



PUBLIC REGISTER VERSION

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BY EMAIL ONLY

Tony Hilton
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Australian Competition & Consumer Commission
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Dear Mr Hilton

Qantas Airways Limited & China Eastern Airlines Corporation Ltd - Application for revocation of authorisation AA1000526 and substitution for a new authorisation AA1000624 (the Application)

Response to ACCC request for information in relation to transitional arrangements and withdrawal of Application

1. Qantas Airways Limited (**Qantas**) refers to its recent discussion with the ACCC in which the ACCC requested information in relation to transitional arrangements that may be needed in the event that final authorisation of the Application is not granted, and coordination between Qantas and China Eastern Airlines Corporation Ltd (**China Eastern**) ceases.
2. Having taken into account the ACCC's Draft Determination, the parties wish to advise that they withdraw the Application and will commence the transitional steps or measures set out below, which includes honouring existing bookings.
3. The parties acknowledge that withdrawal of the Application will mean that they lose the protection of the interim authorisation which currently applies in respect of the Application. However, the parties are comfortable that the transitional steps / measures can be completed within a short period of time without the need for ongoing authorisation. We are happy to discuss any aspect of the transitional steps / measures with the ACCC if it wishes.
4. Capitalised terms in this submission have the same meaning as set out in the Application.

Confidentiality

5. This letter includes material which is confidential to Qantas and China Eastern and should be redacted from the public version of this letter. A public version of this letter will also be provided to the ACCC.



Cessation of coordination and transitional steps/measures

6. As the ACCC is aware, the coordination between Qantas and China Eastern was previously authorised under AA1000526 and remains authorised under interim authorisation granted by the ACCC on 30 March 2023 while the ACCC assesses the substantive Application.
7. Following withdrawal of the Application, coordination between Qantas and China Eastern will cease in effect immediately and the unwinding process will be substantially completed in approximately four to five weeks:
- (a) Due to the COVID pandemic, and closure of China's borders until recently, [REDACTED QF CONFIDENTIAL]
 - (b) China Eastern anticipates that [REDACTED MU CONFIDENTIAL]
8. The following additional transitional steps / measures will be taken by the parties:
- (a) **Booked travel to be honoured**
To ensure there is no impact on travellers following cessation of coordination:
 - (i) Qantas and China Eastern will each honour all codeshare bookings on Qantas or China Eastern operated flights made (whether or not ticketed) during the period of past and interim authorisation up to the point of withdrawal;
 - (ii) Qantas and China Eastern will each also honour respective frequent flyer entitlements and lounge access for such booked travel that would have been available to travellers had authorised coordination continued at the time of travel.

The parties consider that this merely involves honouring forward bookings that have already been made and providing benefits to which customers would have expected they would be entitled when booking. It does not involve any further coordination requiring authorisation. Rather it simply involves unilateral conduct by each party (or, to the extent necessary to process frequent flyer entitlements in the systems of either Qantas or China Eastern, arms-length interactions between the parties).
 - (b) **Other contractual arrangements**
The parties have considered to what extent there may be contractual arrangements that would require variation in the event that authorised coordination ceases upon withdrawal of the Applicant. [REDACTED QF CONFIDENTIAL]
[REDACTED MU CONFIDENTIAL]
9. At this stage, Qantas and China Eastern will retain certain codeshare (arms-length) arrangements on routes (other than Sydney-Shanghai), existing (arms-length) ground handling agreements and an (arms-length) frequent flyer proposition for customers.
10. [REDACTED JOINT CONFIDENTIAL]

Please let us know if it would be helpful to discuss.

Yours faithfully

Nicole Malone
Head of Legal - Competition & Consumer
Qantas Airways Limited
[REDACTED QF CONFIDENTIAL]