

APPLICATION FOR REVOCATION AND SUBSTITUTION

Applicants

1. Provide details of the applicants for revocation and substitution, including:

1.1. name, address (registered office), telephone number, and ACN

Qantas Airways Limited
ABN 16 009 661 091
10 Bourke Road
Mascot NSW Australia 2020
Phone details below

China Eastern Airlines Corporation Limited
No:913100007416029816
No.36 3rd Hongxiang Road
Shanghai 201101 PR China
Phone details below

1.2. contact person's name, position, telephone number, and email address

Qantas
Nicole Malone
Head of Legal – Group Legal
Qantas Airways Limited



China Eastern
Pu Rui
Manager of Commercial Cooperation
Commercial Committee
China Eastern Airlines



1.3. a description of business activities

Qantas and China Eastern provide domestic and international passenger and freight services in Australia and China respectively. Please refer to the attached Application for further details.

1.4. email address for service of documents in Australia

Qantas: 

China Eastern: 

1.5 If applicable, provide details of any other persons and/or classes of persons who also propose to engage, or become engaged, in the proposed conduct and on whose behalf authorisation is sought. Where relevant provide:

- name, address (registered office), telephone number, and CAN
- contact person's name, telephone number, and email address

- a description of business activities.

Not applicable. Details of Applicants listed above and list of related bodies corporate contained within Annexure A to attached Application.

Authorisation to be revoked (the existing authorisation)

2. Provide details of the authorisation sought to be revoked including:

2.1. the registration number and date of the authorisation which is to be revoked

Authorisation AA1000526-1 dated 21 January 2021.

2.2. other persons and/or classes of persons who are a party to the authorisation which is to be revoked

Not applicable. Applicant details provided above.

2.3. the basis for seeking revocation, for example because the conduct has changed or because the existing authorisation is due to expire

The current authorisation is due to expire on 31 March 2023.

The proposed conduct

4. Provide details of the proposed conduct, including:

4.1. a description of the proposed conduct and any documents that detail the terms of the proposed conduct

Qantas and China Eastern wish to continue their coordination under the terms of an Extended Joint Coordination Agreement, originally executed in 2014 and recently extended (subject to ongoing regulatory approval) until 31 March 2024. Please refer to attached Application for further detail and to the commercial agreements in Confidential Annexure B of the Application.

4.2. an outline of any changes to the conduct between the existing authorisation and the new authorisation

The conduct has not changed in any material respect since the existing authorisation was granted in 2021. Please refer to the attached Application for further detail.

4.3. the relevant provisions of the Competition and Consumer Act 2010 (Cth) (the Act) which might apply to the proposed conduct, ie:

- cartel conduct (Division 1 of Part IV)
- contracts, arrangements or understandings that restrict dealings or affect competition (s. 45)
- concerted practices (s. 45)
- secondary boycotts (sections 45D, 45DA, 45DB, 45E, 45EA)
- misuse of market power (s. 46)
- exclusive dealing (s.47)
- resale price maintenance (s. 48) and/or
- a dual listed company arrangement (s. 49)

Authorisation is sought in respect of Division 1 of Part IV, section 45 and section 47 of the Act.

4.4. the rationale for the proposed conduct

Please refer to the attached Application for further detail.

4.5. the term of authorisation sought and reasons for seeking this period.

The Applicants seek authorisation for 12 months until 31 March 2024. A short extension is sought in the current circumstances given the ongoing closure of the Australia-China border due to the COVID-19 Pandemic. Please refer to attached Application for further detail.

4.6 Provide documents submitted to the applicant's board or prepared by or for the applicant's senior management for purposes of assessing or making a decision in relation to the proposed conduct and any minutes or record of the decision made

No such documents have been prepared.

5. Provide the name of persons, or classes of persons, who may be directly impacted by the proposed conduct (e.g. targets of a proposed collective bargaining arrangement; suppliers or acquirers of the relevant goods or services) and detail how or why they might be impacted.

Please refer to the attached Application.

Market information and concentration

6. Describe the products and/or services, and the geographic areas, supplied by the applicants. Identify all products and services in which two or more parties to the proposed conduct overlap (compete with each other) or have a vertical relationship (e.g. supplier-customer).

Please refer to the attached Application.

7. Describe the relevant industry or industries. Where relevant, describe the sales process, the supply chains of any products or services involved, and the manufacturing process.

Please refer to the attached Application.

8. In respect of the overlapping products and/or services identified, provide estimated market shares for each of the parties where readily available.

Please refer to the attached Application.

9. In assessing an application for authorisation, the ACCC takes into account competition faced by the parties to the proposed conduct. Describe the factors that would limit or prevent any ability for the parties involved to raise prices, reduce quality or choice, reduce innovation, or coordinate rather than compete vigorously. For example, describe:

9.1. existing competitors

9.2. likely entry by new competitors

9.3. any countervailing power of customers and/or suppliers

9.4. any other relevant factors.

Please refer to the attached Application.

Public benefit

10. Describe the benefits to the public that are likely to result from the proposed conduct. Refer to the public benefit that resulted under the authorisation previously granted. Provide information, data, documents or other evidence relevant to the ACCC's assessment of the public benefits.

Please refer to the attached Application.

Public detriment including any competition effects

11. Describe any detriments to the public likely to result from the proposed conduct, including those likely to result from any lessening of competition. Refer to the public detriment that may have resulted under the authorisation previously granted. Provide information, data, documents, or other evidence relevant to the ACCC's assessment of the detriments.

Please refer to the attached Application.

Contact details of relevant market participants

12. Identify and/or provide names and, where possible, contact details (phone number and email address) for likely interested parties such as actual or potential competitors, customers and suppliers, trade or industry associations and regulators.

Please refer to the attached Application.

Additional information

13. Provide any other information or documents you consider relevant to the ACCC's assessment of the proposed application.

Please refer to the attached Application.

Declaration by Applicant(s)

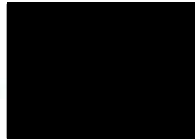
Authorised persons of the applicant(s) must complete the following declaration. Where there are multiple applicants, a separate declaration should be completed by each applicant.

The undersigned declare that, to the best of their knowledge and belief, the information given in response to questions in this form is true, correct and complete, that complete copies of documents required by this form have been supplied, that all estimates are identified as such and are their best estimates of the underlying facts, and that all the opinions expressed are sincere.

The undersigned undertake(s) to advise the ACCC immediately of any material change in circumstances relating to the application.

The undersigned are aware that giving false or misleading information is a serious offence and are aware of the provisions of sections 137.1 and 149.1 of the Criminal Code (Cth).

Signature of authorised person

A black rectangular box redacting the signature of the authorised person.

Office held: General Counsel and Company Secretary, Qantas Airways Limited

Name of authorised person: Andrew Finch

This 9th day of November 2022

Note: If the Applicant is a corporation, state the position occupied in the corporation by the person signing. If signed by a solicitor on behalf of the Applicant, this fact must be stated.

Declaration by Applicant(s)

Authorised persons of the applicant(s) must complete the following declaration. Where there are multiple applicants, a separate declaration should be completed by each applicant.

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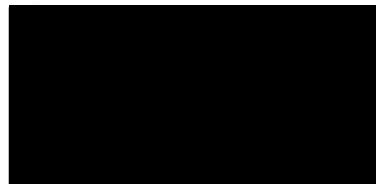
The undersigned are aware that giving false or misleading information is a serious offence and are aware of the provisions of sections 137.1 and 149.1 of the Criminal Code (Cth).

Signature of authorised person

Office held: General Counsel of China Eastern Airlines

Name of authorised person: GUO JUN XIU

This day of October 2022



Note: If the Applicant is a corporation, state the position occupied in the corporation by the person signing. If signed by a solicitor on behalf of the Applicant, this fact must be stated.

PUBLIC REGISTER VERSION

Application for Revocation and Substitution



**Qantas Airways Limited
(ABN 16 009 661 901)
and**



**China Eastern Airlines Corporation Limited
(ABN 18 075 465 575)**

Joint Coordination Agreement

**Submission to the
Australian Competition & Consumer Commission**

9 November 2022

1 EXECUTIVE SUMMARY

Qantas Airways Limited (**Qantas**) and China Eastern Airlines Corporation Limited (**China Eastern**) and their related bodies corporate¹ (together, the **Applicants**) apply to the Australian Competition and Consumer Commission (**Commission**) seeking revocation of existing authorisation AA1000526 and substitution with authorisation of the Extended Joint Coordination Agreement (**Extended JCA**),² under which they will continue to coordinate the re-start of their operations between Australia to mainland China for a further 12 months from 1 April 2023 until 31 March 2024 (the **Proposed Conduct**).

The Applicants seek interim authorisation to facilitate the immediate planning and coordination of services that will be operated after 31 March 2023 when the current authorisation is due to expire. At a later date, the Applicants intend to seek a further extension of the Proposed Conduct when conditions have stabilised and longer term cooperation can be more specifically planned.

In January 2021, the Commission granted a short term (two year) re-authorisation of the Extended JCA until 31 March 2023, acknowledging the now well-documented impacts of the pandemic on airline operations.³ The Commission determined that:

In the context of the significant disruption to international travel resulting from the COVID-19 pandemic, the ACCC considers that the extended JCA is likely to result in a public benefit by assisting the Applicants to reinstate flights, and potentially grow the capacity they operate between Australia and China as travel restrictions ease, more quickly and in a more sustainable way than would otherwise be the case.

The ACCC also considers that as travel between Australia and China resumes, the extended JCA is likely to result in public benefits by assisting the Applicants to provide an expanded range of destinations on a single ticket, improve connectivity, provide shorter journey times, and provide a wider range of loyalty program benefits.⁴

As at the date of this Application, borders between Australia and China remain closed for foreign tourists and there is no expectation that they will open in the immediate term. Even when the borders fully open, travel demand is expected to be extremely patchy and slow to return.

As a result, the Applicants find themselves in much the same position as in 2020 when they last sought a short term re-authorisation of their joint business. The rationale for, and public benefits of, a further short term extension of the Extended JCA remain the same as in 2020-2021, given the ongoing interruptions and uncertainty caused by the pandemic. To minimise duplication and assist the Commission's review of this Application, the Applicants refer to the content of their prior application in 2020 (**2020 Application**⁵), with updates in this Application to reflect current expectations regarding the resumption of services and return of demand.

Consistent with the 2020 Application, the public benefits of continuing the alliance, even on an initially short term basis, are significant. These include:

:

- the faster and more sustainable reinstatement of capacity that has been suspended as a result of the pandemic. The Applicants' flights between Australia and China will be more likely to be successfully reinstated and sustainable if the network rebuilding process can be coordinated, using each carrier's inventory and distribution networks to stimulate demand recovery through joint sales and marketing activities. Without authorisation, **[REDACTED QF CONFIDENTIAL]** and China Eastern **[REDACTED MU CONFIDENTIAL]** The joint business support of distribution and network are the very important factors in terms of the long-haul operation;

¹ Annexure A lists the related bodies corporate of each of Qantas and China Eastern covered by this Application.

² See Confidential Annexure B. As noted below, the current version of the Extended JCA has not changed materially to the version authorised by the Commission in January 2021.

³ [ACCC Determination](#) (29 January 2021).

⁴ [ACCC Determination](#) (29 January 2021), p 1.

⁵ See Confidential Annexure C (confidential version of Applicants' application to the Commission, lodged 31 July 2020) and Annexure D (public register version of Applicants' application to the Commission, lodged 31 July 2020).

- the continued offer of an expanded range of codeshare destinations, shorter journey times, improved connectivity and increased schedule choice allowing customers of both carriers to more easily book and travel to a wider range of destinations to and within China and Australia as demand recovers. Without authorisation, the Applicants will retract the codeshare to a far more limited arms-length arrangement, reducing choice, convenience and flexibility for both carriers' customers;
- the continued offer of benefits for members of both Applicants' frequent flyer programs. Without authorisation, the Applicants would review these benefits and be unlikely to continue tiered frequent flyer benefits such as lounge access and priority services;
- improved products and services for customers of both carriers once flying resumes. Without authorisation, the Applicants will not have the incentive to facilitate smooth connections, integrate customer service or develop new joint products;
- the continued offer of greater availability and variety of price points for customer of both carriers, through reciprocal inventory access. Without authorisation, there will be no incentive to enable widespread access to inventory (particularly in relation to long haul routes), meaning that fewer price points will be able to be offered; and
- the continued joint promotion of tourism in Australia and enhanced international trade opportunities for Australian businesses, particularly important as the Australian economy seeks to recover from the severe impacts of the pandemic. Without authorisation, this will not occur or would only occur more slowly and less effectively.

Authorisation will not result in any competitive detriment, particularly in circumstances where the Applicants overlap on only one route (Sydney-Shanghai) and are again only seeking a short term extension of the current alliance. Continuation of the alliance will not produce any artificial contraction of capacity or fare increases, nor will it deter new entry or make exit more likely.

As the market recovers, it is expected that intense competition will continue to characterise all routes between Australia and China. The Applicants will continue to remain constrained by all the other major operators, particularly those that have and will continue to receive Government support to help survive the pandemic. China Southern, Air China, Sichuan Airlines, Xiamen Airlines, Hainan Airlines, Beijing Capital Airlines, Tianjin Airlines, Donghai Airlines and indirect operators such as Cathay Pacific and Singapore Airlines, all of whom have historically been aggressive and effective competitors on Australia-China services, are expected to actively seek to attract and retain passengers as consumer confidence rebuilds in due course.

The tests for authorisation and, as detailed later, interim authorisation are satisfied in circumstances where:

- the Applicants are seeking only a short term 12 month extension of the status quo;
- the actual and likely benefits are significant, particularly in the context of the Applicants' recovery from the pandemic;
- those benefits will not be delivered, or will only be delivered to a much reduced extent, in the counterfactual position; and
- there will be no competitive detriment in continuing the alliance, given the minimal operating overlap on a single route (Sydney-Shanghai) in an intensely competitive market.

2 THE APPLICANTS

2.1 Qantas

Qantas is an Australian based airline which operates both domestic and international flights under the Qantas brand. Qantas also operates two airline subsidiaries – Jetstar (which operates domestic and international flights) and its regional airline QantasLink.

Qantas' fleet currently comprises 223 aircraft, including ten Airbus A380s, 28 Airbus A330-200/300s, 75 Boeing 737-800s, 11 Boeing 787-9s, 20 Boeing 717-200s, 50 Q200/300/400s, 18 F100s and 11 Airbus A320-200s. Jetstar's fleet currently comprises 77 aircraft, including 66 Airbus 320/A321-200s and 11 Boeing 787-8s. On 2 May 2022, Qantas announced the purchase of additional fleet to service its domestic and international networks, including 12 Airbus A350 aircraft to be deployed on long-haul international services from 2025.⁶

With an underlying loss before tax of \$1.86 billion in Financial Year 2022 reflecting the severe impacts of the COVID pandemic, Qantas continues to operate in a capital constrained environment with a long-term focus on cost transformation. Qantas is currently rebuilding its domestic and international networks. The international destinations to which Qantas currently operates are set out in Figure 1 and in the route map included as Annexure E to this submission.

Figure 1: Qantas International Destinations (Ex Australia)

Region	Destinations
Pacific	Apia, Auckland, Christchurch, Dili, Nadi, Noumea, Nuku'alofa, Port Moresby, Queenstown, Wellington
Asia	Bangkok, Bengaluru, Delhi, Denpasar, Hong Kong, Jakarta, Manila, Seoul-Incheon (from December 2022), Shanghai (currently closed to foreign tourists), Singapore, Tokyo-Haneda
Europe	London-Heathrow, Rome
Americas	Dallas Fort Worth, Honolulu, Los Angeles, New York-JFK (from June 2023), Santiago (from October 2022), San Francisco (from March 2023), Vancouver
Africa	Johannesburg

In addition to the Extended JCA, the Qantas Group is currently a party to the following alliances:

- an alliance with American Airlines, which was re-authorised by the Commission on 25 March 2021;⁷
- an alliance with Emirates, which was re-authorised by the Commission on 23 March 2018;⁸ and
- the **oneworld** marketing alliance.

Jetstar is a vital part of the Qantas Group's domestic and international operations. It operates low-cost, value based services in domestic Australia and to international destinations set out in Figure 2 below.

Figure 2: Jetstar International Destinations (Ex Australia)

Region	Destinations
Pacific	Auckland, Christchurch, Nadi, Queenstown, Wellington
South East Asia	Bangkok, Denpasar, Ho Chi Minh City, Phuket, Singapore
North East Asia	Osaka, Seoul-Incheon (from November 2022), Tokyo-Narita
Americas	Honolulu

⁶ See further Qantas [media release](#) 2 May 2022.

⁷ See [ACCC Determination](#) in respect of application for revocation of A91502 and A91503 and the substitution of authorisation AA1000532 lodged by Qantas Airways Limited and American Airlines Inc. in respect of a Restated Joint Business Agreement, Authorisation number AA1000532, dated 25 March 2021.

⁸ See [ACCC Determination](#) in respect of application for revocation and substitution lodged by Qantas Airways and Emirates in respect of the Restated Master Coordination Agreement Authorisation Number AA10004000, dated 23 March 2018.

Neither Jetstar or Jetstar Asia operates to or from China, and neither airline is a party to the JCA. However, Jetstar and Jetstar Asia are included as related bodies corporate of Qantas as part of this Application.

More information about the Qantas Group is available at www.qantas.com.

2.2 China Eastern

Headquartered in Shanghai, China Eastern is one of China's three major state-owned airlines. It originated from the first squadron established by the former Civil Aviation Administration of Shanghai in January 1957. China Eastern was the first Chinese airline to be listed on the New York, Hong Kong and Shanghai stock markets in 1997.

As at the end of 2021, China Eastern operated a modernised fleet comprised of 758 passenger aircraft, with an average fleet age of 7.7 years for the major models, being one of the youngest and the most advanced fleet among the global large-size airlines. Frequent flyer members of "Eastern Miles" can enjoy members' benefits and use any one of the 790 VIP airport lounges of all of the 19 SkyTeam Airline Alliance member airlines across the world.

China Eastern has been striving to build a world-class excellent modern integrated aviation services provider that is "Cherished by Staff, Preferred by Customers, Satisfied by Shareholders and Trusted by Society". With the concept of "World-Class Hospitality with Eastern Charm", China Eastern will create splendid travel experiences for global customers with "Accurate, Exquisite and Refined" service quality.

The international destinations to which China Eastern currently operates are in the route map included as Annexure F to this Application. More information about China Eastern is available at <http://en.ceair.com/> and <http://www.irasia.com/listco/hk/chinaeast/annual/>

3 THE PROPOSED CONDUCT IN CONTEXT

3.1 The Australia-China Market

Historical detail regarding the Australia-China market, in particular the substantial growth in capacity and passenger numbers in the years leading up to the pandemic, is set out fully in the 2020 Application. Air services proved critical to the strong and growing economic ties between the countries, with passenger growth reflecting high levels of inbound tourism and spending, as well as student and tour group flows.

The entry and expansion to Australia of a growing number of Chinese based carriers was facilitated by the move to an open-skies style arrangement between Australia and China. A Memorandum of Understanding (**MOU**) was signed in December 2016, supplementing the Air Services Agreement (**ASA**), removed all capacity restrictions for passenger services between all points in Australia and China for the designated airlines of both countries.⁹ As set out in detail in the 2020 Application, the joint business enabled Qantas to remain a viable competitor in the context of this significant growth and underpinned China Eastern's expansion across a number of new routes to Australia during this time.

⁹ Prior to this, Australian and Chinese airlines were able to operate up to 33,500 seats per week between Australia's major cities (Sydney, Melbourne (including Avalon), Brisbane and Perth) and Beijing, Shanghai and Guangzhou. Unrestricted capacity was permitted to and from all points in Australia other than Sydney, Melbourne (including Avalon), Brisbane and Perth.

3.2 The Ongoing Pandemic Impact

Since early 2020, however, the pandemic and the subsequent flight, entry and quarantine restrictions imposed by Governments globally, have had and continue to have an unprecedented impact on all carriers' services, including on routes between Australia and China. Qantas suspended all services between Sydney and Shanghai and between Sydney (and, at the time, Beijing), with effect from 9 February 2020. Subsequently, on 18 March 2020, the Australian Government issued 'do not travel' advice to all Australians regardless of their destination and on 24 March 2020, the Australian Prime Minister announced a ban on all Australians travelling overseas¹⁰.

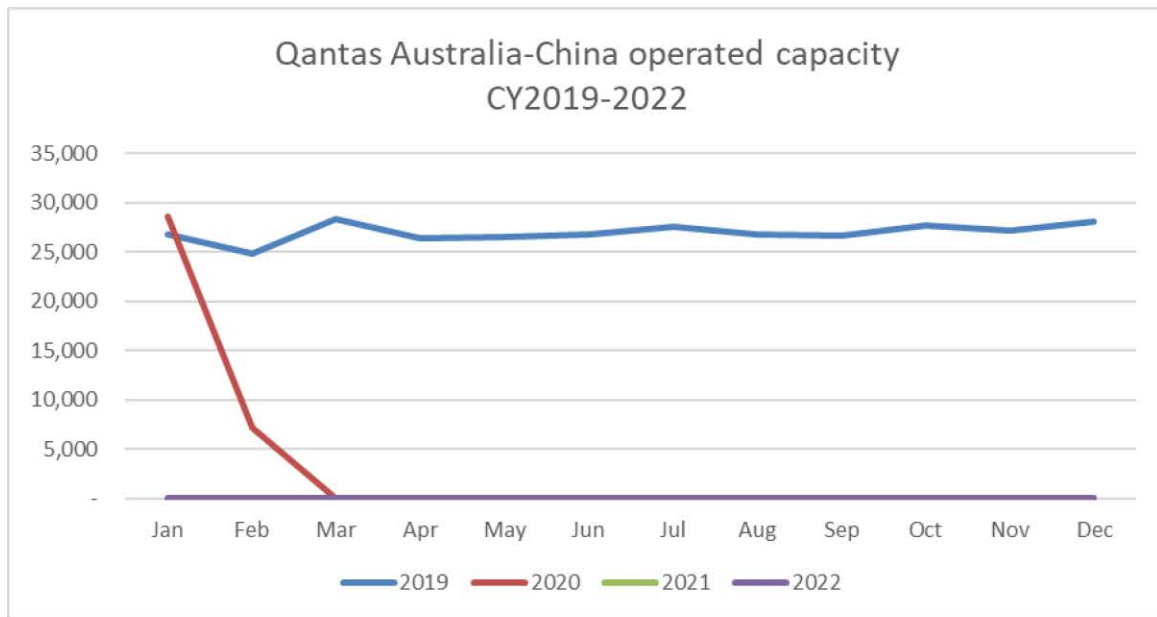
Likewise, the Ministry of Foreign Affairs of the People's Republic of China suspended entry regarding foreign nationals in March 2020, with the Civil Aviation Administration of China publishing a notice regarding the further reduction of international passenger flights from 29 March 2020. China Eastern suspended or cancelled the vast majority of its Australia-China services for the rest of 2020 through to late 2022 (only operating 1-2 flights per week compared to over 40 flights per week ex Australia prior to the pandemic).

The Applicants' operated capacity between Australia and China is set out in Figure 3 below.

Figure 3: China Eastern and Qantas Operated Seats Australia to China January 2019-June 2022 (As At Date of Application)



¹⁰ COVID-19: a chronology of Australian Government announcements (up until 30 June 2020), https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp2021/Chronologies/COVID-19AustralianGovernmentAnnouncements



Source: BITRE International Aviation Activity – Time Series, Seat utilisation factors by airline 1991 to current

The Australian Government opened the border to international arrivals and removed pandemic-related border restrictions from 6 July 2022 and the requirement for masks to be worn on inbound flights was removed from 9 September 2022.¹¹ However, although the Chinese Government no longer requires COVID test information for international arrivals (from 31 August 2022), the Chinese border remains closed to foreign tourists and there is no expectation that it will re-open in the short term as the Chinese Government applies a 'zero COVID' strategy.¹²

Qantas initially published a schedule to resume operations between Sydney and Shanghai effective from 30 October 2022. However, Qantas has now cancelled these flights and instead expects to resume operations to Shanghai from 23 April 2023, assuming the border has fully opened to tourists by then. As detailed further below, China Eastern is currently operating a limited one per week service between Sydney and Shanghai.

The published schedule of both carriers on the Sydney-Shanghai route is set out in Figure 4 below. Qantas' schedule from April 2023 would be departing Shanghai at 8.05pm and arriving in Sydney at 9.45am and then departing Sydney at 10.55am and arriving in Shanghai at 6.30pm on a daily frequency. China Eastern's schedule on the Sydney-Shanghai route for November 2022 would be a flight departing Shanghai at 6.30pm and arriving in Sydney at 8.00am and then departing Sydney 12.00pm at and arriving in Shanghai at 7.30pm, on a weekly frequency.

Figure 4: Published Schedule, Sydney-Shanghai (As At Date of Application)

Origin-Destination	Airline	Flight	Departure-Arrival Time	Operating DOW
Sydney-Shanghai	Qantas (from April 2023)	QF129	10:55-18:30	Daily
	China Eastern (from November 2022)	MU562	12:00-19:30	Weekly

¹¹ <https://www.homeaffairs.gov.au/covid19/entering-and-leaving-australia>

¹² See further: <https://www.china-briefing.com/news/china-travel-restrictions-2021-2022-an-explainer-updated/>

Origin-Destination	Airline	Flight	Departure-Arrival Time	Operating DOW
Shanghai-Sydney	China Eastern	MU561	18:30-08:00+1	Weekly
	Qantas (from April 2023)	QF130	20:05-09:45+1	Daily

China Eastern's published seat capacity for Sydney-Shanghai is set out in Figure 5 below.

Figure 5: China Eastern Operated/Published Seat Capacity Australia-China July 2022-August 2023 (As At Date of Application)

Origin	Destination	Date	Number of Flights Per Month	Number of Seats Published (or operated where indicated)
Shanghai-Sydney		Jul 2022	4	1,256 (operated)
		Aug 2022	5	1,570 (operated)
		Sep 2022	4	1,256 (operated)
		Oct 2022	4	1,256
		Nov 2022	4	1,256
		Dec 2022	4	1,256
		Jan 2023	4	1,256
		Feb 2023	4	1,256
		Mar 2023	4	1,256
		Apr 2023	4	1,256
		May 2023	4	1,256
		Jun 2023	4	1,256
		Jul 2023	4	1,256
		Aug 2023	4	1,256
Sydney-Shanghai		Aug 2022	5	1,570 (operated)
		Sep 2022	4	1,256
		Oct 2022	5	1,256
		Nov 2022	4	1,256

Origin	Destination	Date	Number of Flights Per Month	Number of Seats Published (or operated where indicated)
		Dec 2022	4	1,256
		Jan 2023	4	1,256
		Feb 2023	4	1,256
		Mar 2023	4	1,256
		Apr 2023	4	1,256
		May 2023	4	1,256
		Jun 2023	4	1,256
		Jul 2023	4	1,256
		Aug 2023	4	1,256
Total			111	34,540

Source: Diio Mi airline schedule analyser tool, retrieved 5 September 2022

As Figure 5 shows, this is a very limited schedule, reflecting the fact that international routes to and from China remain restricted by the Civil Aviation Administration of China (CAAC)'s "Five-One" policy.¹³ Any subsequent increase in the number of flights will be determined by the number of flights allocated to China Eastern by the CAAC.

As set out in more detail later, three Chinese carriers (China Southern, Xiamen Airlines and China Eastern) have published capacity through to 2023, however this is also at a highly reduced level compared to pre-COVID. Only China Eastern and Xiamen Airlines are published to operate at more than a weekly frequency, while China Southern currently only has a weekly Sydney-Guangzhou service published through to March 2023.

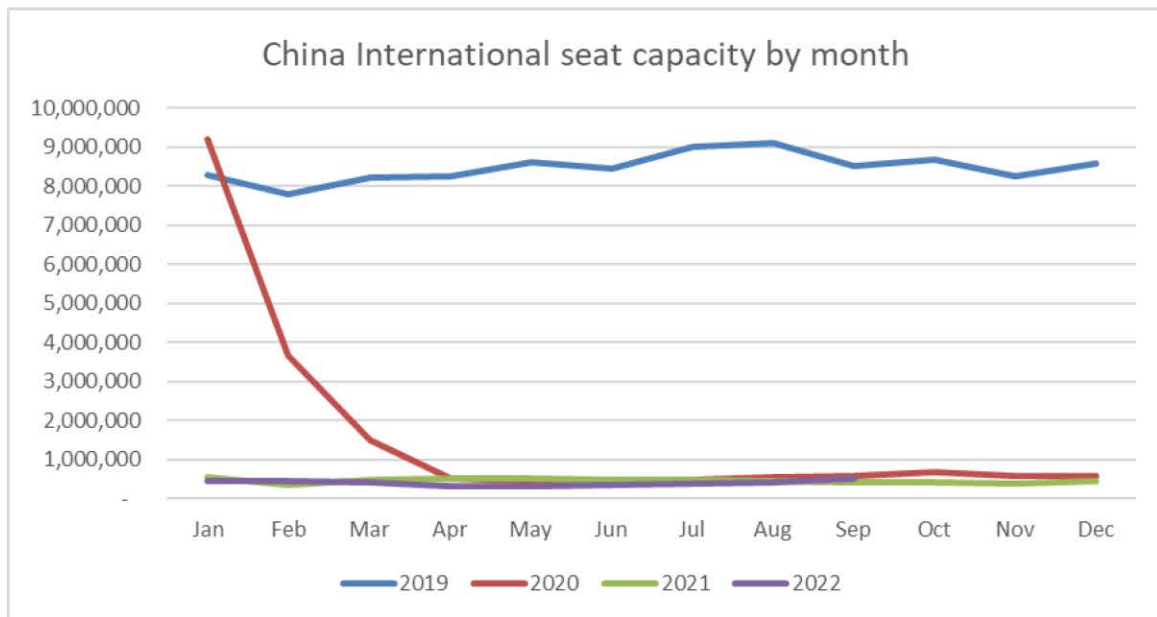
As noted above, there is currently no reasonable likelihood that the Australia-China border will re-open in 2022. In any event, even when the Australia-China border re-opens, the Applicants anticipate that there will be ongoing uncertainty and long term patchiness in recovery of demand for at least the next 2-3 years. According to the CAAC's five-year plan, which was published in January 2022, international flights will gradually resume between 2023 and 2025.¹⁴

The impact of the pandemic on travel to and from China has been particularly acute. As set out in the 2020 Application, one consultancy group indicated that the airline seat capacity in and out of China had dropped by two thirds as at February 2020, which represented more than 1.4 million seats – the most significant ever recorded for a country.¹⁵ In calendar year 2022, international seat capacity is so far only at 5 per cent of 2019 levels. International seat capacity from China is shown in Figure 6 below.

¹³ See further: http://www.caac.gov.cn/en/XWZX/202006/t20200604_202949.html

¹⁴ See further: http://english.www.gov.cn/statecouncil/ministries/202201/07/content_WS61d8386ac6d09c94e48a34f4.html

¹⁵ Airline consultancy group OAG cited in 'Virus cripples travel industry' in *The Mercury*, 17 February 2020.

Figure 6: International Airline Seats from China

Source: Diio Mi airline schedule analyser tool, retrieved 5 September 2022

The recovery of demand between Australia and China is uncertain. When borders reopen, there is typically a large spike in traveller volumes as people seek to reunite with friends and family and the VFR segment is often more willing to tolerate additional burdens associated with increased travel requirements (e.g. testing). The conditions under which the Chinese border would fully reopen are unclear, however given China's strict approach taken to COVID management, there is the possibility that the border would open with stringent conditions, which could impact demand.

In this context, it remains critical that Qantas and China Eastern can work together to reinstate and sustainably retain as much capacity as commercially viable in circumstances where demand has declined sharply and Australia-China services need to be rebuilt.

3.3 Joint Coordination Agreement

Qantas and China Eastern entered the original JCA in November 2014 and this was conditionally authorised by the Commission on 21 August 2015 for a period of five years.¹⁶ In July 2020, the JCA was varied to extend the term for a further 18 months, without any material changes to its provisions (**Extended JCA**). In January 2021, the Commission granted a short term (two year) re-authorisation until 31 March 2023, acknowledging the impact of the pandemic on operations between Australia and China.

In October 2022, the Extended JCA was further extended by another 12 months, again without any material changes to its provisions, and is now in place (subject to ongoing regulatory approvals) until 31 March 2024. A copy of the current Extended JCA is included in Confidential Annexure B.

Pursuant to the Extended JCA, the Applicants wish to continue to maximise consumer benefits and operate cost effective and efficient networks by coordinating their activities and operations between Australia and mainland China as borders re-open and demand returns. This includes coordinating in relation to:

- improving schedules, frequencies and connection times;
- enabling the potential expansion of destinations served by the Applicants' operations;

¹⁶ See [ACCC Determination](#) 21 August 2015. The Original JCA was also notified to the National Development and Reform Commission (NDRC) in China in December 2014.

- expanding connecting services at primary gateways leading to more one-stop online points of service;
- pricing, including developing new fare products and promotions;
- improving reciprocal inventory access to facilitate more bookings on both Applicants' services, including group bookings;
- expanding reciprocal airport lounge access, improving facilities within lounges and streamlining check-in facilities for passengers;
- increasing opportunities and benefits for members of both Applicant's frequent flyer programs;
- increasing the international competitiveness of both Applicants; and
- easing the planning of itineraries through the provision of better information to agents.

If the Proposed Conduct is authorised, the Applicants will continue to coordinate activities in respect of sales and marketing (including joint promotions), holiday products and packages, distribution, customer rebates, incentives and discounts, agency arrangements, ground handling and airport services.

The model of commercial coordination under the Extended JCA remains the same going forward. As was the case in 2015 and 2020, the exact scope of the Proposed Conduct will evolve and may be altered from time to time. The terms of the Extended JCA will continue to optimise the operating and financial performance of both Applicants by providing them with an incentive to place passengers on each other's services and offer the other carrier greater access to their respective domestic networks. **[REDACTED JOINT CONFIDENTIAL]** By selling in this way, each carrier will continue to have the ability to sell each other's capacity using the full range of available inventory. The Applicants may add or remove routes and flights which are the subject of particular types of coordination.

3.4 Rationale For Continuation Of Proposed Conduct

As indicated earlier, this application seeks a short term extension of the current alliance for a further 12 months from March 2023 until March 2024, to enable the Applicants to continue to coordinate and rebuild post-pandemic. The intention will be to then seek a further extension of the Proposed Conduct beyond 2024, subject to ongoing authorisation from relevant authorities.

The rationale for this application is the same as articulated in the 2020 Application, given that the Australia-China border remains closed to foreign tourists.

The Extended JCA will support capacity reinstatement and potential future expansion, giving the Applicants the best chance to restore confidence and sustainable operations when the border re-opens and demand returns. The Extended JCA will allow each carrier to offer a broader range of price points than would be possible under a limited arm's length codeshare arrangement. It will encourage ongoing joint sales and marketing opportunities and the development of better product and services expertise. As discussed below, it will also maximise consumer convenience in the event of unexpected schedule changes and disruption which has unfortunately taken place more often than usual in recent times.

The 2020 Application sets out the ways in which, pre pandemic, the Extended JCA supported Qantas' ability to remain as a participant in the Australia-China market. It remains the case today that Qantas needs the continued support of China Eastern to assist in ensuring its single remaining operation between Australia and China – its Sydney-Shanghai service – can be successfully reinstated after the border re-opens and be sustainable in the longer term. Without this support, the sustainability of the service is jeopardised, as described further below. In addition, the alliance provides the only viable support for any potential expansion of Qantas capacity over the longer term.

It is also still the case that, when it returns, demand for travel between Australia and China is expected to be predominantly leisure in nature, which is another reason that the alliance can help the Applicants cater to this preference. As was the case in 2020, the Applicants expect that the Australia-China market

will continue to be characterised by a high prevalence of group bookings (typically student and tours), mostly originating in China.

As was also the case in 2020, Qantas has no plans in the short-medium term to introduce new capacity between Australia and China and will be focused in the immediate term on restoring its daily Sydney-Shanghai operation. Being able to sell on China Eastern's service means that Qantas can attract sales that it may otherwise miss, by matching lower fare types to China Eastern's product characteristics which appeal more to the leisure passenger base. In addition, by being able to use China Eastern's distribution, Qantas is better able to balance demand from Point of Sale Australia and China to fill its aircraft, reducing directional imbalances. This sales/marketing support will be even more important moving forward given the uncertainties in the Australia-China market post pandemic.

Similarly, the alliance is important for China Eastern's rebuild. As set out in the 2020 Application, the Extended JCA will enable China Eastern to sell additional seats at low prices on Qantas operated flights to an extent which would not otherwise be possible, while also being able to sell to business and premium leisure passengers seeking Qantas' premium cabin experience. Having an Australian partner enables China Eastern to access Qantas' sales and distribution capability within Australia, as well as additional product expertise, in order to attract and retain increased traffic and provide better services to its passengers. China Eastern can build on Qantas' domestic business and frequent flyer proposition to access high-yielding Australian domestic corporate and government travellers. Continuing the alliance will give China Eastern's worldwide sales force better access to sell to and from Australia, particularly by being able to offer more seamless travel to secondary and regional cities served by Qantas. The sales and distribution support provided by the joint business will be even more important to move forward given the uncertainties in the Australia-China market post pandemic. Meanwhile, such support will also have impacts on the capacity recovery once the border re-opens. Such joint activities will support the sustainability of China Eastern's existing capacity and, if demand sufficiently recovers after the border re-opens, make it more likely that China Eastern will add additional capacity to Australia over the longer term.

3.5 Counterfactual

As set out in the 2020 Application, the public benefits delivered through the alliance would not be possible in the counterfactual.

Specifically, for Qantas, [REDACTED QF CONFIDENTIAL]

For China Eastern, without the alliance, there is a higher risk that China Eastern will not be able to reinstate as much capacity to Australia. [REDACTED MU CONFIDENTIAL] Without authorisation of the Proposed Conduct, such expansion would be highly unlikely to occur or will not occur as quickly.

Without authorisation of the Proposed Conduct, the carriers would not have the commercial incentive to make available such benefits to consumers. Without the Extended JCA moving forward, the Applicants would review these arrangements and would be unlikely to continue tiered frequent flyer benefits such as lounge access and priority services. In turn, the removal or reduction of such benefits would make it harder for the Applicants to rebuild the Australia-China services because it reduces the attractiveness of Australia as a destination for Chinese travellers.

4 PUBLIC BENEFITS

4.1 Overview

Consistent with the 2020 Application, the public benefits of continuing the alliance, even on a short term basis initially, are significant. These include:

:

- the faster and more sustainable reinstatement of capacity that has been suspended as a result of the pandemic. As was the case in 2020, the Applicants' flights between Australia and China will be more likely to be successfully reinstated and sustainable if the market rebuilding process can be coordinated, using each other's inventory and distribution networks to stimulate a recovery in demand through joint sales and marketing activities. By contrast, without authorisation, [REDACTED QF CONFIDENTIAL] and for China Eastern [REDACTED MU CONFIDENTIAL];

- the continued offer of an expanded range of codeshare destinations, shorter journey times, improved connectivity and increased schedule choice allowing customers of both carriers to more easily book and travel to a wider range of destinations to and within China and Australia as demand recovers. Without authorisation, the Applicants will retract the codeshare to a far more limited arms-length arrangement, reducing choice, convenience and flexibility for both carriers' customers;
- the continued joint promotion of tourism in Australia and enhanced international trade opportunities for Australian businesses, particularly important as the Australian economy seeks to recover from the severe impacts of the pandemic. Without authorisation, this will not occur or would only occur more slowly and less effectively;
- the continued offer of benefits for members of both Applicants' frequent flyer programs. Without authorisation, the Applicants would review these benefits and be unlikely to continue tiered frequent flyer benefits such as lounge access and priority services;
- improved products and services for customers of both carriers once flying resumes. Without authorisation, the Applicants will not have the incentive to facilitate smooth connections, integrate customer service or develop new joint products; and
- the continued offer of greater availability and variety of price points for customer of both carriers, through reciprocal inventory access. Without authorisation, there will be no incentive to enable widespread access to inventory (particularly in relation to long haul routes), meaning that fewer price points will be able to be offered.

Capacity Reinstatement

Given the timing of this Application and the current state of the Australia-China market, the key public benefit in the period between March 2023 and March 2024 will be the ability of the Proposed Conduct to support capacity reinstatement as quickly and to the maximum extent possible as demand recovers once the border re-opens. The Proposed Conduct will allow the Applicants to maximise cross selling across the codeshare and allow more effective joint marketing through dual distribution channels, which will be necessary to stimulate demand recovery.

Since the pandemic began, the Applicants have been able, and will continue to, discuss and coordinate plans for the restoration of services when entry restrictions were lifted. [REDACTED JOINT CONFIDENTIAL] In addition, during the pandemic whilst passenger traffic was restricted, Qantas worked with China Eastern in Shanghai to facilitate more freight services than would otherwise have been possible without this alliance (due to constraints in Shanghai). Discussions on the most effective way to reinstate services will continue as the border situation clarifies.

Continuing the alliance is critical to restoring inbound tourism flows and export opportunities for Australian businesses post-pandemic. As set out above, authorisation maximises the ability of the Applicants to reinstate sustainable capacity on services between Australia and China. Without authorisation, the ability to reinstate a daily schedule will be weakened and delayed. Among other things, this will help to deliver supply chain certainty to exporters. Without authorisation, this will not occur, or would only occur to a limited extent.

Furthermore, when market conditions improve, the Applicants will undertake promotions to attract Chinese tourists to Australia and Australian tourists to China. The Applicants intend to strengthen the use of co-branded marketing material and continue the calendar of awareness programs to improve knowledge of the alliance among travel agents in both China and Australia (including through a series of telephone calls and onsite visits to key travel agents and corporate customers).

Other Public Benefits

Details about longer term public benefits will be facilitated through ongoing authorisation, are set out in the 2020 Application.

To assist the Commission's review of this Application, details about these benefits have not been repeated here other than to note:

- authorisation of the Proposed Conduct will enable the Applicants to continue to offer an expanded range of codeshare destinations once services resume, as well as shorter journey times, improved connectivity and increased schedule choice allowing customers of both carriers to more easily book and travel to a wider range of destinations to and within China and Australia¹⁷;
- the Applicants confirm that it is still their intention to explore a number of opportunities to further improve customer experience even in the initial 12 month period of extension of the Extended JCA. These initiatives include: creating a platform through which the airlines can record and exchange insights into customer preferences, exploring opportunities for onboard product exchange, such as the service of premium Australian wine on China Eastern operated flights and the service of Chinese tea on Qantas operated flights, developing a reciprocal cultural awareness training course to assist servicing customers of both carriers and continuing to reduce the minimum connecting time in both Sydney and Melbourne, which has the potential to increase the range of connectivity options and reduce journey times in some circumstances;
- continuation of the frequent flyer benefits outlined in the 2020 Application would be seamless with a grant of interim and final short term authorisation, without which there would be no commercial incentive to continue to offer those benefits;
- while it is too early to plan any joint sales and marketing initiatives given the ongoing border closures, when operations do resume the Applicants intend to strengthen the use of co-branded marketing material and continue the calendar of awareness programs to improve knowledge of the alliance among travel agents in both China and Australia (including through a series of telephone calls and onsite visits to key travel agents and corporate customers). In turn, this will help deliver a much-needed boost to the Australian tourism industry;
- continuing the alliance is critical to restoring inbound tourism flows and export opportunities for Australian businesses after the pandemic. As set out above, authorisation maximises the ability of the Applicants to reinstate sustainable capacity on services between Australia and China. Among other things, this will help to deliver supply chain certainty to exporters; and
- the Applicants intend to explore a number of opportunities to further improve customer experience. These initiatives include:
 - creating a platform through which the airlines can record and exchange insights into customer preferences;
 - exploring opportunities for onboard product exchange, such as the service of premium Australian wine on China Eastern operated flights and the service of Chinese tea on Qantas operated flights;
 - developing a reciprocal cultural awareness training course to assist servicing customers of both carriers; and
 - continuing to reduce the minimum connecting time between flights in both Sydney and Melbourne, which has the potential to increase the range of connectivity options and reduce journey times in some circumstances.

By contrast, without authorisation:

- **[REDACTED QF CONFIDENTIAL]** and **[REDACTED MU CONFIDENTIAL]**;
- under a limited arms-length codeshare agreement, the Applicants would not coordinate inventory management or work together to maximise access to a variety of price points for each other. China Eastern would only have limited access to Qantas' seats in certain fare classes. Qantas would have no incentive to make inventory available to the same extent as is currently the case. Qantas would instead assign China Eastern lesser availability on its domestic services when that travel is associated with a long haul journey on China Eastern, so that Qantas can maximise connectivity

¹⁷ See in particular Tables 9 and 10 in the 2020 Application.

only for its own passengers on the long haul Qantas operated flight. This would restrict China Eastern's ability to sell journeys into regional parts of Australia, which would make recovery of the Australian tourism industry more difficult post-pandemic; and

- there will be no incentive to continue the frequent flyer benefits nor to facilitate smooth connections, lounge access or timely and integrated customer service for customers of the other carrier.

5 NO COMPETITIVE DETRIMENT

5.1 The Proposed Conduct Will Not Cause Any Competitive Detriment

The Proposed Conduct will not generate any competitive detriment. This is particularly the case given that, in the current circumstances, the Applicants are seeking only a short term extension of the alliance for a period of 12 months until March 2024, with a view to later seeking a further extension.

As discussed below, if and when both Applicants resume operations after borders re-open, they will overlap on only a single route (Sydney-Shanghai) in what will remain an intensely competitive Australia-China market. On that route, there would be a number of viable alternatives that customers can fly.

There is no evidence that the Applicants have artificially constrained capacity expansion or raised prices in the years since the alliance was first authorised, nor is there any reason to suggest that such anti-competitive effects could or will occur going forward.

Information is set out below about the intensity of competition that Qantas and China Eastern will continue to face on routes between Australia and China.

5.2 Effective Competitive Constraints

The Australia-China market is characterised by intense competition between a large number of carriers operating frequent services from Australia. The 2020 Application set out in detail the operations of carriers pre-pandemic and provided 2019 market share data by carrier.

Given current market uncertainty with the Australia-China border closed to foreign tourists, it is difficult to demonstrate with precision the current state of the market. A number of carriers have announced either temporary suspensions or ongoing cancellations of services and it is difficult to predict what services will be reinstated and when. As noted above, so far China Southern, Xiamen Airlines and China Eastern have published capacity between Australia and China.

However, as the market recovers once borders open to all passengers, it is expected that intense competition will continue to characterise all routes between Australia and China. The Applicants will continue to remain constrained by all the other major operators, particularly those that have and will continue to receive Government support to help survive the pandemic. As noted earlier, China Southern, Air China, Sichuan Airlines, Xiamen Airlines, Hainan Airlines, Beijing Capital Airlines, Tianjin Airlines, Donghai Airlines and indirect operators such as Cathay Pacific and Singapore Airlines, all of whom have historically been aggressive and effective competitors on Australia-China services, are expected to actively seek to attract and retain passengers as consumer confidence rebuilds in due course.

In particular, the Applicants believe that China Southern will remain the dominant operator as the market conditions stabilise over time. In particular, the Applicants expect that China Southern will re-grow during 2022 and 2023, given it is the largest operator in China.

5.3 Low Barriers To Entry

The Applicants will remain constrained not only by the existing competitors on multiple routes between Australia and China, but also by the prospect of new entry. Although new entry may be less likely to occur in the short-medium term in the wake of the pandemic, if demand sufficiently recovers then it would be open to a number of carriers to expand their operations in the longer term.

As mentioned earlier, a Memorandum of Understanding (**MOU**) was signed in December 2016, supplementing the Air Services Agreement (**ASA**), removed all capacity restrictions for passenger services between all points in Australia and China for the designated airlines of both countries.¹⁸ This remains the arrangement today and, as set out below, it is expected that as demand recovers carriers will reinstate capacity and grow to re-utilise these entitlements over time.

The ASA provides for growth opportunities for Australian and Chinese carriers (as well as third country carriers) in the long term and provides a framework to further grow the Chinese market once it has recovered after the COVID-19 Pandemic. In addition to unrestricted capacity, the MOU expanded opportunities for Australian and Chinese airlines to service destinations between and beyond both countries.

5.4 No coordinated effects

The Extended JCA does not make coordinated effects between the Qantas/China Eastern alliance and any other carriers any more likely to occur. The potential for sustainable anti-competitive coordination is greatest where:

- firms have the ability and incentive to settle on terms (not necessarily by communication or active coordination) that are profitable for all;
- firms can detect deviations from the consensus;
- the threat of retaliation from other firms involved is sufficiently costly to act as a deterrent to deviation; and
- the consensus is not undermined by competitive constraints.

As was the case in 2020, such conditions will not arise on Sydney-Shanghai route or any other route between Australia and China. To the contrary, the ability for carriers to engage in coordinated conduct is lessened or eliminated by:

- the highly competitive and dynamic nature of the global aviation industry within which the Proposed Conduct will take place;
- low barriers to entry and expansion described above, which encourage independent firms to enter and undermine any coordination and reduce the ability for any concerted attempts to raise prices or lower service quality;
- the various carriers within each alliance having different cost bases and business models, which means that they are less likely to have aligned interests;
- the degree of product differentiation, which means that there is less likely to be any stagnation or false comfort that service and price competition can deteriorate through a collective exercise of market power, without repercussion;
- the price sensitivity of the majority of Australia-China passengers which means that all carriers lack the ability – whether individually or in concert – to raise prices without suffering significantly reduced load factors; and
- continuing substantial excess capacity meaning that competing airlines would have the opportunity to quickly absorb extra passengers in the event of a price rise by another, which removes the ‘comfort’ otherwise co-ordinating firms might have.

5.5 Freight Market

¹⁸ Prior to this, Australian and Chinese airlines were able to operate up to 33,500 seats per week between Australia’s major cities (Sydney, Melbourne (including Avalon), Brisbane and Perth) and Beijing, Shanghai and Guangzhou. Unrestricted capacity was permitted to and from all points in Australia other than Sydney, Melbourne (including Avalon), Brisbane and Perth.

Like the market for passenger services between Australia and China, the market for freight services will also be characterised by intense competition.

Routes between Australia and Asia (including China) are likely to remain characterised by strong demand and substantial excess capacity, meaning that consignments will continue to be vigorously contested and prices driven down.

While there has been limited commercial coordination between the Applicants to date, to the extent coordination is able to take place in the short term, the Applicants will continue to remain constrained by other rivals operating direct and indirect services, with low barriers to entry and expansion.

6 TERM OF AUTHORISATION AND REQUEST FOR INTERIM AUTHORISATION

The Applicants seek short term authorisation for the Proposed Conduct for 12 months from 1 April 2023 to 31 March 2024. This time frame is appropriate in the current market circumstances.

As noted earlier, the Applicants also seek interim authorisation to enable immediate planning and commercial coordination under the Extended JCA to extend to conduct beyond March 2023.

Interim authorisation is appropriate and reasonable in the current uncertain market circumstances. The Applicants request that it is granted as soon as possible by the Commission on the basis that the Proposed Conduct is inherently pro-competitive and will enable the immediate continuation of significant, substantiated public benefits at a time of great challenge to consumers seeking to travel, and Australian businesses seeking to import or export, between Australia and China.

As set out further below, allowing commercial coordination including joint selling to continue seamlessly as borders re-open will ensure that services, once reinstated, have the best prospect of success. In turn, this will expedite the public benefits that will flow in the medium-long term once services are fully operational. Interim authorisation will not give rise to permanent changes to the relevant market dynamics or cause any detriment to consumers or others given that the Applicants are already coordinating (to the extent operations are on foot), pursuant to the existing authorisation.

By contrast, if the Applicants are required to wait until closer to March 2023 to be permitted to coordinate in respect of conduct past that date, they will be unable to continue to properly plan for recovery of the Australia-China services once the border re-opens (including the resumption of Qantas' services between Sydney and Shanghai on 23 April 2023), creating confusion, uncertainty and delay in developing a competitive and sustainable proposition for consumers, corporate clients and industry partners.

There is typically at least a six month lead time on selling passenger services, meaning that close and continued collaboration between the Applicants is critical in order to make the reinstated services competitive when borders re-open. **[REDACTED JOINT CONFIDENTIAL]** The need to be ready to re-start strategies for selling to corporates and industry partners is particularly acute given the current market conditions.

[REDACTED JOINT CONFIDENTIAL] As explained further below, the ability to commence meaningful and detailed planning rather than delay effective implementation of the Proposed Conduct until after any positive determination by the Commission will help to rebuild consumer and trade confidence in the alliance and in Australia-China travel more generally.

The ability to conduct a coordinated strategic campaign in both countries is the only way to enable a viable re-launch of the reinstated services after the COVID-19 Pandemic. Planning for and selling these services post March 2023 now, without the support and involvement of the other carrier, would be problematic commercially and confusing for consumers and travel agents. Any lost momentum or inability to maximise selling opportunities would mean that loads are affected and revenue is impacted. In circumstances where the Applicants can already coordinate on services between Australia and China would be artificial and commercially impractical to isolate or ring-fence decisions in relation to services post March 2023.

In addition, interim authorisation will not cause any detriment to consumers given that the Applicants are already coordinating operations pursuant to existing authorisations. The Applicants would commit to ensuring that to the extent ticketed passenger fares and any frequent flyer benefits and entitlements are offered in respect of the period after March 2023, they would be honoured, and booked travel re-accommodated (if possible), in the event that final authorisation is not granted.

7 CONCLUSION

Interim authorisation, and ultimately authorisation, of the Proposed Conduct will provide the Applicants with the immediate certainty to reinstate and continue to provide sustainable capacity on routes between Australia and China. As set out above, relative to the counterfactual position in which the Applicants would revert to a limited codeshare relationship, the future with authorisation is one in which customers of both carriers continue to enjoy a range of existing benefits.

Continuing the alliance gives the Applicants the best chance to restore confidence and sustainable services to consumers and businesses of both Australia and China in the short term when the border re-opens, whilst also providing the certainty and incentive to plan and implement other customer benefits in the medium-long term.

The test for both interim and final authorisation is clearly satisfied in circumstances where:

- at this stage, given current market conditions, the Applicants are seeking only a short term extension of the current alliance arrangements;
- the actual and likely benefits are significant – and even more critical post-pandemic - and will not be delivered, or will only be delivered to a much reduced extent, in the counterfactual position; and
- there will be no competitive detriment in continuing the alliance, given the minimal operating overlap on a single route in what will continue to ultimately be an intensely competitive market.

ANNEXURE A – RELATED BODIES CORPORATE

Qantas

Entity	Country of Incorporation
AAL Aviation Limited	Australia
Airlink Pty Limited	Australia
Australian Air Express Pty Ltd	Australia
Australian Airlines Limited	Australia
Australian Regional Airlines Pty. Ltd.	Australia
Eastern Australia Airlines Pty. Limited	Australia
Express Freighters Australia (Operations) Pty Limited	Australia
Express Freighters Australia Pty Limited	Australia
H Travel Sdn Bhd	Malaysia
Hangda Ticket Agent (Shanghai) Co. Ltd	China
Holiday Tours & Travel (Korea) Limited	Korea
Holiday Tours & Travel (Singapore) Pte. Ltd.	Singapore
Holiday Tours & Travel Limited	Hong Kong
Holiday Tours & Travel Ltd	Taiwan
Holiday Tours & Travel Pte. Ltd.	Singapore
HTT Travel Vietnam Limited Liability Company	Vietnam
Impulse Airlines Holdings Proprietary Limited	Australia
Jetabout Japan, Inc.	Japan
Jetconnect Limited	New Zealand
Jetstar Airways Limited	New Zealand
Jetstar Airways Pty Limited	Australia
Jetstar Asia Airways Pte Limited	Singapore
Jetstar Asia Holdings Pty Limited	Australia
Jetstar Group Pty Limited	Australia
Jetstar Holidays Co. Ltd.	Japan
Jetstar International Group Australia Pty Limited	Australia
Jetstar International Group Japan Co., Ltd	Japan
Jetstar NZ Regional Limited	New Zealand
Jetstar Regional Services Pte. Ltd.	Singapore
Jetstar Services Pty Limited	Australia
National Jet Operations Services Pty Ltd	Australia
National Jet Systems Pty Ltd	Australia
Network Aviation Holdings Pty Ltd	Australia
Network Aviation Pty Ltd	Australia
Network Holding Investments Pty Ltd	Australia
Network Turbine Solutions Pty Ltd	Australia
Osnet Jets Pty Ltd	Australia
Phone A Flight Pty Ltd	Australia
Q H Tours Ltd	Australia
Qantas Airways Domestic Pty Limited	Australia
Qantas Asia Investment Company (Singapore) Pte. Ltd.	Singapore
Qantas Asia Investment Company Pty Ltd	Australia
Qantas Cabin Crew (UK) Limited	United Kingdom
Qantas Courier Limited	Australia
Qantas Domestic Pty Limited	Australia
Qantas Freight Enterprises Limited	Australia
Qantas Frequent Flyer Limited	Australia

Qantas Frequent Flyer Operations Pty Limited	Australia
Qantas Ground Services Pty Limited	Australia
Qantas Group Accommodation Pty Limited	Australia
Qantas Group Flight Training (Australia) Pty Limited	Australia
Qantas Group Flight Training Pty Limited	Australia
Qantas Information Technology Ltd	Australia
Qantas Road Express Pty Limited	Australia
Qantas Superannuation Limited	Australia
Qantas Ventures Pty Ltd	Australia
QF A332 Leasing 1 Pty Limited	Australia
QF A332 Leasing 2 Pty Limited	Australia
QF BOC 2008-1 Pty Limited	Australia
QF BOC 2008-2 Pty Limited	Australia
QF Cabin Crew Australia Pty Limited	Australia
QF Dash 8 Leasing No. 4 Pty Limited	Australia
QF Dash 8 Leasing No. 5 Pty Limited	Australia
QF Dash 8 Leasing No. 6 Pty Limited	Australia
QF ECA 2008-1 Pty Limited	Australia
QF ECA 2008-2 Pty Limited	Australia
QF ECA A380 2010 No.1 Pty Limited	Australia
QF ECA A380 2010 No.2 Pty Limited	Australia
QF ECA A380 2010 No.3 Pty Limited	Australia
QF ECA A380 2010 No.4 Pty Limited	Australia
QF ECA A380 2011 No.1 Pty Limited	Australia
QF ECA A380 2011 No.2 Pty Limited	Australia
QF EXIM B787 No.1 Pty Limited	Australia
QF EXIM B787 No.2 Pty Limited	Australia
QH International Co. Limited.	Japan
Regional Airlines Charter Pty Limited	Australia
Southern Cross Insurances Pte Limited	Singapore
Sunstate Airlines (Qld) Pty. Limited	Australia
TAD Holdco Pty Ltd	Australia
Taylor Fry Holdings Pty Limited	Australia
Taylor Fry Pty Limited	Australia
The Network Holding Trust	N/A
The Network Trust	N/A
Trip A Deal Holdings Pty Ltd	Australia
Trip A Deal Pty Limited	Australia
Trip A Deal (NZ) Ltd	New Zealand
Vii Pty Limited	Australia

China Eastern

Entity	Country of Incorporation
China Eastern Airlines Jiangsu Co Ltd	China
China Eastern Airlines Wuhan Co Ltd	China
China Eastern Airlines Yunnan Co Ltd	China
China Eastern Airlines Technology Co Ltd	China
China Eastern Business Jet Co Ltd	China
China Eastern Airlines Application Development Center Co Ltd	China
China Eastern Airlines E-Commerce Co Ltd	China
Eastern Air Overseas (Hong Kong) Co Ltd	China
Shanghai Eastern Flight Training Co Ltd	China
Eastern Airlines Hotel Co Ltd	China
Shanghai Airlines Co Ltd	China
Shanghai Airlines Tours International (Group) Co Ltd	China
One Two Three Airlines Co., Ltd	China

CONFIDENTIAL ANNEXURE B – EXTENDED JCA AND 2022 VARIATION

[REDACTED JOINT CONFIDENTIAL]

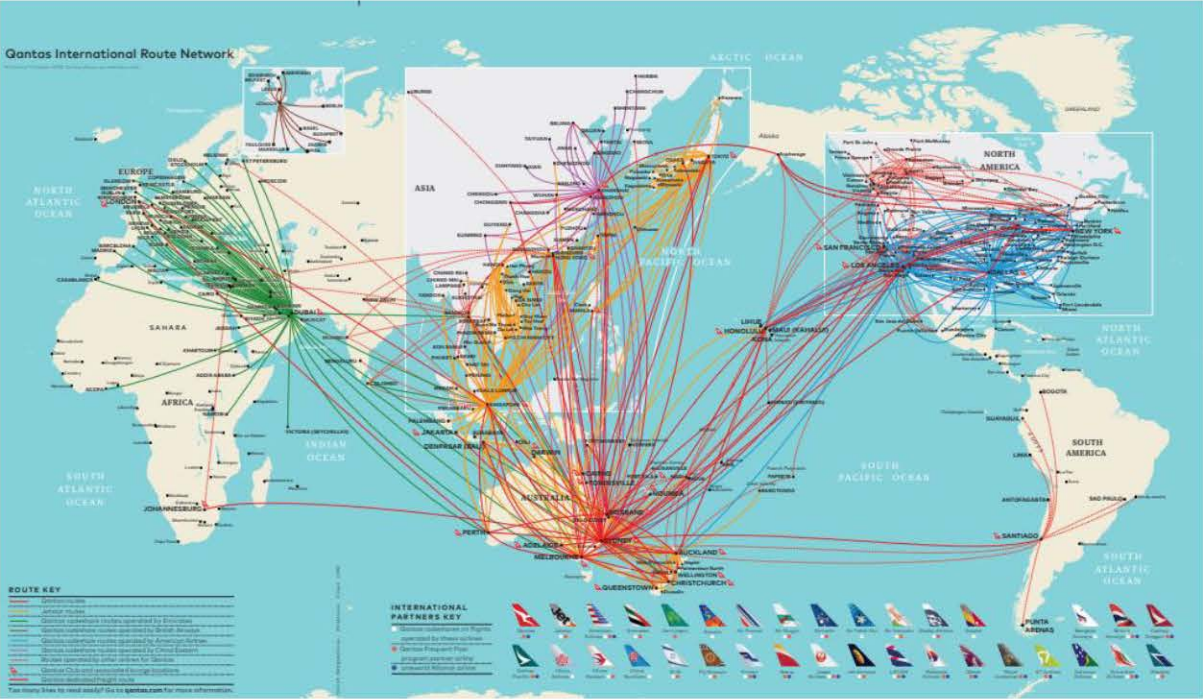
**CONFIDENTIAL ANNEXURE C – CONFIDENTIAL VERSION OF APPLICANTS' PRIOR
APPLICATION TO THE COMMISSION LODGED 31 JULY 2020**

[REDACTED JOINT CONFIDENTIAL]

**ANNEXURE D – PUBLIC REGISTER VERSION OF APPLICANTS' PRIOR APPLICATION TO THE
COMMISSION LODGED 31 JULY 2020**

See attached.

ANNEXURE E – QANTAS GROUP INTERNATIONAL NETWORK MAP



ANNEXURE F – CHINA EASTERN INTERNATIONAL NETWORK MAP

