the parties operate overlapping services.

Current application for authorisation

- 2.2. British Airways and Qatar Airways wish to expand their arrangement with the inclusion of an additional airline, Iberia, and additional routes (including routes where Sydney is the origin or destination port, for instance, the Sydney-London route). The Proposed Conduct forms part of the Applicants' Expanded Joint Business Agreement, which encompasses a number of worldwide routes between:
- (i) the UK and Europe, and (ii) destinations in the Middle East, Asia (excluding China, Japan and South Korea), Eastern and Southern Africa and Australasia; and
 - (i) the Middle East, Asia (excluding China, Japan and South Korea), Eastern and Southern Africa and Australasia and (ii) Latin America.²
- 2.3. Consistent with the conduct authorised by the ACCC in May 2020, the Applicants will operate a 'metal-neutral' joint business under their Expanded Joint Business Agreement. That is, the revenue sharing mechanism under the Proposed Conduct will

¹ Applicants' submission in support of application, 22 November 2022, [4] and [8.1].

² Applicants' submission in support of application, 22 November 2022, [8.1].

result in the Applicants being indifferent as to which airline's 'metal' (or plane) is used to deliver services to an Expanded Joint Business customer.³

- 2.4. The Applicants submit that they are not close competitors, and their respective networks are largely complementary given the location of their respective hubs. They submit that, in terms of Australia, there is no meaningful difference in the substance or effect between the Proposed Conduct under the Expanded Joint Business Agreement and the conduct authorised in the May 2020 Authorisation.⁴

The 10 overlapping routes

- 2.5. The Applicants have identified 10 routes between Sydney and UK/Europe on which they currently overlap. These are: Sydney-London, Sydney-Copenhagen, Sydney-Barcelona, Sydney-Dublin, Sydney-Madrid, Sydney-Rome, Sydney-Manchester, Sydney-Munich, Sydney-Edinburgh, and Sydney-Stockholm.⁵

The Applicants

- 2.6. British Airways is the flag carrier airline of the United Kingdom, with a hub at London Heathrow and bases at London Gatwick and London City airports. It has a fleet of nearly 280 aircraft, and prior to the COVID-19 pandemic, carried over 40 million passengers annually. It is a founding member of the oneworld alliance. British Airways currently operates a daily flight between Sydney and London (via Singapore) using a Boeing 777 aircraft.⁶
- 2.7. Qatar Airways is the national carrier airline of, and is wholly owned by, the State of Qatar. It is a member of the oneworld alliance. Qatar Airways flies from its Doha hub at Hamad International Airport to over 150 international destinations, with a fleet of nearly 240 passenger and cargo aircraft. Qatar Airways currently offers:
- numerous non-stop daily flights on the London-Doha trunk route⁷
 - a non-stop daily flight from Doha to each of Melbourne, Sydney, Adelaide (with onward connection to Auckland, New Zealand) and Brisbane, as well as a daily Doha-Melbourne-Adelaide service, using a Boeing 777 aircraft
 - a non-stop daily Doha-Perth service using an Airbus A380 aircraft.⁸
- 2.8. Qatar Airways operates flight services to/from Australia for its own ticketed passengers, as well as for a range of other airlines' ticketed passengers through codeshare or interline agreements.⁹ Qatar Airways has a codeshare agreement with Virgin Australia which allows Qatar Airways to specify the airfare at which Virgin

³ Applicants' submission in support of application, 22 November 2022, [8.1(b)].

⁴ Applicants' submission in support of application, 22 November 2022, [2].

⁵ Applicants' submission in support of application, 22 November 2022, [9]

⁶ British Airways' [website](#) (accessed on 13 March 2023).

⁷ Based on Qatar Airways' [website](#) (accessed on 13 March 2023), Qatar Airways currently 6 daily flights from London Heathrow (and 1 daily flight from London Gatwick) to Hamad International Airport.

⁸ The information is from Qatar Airways' [website](#) (accessed on 13 March 2023). Qatar Airways had also initially announced a plan to launch a daily flight to Canberra (via Melbourne) in October 2022, however that has been postponed. See Executive Traveller, [Qatar Airways pushes back new Canberra flights](#), September 2022.

⁹ Codeshare refers an arrangement where one airline puts its airline code on a flight operated by another airline. Interline refers to an arrangement where passengers purchase their ticket from an airline but the flight is operated by another carrier under its own airline code.

Australia may re-sell, as marketing agent, Qatar Airways-operated services to consumers.¹⁰

- 2.9. Iberia is Spain's largest airline, based in Madrid, and the leading carrier between Europe and Latin America. Its parent company, International Airlines Group S.A., also owns British Airways. Iberia is also a member of the oneworld alliance. Iberia flies from its Madrid hub to approximately 43 countries and has a fleet of nearly 140 aircraft, including its subsidiary Iberia Express and franchisee Iberia Regional/Air Nostrum. Iberia does not operate any flights to/from Australia. However, like several other international carriers, Iberia sell tickets on flights operated by Qatar Airways (and to a lesser extent, British Airways) to/from Australia under a codeshare agreement.¹¹
- 2.10. The Applicants submit that British Airways has a small presence on routes to/from Australia. The Applicants also submit that Iberia has negligible market share on routes to/from Australia and its inclusion under the Proposed Conduct will improve connectivity between Australia and destinations in Iberia's European network and routes behind and beyond Madrid (all of which are all highly remote to Australia) rather than result in any competitive detriment.¹²

3. Consultation

- 3.1. A public consultation process informs the ACCC's assessment of the likely public benefits and detriments from the Proposed Conduct.
- 3.2. The ACCC invited submissions from a range of potentially interested parties including major competitors, suppliers, customers, relevant industry associations or peak bodies, consumer groups, state and federal government and relevant regulatory bodies.¹³
- 3.3. The ACCC did not receive any submissions from interested parties in relation to the application for authorisation or the request for interim authorisation.

4. ACCC assessment

- 4.1. The Applicants have sought authorisation for Proposed Conduct that would or might constitute a cartel provision within the meaning of Division 1 of Part IV of the Act and/or may substantially lessen competition within the meaning of section 45 of the Act. Consistent with subsections 90(7) and 90(8) of the Act, the ACCC must not grant authorisation unless it is satisfied, in all the circumstances, that the conduct would result in benefit to the public that would outweigh any likely public detriment.

Relevant areas of Competition

- 4.2. To assess the likely effect of the Proposed Conduct, the ACCC identifies the relevant areas of competition likely to be impacted.

¹⁰ In September 2022, the ACCC granted authorisation [AA1000608](#) to enable Virgin Australia and a certain class of international operating airlines (Partner Carriers) to engage in this conduct. Qatar Airways is a Partner Carrier.

¹¹ Based on information from the Department of Infrastructure, Transport, Regional Development, Communications and the Arts, [2022-23 International airlines Northern Winter timetable summary](#), 7 November 2022 (accessed on 13 March 2023).

¹² Applicants' submission in support of application, 22 November 2022, [2.5].

¹³ A list of the parties consulted is available on the ACCC's [public register](#).

- 4.3. The Applicants submit that the relevant area of competition is the same as that identified in the ACCC's May 2020 Authorisation – that is, international air passenger transport services between Australia and the UK/Europe.
- 4.4. The ACCC considers that the relevant area of competition is likely to be international air passenger transport services between Australia and the UK/Europe.

Future with and without the Proposed Conduct

- 4.5. In applying the authorisation test, the ACCC compares the likely future with the Proposed Conduct that is the subject of the authorisation to the likely future in which the Proposed Conduct does not occur.
- 4.6. The Applicants submit that, absent the Proposed Conduct, they would not be able to implement and give effect to the Expanded Joint Business Agreement and this would mean that the claimed public benefits would not arise and the Applicants' ability to recover from the COVID-19 pandemic will be negatively impacted (as the close collaboration under the Expanded Joint Business Agreement is expected to aid swifter recovery to pre-pandemic schedule offerings and levels of capacity than the Applicants could achieve otherwise).¹⁴
- 4.7. The ACCC considers that, without the Proposed Conduct:
- As members of the oneworld alliance, British Airways, Qatar Airways and Iberia would work together to “ensure as smooth a trip as possible, wherever you go and on how many of [the three of] them you fly [with] to get there”.¹⁵ However, the degree of cooperation would likely be less than what is contemplated under the Proposed Conduct.
 - British Airways is unlikely to operate flights to/from places in Australia other than Sydney.
 - Iberia would be unlikely to commence standalone flights to/from Australia.

Public benefits

- 4.8. The Act does not define what constitutes a public benefit. The ACCC adopts a broad approach. This is consistent with the Australian Competition Tribunal (the **Tribunal**) which has stated that in considering public benefits:

*... we would not wish to rule out of consideration any argument coming within the widest possible conception of public benefit. This we see as anything of value to the community generally, any contribution to the aims pursued by society including as one of its principal elements ... the achievement of the economic goals of efficiency and progress.*¹⁶

- 4.9. The ACCC has considered the public benefit claims of the Applicants in the following broad categories:
- enhanced product and service offering
 - cost savings and efficiencies

¹⁴ Applicants' submission in support of application, 22 November 2022, [7].

¹⁵ From Oneworld alliance [website](#) (accessed on 20 March 2023).

¹⁶ Queensland Co-operative Milling Association Ltd (1976) ATPR 40-012 at 17,242; cited with approval in Re 7-Eleven Stores (1994) ATPR 41-357 at 42,677.

- increased competition.

4.10. The ACCC's assessment of the likely public benefits from the Proposed Conduct is set out below.

Enhanced product and service offering

4.11. The Applicants submit that the Proposed Conduct is likely to result in public benefits to consumers through the Applicants:¹⁷

- offering customers more compelling and competitive travel options by further optimising and coordinating scheduling across the Applicants' services, minimising connecting passenger waiting times and maximising passenger convenience and service
- providing passengers with a greater number of fare combinations which results in more schedule, frequency choices and price points to suit passengers' requirements
- providing seamless booking via direct and indirect channels, and online check-in on each of the Applicants' websites (including for multi-metal journeys)
- offering seamless journeys, customer servicing and support in disruption when connecting between the Applicants on indirect services through enhanced customer support, airport and terminal co-location, lounge co-investment, joint check-in/bag drop areas, and jointly procured handling where appropriate
- offering new routes and/or frequencies
- offering passengers enhanced loyalty program opportunities beyond those offered through oneworld, via the use of Avios loyalty currency across the Applicants' frequent flyer schemes
- implementing improvements in other customer service aspects.

4.12. The ACCC considers that the closer alignment of the Applicants' incentives under the Proposed Conduct would be likely to result in a more integrated service offering, more seamless delivery of services, additional frequencies and improved scheduling for customers. The Proposed Conduct would also be likely to enable the Applicants to provide better loyalty program benefits to their frequent flyers, compared to their offering under the oneworld alliance. The ACCC considers that these product and service improvements are likely to benefit consumers.

4.13. The ACCC therefore considers that the Proposed Conduct would be likely to result in some public benefit in the form of enhanced products and services.

Cost savings and efficiencies

4.14. The Applicants submit that the Proposed Conduct will:¹⁸

- generate efficiencies across the routes covered by the Expanded Joint Business, including the 10 routes referred to in paragraph 2.5 above, leading to lower average per-passenger costs

¹⁷ Applicants' submission in support of application, 22 November 2022, [10.2(b)-(d)].

¹⁸ Applicants' submission in support of application, 22 November 2022, [10.2(e)-(g)].

- allow each of the Applicants to consider the effect of its pricing on the overall demand for the itinerary, remove double-marginalisation¹⁹ and consequently reduce fare levels and improve capacity utilisation
- enable the joint utilisation of each of the Applicants' marketing and distribution strengths, allowing more efficient promotion and distribution of services
- enable the Applicants to work together to increase load factors and consequently reduce average cost per seat sold
- result in cost savings from various areas of invariable costs including marketing and sales, scheduling, capacity planning, and other efficiencies through joint procurement and supply management.

4.15. The Applicants submit that the strong competition from other major airlines and alliances will incentivise the passing on of cost efficiencies to consumers.²⁰

4.16. The ACCC considers that cost savings and efficiencies can confer public benefits when they are shared with consumers, for example as lower prices or better services, or release resources for use elsewhere in the economy.

4.17. The ACCC accepts that the Proposed Conduct would be likely to facilitate some public benefits through cost savings and other efficiencies arising from closer coordination and integration of the Applicants' operations.

Increased competition

4.18. The Applicants submit that the Proposed Conduct will increase competition by enabling the Applicants to provide enhanced products and services and making the Applicants more effective competitors against other rival airline carriers and joint businesses. The Applicants submit that the Proposed Conduct is likely to trigger competitive reactions from other large and established airline carriers.²¹

4.19. The ACCC considers that the Proposed Conduct would be likely to enable the Applicants to provide enhanced products and services to consumers (see paragraphs 4.12-4.13 above). This may make the Applicants more effective competitors, depending on the extent to which consumers value the enhanced products and services.

4.20. However, the ACCC considers that there is strong rivalry between airlines on routes between Australia and the UK/Europe, including the Sydney-London trunk route, and the incremental effect of the Proposed Conduct on competition is likely to be limited.

4.21. The ACCC therefore considers that there would likely to be some limited public benefit from increased competition.

¹⁹ The Applicants submit that double marginalisation refers to a situation where each airline would individually apply a mark-up to the portion of the overall journey that it operates, not taking into account the demand for the overall itinerary which consequently results in higher fares and suboptimal capacity utilisation (see Applicants' submission in support of application, 22 November 2022, [10.2(f)]).

²⁰ Applicants' submission in support of application, 22 November 2022, section 10.2(e).

²¹ Applicants' submission in support of application, 22 November 2022, section 10.2(a).

Public detriments

4.22. The Act does not define what constitutes a public detriment. The ACCC adopts a broad approach. This is consistent with the Tribunal which has defined it as:

*...any impairment to the community generally, any harm or damage to the aims pursued by the society including as one of its principal elements the achievement of the goal of economic efficiency.*²²

4.23. The Applicants submit the Proposed Conduct will not result in any competitive detriment given the marginal incremental gains in passenger share on each of the 10 routes between Sydney and UK/Europe on which they overlap,²³ the strength of competitors on the relevant routes and the vigorous competition that exists, and will continue, on the relevant routes.

4.24. The ACCC has considered the potential for public detriments via:

- unilateral effects on competition
- coordinated effects on competition.

Unilateral effects on competition

4.25. An alliance between carriers could unilaterally reduce competition if it removes or weakens competitive constraints in such a way that the alliance partners find it profitable to raise prices, reduce services or otherwise exercise any market power they may acquire as a result of the alliance, despite any expected response from other competitors.

4.26. The Applicants submit that the Proposed Conduct is not likely to lessen competition because the Australia to UK/Europe routes are highly competitive with a number of well-established carriers operating via multiple hubs including Dubai, Bangkok, Singapore, Hong Kong and Abu Dhabi.²⁴

4.27. The Applicants identify competitors likely to constrain them on the Australia-UK/Europe routes (including the overlapping Sydney-London route operated by British Airways via Singapore, and Qatar Airways via Doha) as including:

- Qantas and Emirates, cooperating under an alliance
- Singapore Airlines, cooperating with Lufthansa under an alliance on Singapore to Europe routes²⁵
- other carriers such as Etihad Airways, China Southern, China Airlines, Cathay Pacific, Thai Airways International and Royal Brunei Airlines.

4.28. The ACCC considers there are 10 routes between Sydney and UK/Europe on which the Applicants' operations overlap in the likely future without the Proposed Conduct.

²² Re 7-Eleven Stores (1994) ATPR 41-357 at 42,683.

²³ As mentioned in paragraph 2.5 above, these are: Sydney-London, Sydney-Copenhagen, Sydney-Barcelona, Sydney-Dublin, Sydney-Madrid, Sydney-Rome, Sydney-Manchester, Sydney-Munich, Sydney-Edinburgh, and Sydney-Stockholm.

²⁴ Applicants' submission in support of application, 22 November 2022, [11].

²⁵ The ACCC granted authorisation in respect of the alliance in December 2016, and again in February 2022 (authorisation [AA1000580](#)).

- 4.29. Of these, the Sydney-London route is the only route where the overlap involves competing one-stop services. Qatar Airways' service is via Doha, while British Airways' service is via Singapore. In 2019 (pre-pandemic), the Applicants accounted for 16.25% of total passenger traffic on this route. Other airlines operating one-stop services with similar flight times on this route included: Qantas, Emirates, Cathay Pacific, Singapore Airlines, Etihad, and Malaysia Airlines. All of these airlines are currently operating on the Sydney-London route.
- 4.30. On the other 9 overlapping routes, a one-stop Qatar Airways service (via Doha) overlaps with a two-stop British Airways service via London and Singapore (e.g. Copenhagen-London-Singapore-Sydney). On each of these routes there are several other international airlines offering one or two-stop services.
- 4.31. The ACCC considers it is unlikely that under the Proposed Conduct the Applicants would find it profitable to unilaterally raise airfares or reduce or limit growth in capacity on the 10 overlapping routes as rival airlines are likely to continue competing for market share and exert a strong competitive constraint on the Applicants' price and service decisions.
- 4.32. The ACCC therefore considers that material public detriment in the form of unilateral effects would not be likely.

Coordinated effects on competition

- 4.33. Airline alliances can also lessen competition through coordinated effects. Coordinated effects arise when the proposed conduct assists all airlines operating in a market to tacitly or explicitly coordinate their pricing, output or related commercial decisions. It involves competing airlines recognising and accommodating their mutual interests by not competing as vigorously as they otherwise would. This can happen if the proposed conduct alters market conditions to make coordination more likely.
- 4.34. The ACCC notes the several other international airlines operate on the Australia-UK/Europe routes, including on the 10 routes between Sydney and UK/Europe on which the Applicants will overlap in the future without the Proposed Conduct.
- 4.35. The ACCC does not consider it likely that the Applicants currently play a strong role in preventing coordination among airlines on routes between Australia and UK/Europe.
- 4.36. Accordingly, the ACCC considers it is unlikely that the Proposed Conduct materially increases the likelihood of coordinated conduct between airlines operating international air passenger services between Australia and the UK/Europe.
- 4.37. The ACCC therefore considers that public detriment in the form of coordinated effects would not be likely.

Balance of public benefit and detriment

- 4.38. The ACCC considers that the Proposed Conduct would be likely to result in public benefits from:
- enhanced product and service offering
 - cost savings and efficiencies
 - increased competition.
- 4.39. The ACCC considers that the Proposed Conduct would not be unlikely to result in public detriment in the form of unilateral or coordinated effects, given the presence of multiple competitors on the relevant routes.

4.40. Therefore, for the reasons outlined in this draft determination, the ACCC considers that the Proposed Conduct would be likely to result in a public benefit and that this public benefit would outweigh any likely detriment to the public from the Proposed Conduct.

Length of authorisation

4.41. The Act allows the ACCC to grant authorisation for a limited period of time.²⁶ This enables the ACCC to be in a position to be satisfied that the likely public benefits will outweigh the detriment for the period of authorisation. It also enables the ACCC to review the authorisation, and the public benefits and detriments that have resulted, after an appropriate period.

4.42. The Applicants seek authorisation for 5 years.

4.43. Given the dynamic nature of the aviation industry, the ACCC considers 5 years is an appropriate period for authorisation.

5. Draft determination

The application

5.1. On 22 November 2022, the Applicants lodged application A1000630 with the ACCC, seeking authorisation under subsection 88(1) of the Act.

5.2. The Applicants seek authorisation for the Proposed Conduct as defined in paragraph 1.4.

5.3. Subsection 90A(1) of the Act requires that before determining an application for authorisation, the ACCC shall prepare a draft determination.

The authorisation test

5.4. Under subsections 90(7) and 90(8) of the Act, the ACCC must not grant authorisation unless it is satisfied in all the circumstances that the proposed conduct would be likely to result in benefit to the public that would outweigh any public detriment that would be likely to result from the proposed conduct.

5.5. For the reasons outlined in this draft determination, the ACCC considers that the Proposed Conduct would be likely to result in a benefit to the public and the benefit to the public would outweigh the detriment to the public that would be likely to result from the Proposed Conduct, including any lessening of competition.

5.6. Accordingly, the ACCC proposes to grant authorisation.

Conduct which the ACCC proposes to authorise

5.7. The ACCC proposes to grant authorisation AA1000630 to enable the Applicants to coordinate their air passenger services between Australia and the UK/Europe, as described in paragraph 1.4 and defined as the Proposed Conduct.

5.8. The Proposed Conduct may involve a cartel provision within the meaning of Division 1 of Part IV of the Act and/or may have the purpose or effect of substantially lessening competition within the meaning of section 45 of the Act.

²⁶ Subsection 91(1) of the Act.

5.9. The ACCC proposes to grant authorisation AA1000630 for 5 years.

5.10. This draft determination is made on 29 March 2023.

6. Interim authorisation

6.1. At the time of lodging the application, the Applicants requested interim authorisation to enable them to begin coordinating air passenger services while the ACCC evaluates the application for authorisation.

6.2. The Applicants submit that, for commercial reasons, it is important for them to be able to engage in the Proposed Conduct as soon as possible. For example, they submit that scheduling and marketing activities typically occur in large blocks (for example, for an entire summer or winter season). The Applicants submit that, in the absence of interim authorisation, it is likely the benefits of the Proposed Conduct would not be accrued for an entire season which would be commercially costly for the Applicants and to the detriment of the passengers travelling on the routes. The Applicants further submit that granting interim authorisation will not have any impact on or alter the structure or dynamics in any market and will not result in any commercial harm to customers, suppliers or the Applicants' competitors.²⁷

6.3. The ACCC has decided to grant interim authorisation to enable the Applicants to commence coordination on air passenger related services on the Australia-UK/Europe routes, for the following reasons:

- The competitive dynamics in the Australia-UK/Europe air passenger services market are unlikely to be materially adversely affected by allowing the Applicants to coordinate their air passenger services.
- For the reasons set out in this draft determination, the ACCC considers that the Proposed Conduct would be likely to result in public benefits which would outweigh any likely public detriments.
- The ACCC has not identified any likely harm to any interested parties resulting from the granting of interim authorisation.

6.4. Interim authorisation commences immediately and remains in place until the date the ACCC's final determination comes into effect, the application for authorisation is revoked, or until it is revoked.

7. Next steps

7.1. The ACCC now invites submissions in response to this draft determination by 17 April 2023. In addition, consistent with section 90A of the Act, the Applicants or an interested party may request that the ACCC hold a conference to discuss the draft determination.

²⁷ Applicants' submission in support of application, 22 November 2022, [1].