



## PUBLIC REGISTER VERSION

31 March 2021

Mr Gavin Jones  
Director – Competition Exemptions  
Australian Competition and Consumer Commission  
23 Marcus Clarke Street  
Canberra ACT 2601

By Email: [gavin.jones@accc.gov.au](mailto:gavin.jones@accc.gov.au)

Dear Gavin

### **Qantas-JAL Application for Authorisation AA1000540: Update and Confidential Qantas Response to Information Request**

We refer to the application (**Application**) for authorisation lodged with the Commission on 18 December 2020 by Qantas Airways Limited (**Qantas**) and Japan Airlines Co Ltd (**JAL**) (together, the **Applicants**) in relation to a proposed Joint Business Agreement (**JBA**) (**Proposed Conduct**) and to the request for information received from the Commission on 5 March 2021 (including the supplementary question received from the Commission on 19 March 2021) (**Information Request**).

In addition to responding to the Information Request (see Confidential Attachment A to this letter), the Applicants wish to:

- update the Commission in relation to the ongoing impact of the Pandemic on international aviation;
- present additional evidence demonstrating the public benefits of the Proposed Conduct;
- highlight the ongoing competitiveness of the Australasia-Japan routes; and
- acknowledge and respond to input from interested parties as part of the Commission's consultation process.

### **Pandemic Impact Continues**

The Proposed Conduct remains essential to the recovery of Australasia-Japan services. As set out in the Application, the Pandemic has caused severe disruption across global and domestic travel networks. Even in the period since the Application was lodged, there have been further developments regarding new strains of the virus and ongoing border restrictions and quarantine processes.

Despite some optimism, predictions for the recovery of international travel remain uncertain. In Australia, borders remain closed until at least 17 June 2021 and quarantine caps limit the ability for carriers to operate on a commercial basis.

On 3 February 2021, the International Air Transport Association (**IATA**) made several relevant



announcements<sup>1</sup> including that:

- global passenger demand fell by 65.9 per cent in 2020, the sharpest decline in history;
- forward bookings stalled again from late December 2020. Bookings for future travel made in January 2021 were down 70 per cent compared to a year ago, putting further pressure on airline cash positions and potentially impacting the timing of the expected recovery; and
- IATA's baseline forecast for 2021 is for a 50.4 per cent improvement on 2020 demand that would bring the industry to 50.6 per cent of 2019 levels. While this view remains unchanged, there is a severe downside risk if more severe travel restrictions in response to new variants persist. Should such a scenario materialise, IATA expects that demand improvement could be limited to just 13 per cent over 2020 levels, still leaving the industry at 38 per cent of 2019 levels.

On 25 February 2021, the Qantas Group released its half year financial results<sup>2</sup>, noting:

- a total revenue loss of approximately \$7 billion in the first half of financial year 2020-2021, contributing to an overall statutory loss before tax of \$1.5 billion as a result of the Pandemic, representing a 75 per cent decrease compared to pre-Pandemic; and
- continued border closures meant international operations remained largely grounded throughout the first half, resulting in an Underlying EBITDA loss of \$86 million for the international business.

On 1 February 2021, JAL released its third quarter (April-December 2020) financial results noting:

- the business environment continues to be extremely severe due to the spread of new coronavirus infections. Despite the cost reduction efforts, JAL was unable to cover the decline in revenue and posted a significant loss. Total revenue for the third quarter decreased to 356.5 billion yen, down by 68 per cent year on year, EBIT recorded a loss of ▼294.1 billion yen and Net Loss was ▼212.7 billion yen;
- due to the continuation of strict border closures around the world, the number of international passengers dropped by 96.6 per cent and international passenger revenue decreased by 95.3 per cent to 18.8 billion yen; and
- JAL revised its demand forecast based on the latest bookings until the fiscal year end (31 March 2021). Accordingly, the full-year forecast is revised to reflect EBIT of ▼420 billion yen and Net Loss of ▼300 billion yen (the previous forecast in 20 October 2020 was EBIT of ▼380 to ▼330 billion yen and Net Loss of ▼270 to ▼240 billion yen).<sup>3</sup>

The ongoing severity of the disruption caused to the aviation industry has already been appropriately acknowledged by the Commission. For example, in its recent determination to approve continuation of the Qantas-China Eastern alliance, the Commission granted a term for an additional 12 months beyond what the parties had originally sought, acknowledging that the recovery of international travel will be even longer and slower than first anticipated.<sup>4</sup> The Commission affirmed that the Qantas-China Eastern joint business would assist in reinstating flights and potentially growing capacity as travel restrictions ease.<sup>5</sup> Similarly, in recently re-authorising the Qantas-American alliance for a further five years, the Commission

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<sup>1</sup> See: '2020 Worst Year In History For Travel Demand', International Air Transport Association Media Release, 3 February 2021, available: <https://www.iata.org/en/pressroom/pr/2021-02-03-02/>

<sup>2</sup> See further: 'Qantas Group Posts Half year Loss – Focusing on Cash Generation to Repair Balance Sheet', Media Release, 25 February 2021. Available: <https://www.qantasnewsroom.com.au/media-releases/qantas-group-posts-half-year-loss-focusing-on-cash-generation-to-repair-balance-sheet/>

<sup>3</sup> See further: JAL Press Release 'JAL Group Announces Consolidated Financial Results for Third Quarter of Fiscal Year 2020', 1 February 2021. Available: <https://press.jal.co.jp/en/release/202102/005939.html>

<sup>4</sup> Commission Determination in respect of the Qantas-China Eastern Joint Coordination Agreement, Authorisation Number AA1000526, dated 29 January 2021, pg 2. Available: <https://www.accc.gov.au/system/files/public-registers/documents/Final%20Determination%20Decision%20-%2029.01.21%20-%20PR%20-%20AA1000526%20-%20Qantas%20and%20China%20Eastern.pdf>

<sup>5</sup> Ibid, pg 1.

acknowledged the significant financial impact to airlines caused by the contraction in travel demand<sup>6</sup> and that the ability to combine with Qantas' existing services and share revenue was likely to significantly mitigate the risks that American would face as a standalone operator of Trans-Pacific services.<sup>7</sup>

As made clear in the Application, for Qantas and JAL, the Proposed Conduct is critical to rebuilding Australia's international air links with Japan in the coming years.

### Update on Australia-Japan Capacity Reinstatement

Currently, Qantas has adopted a working assumption that most international operations will re-start from 31 October 2021,<sup>8</sup> representing a change from the position at the time of lodging the Application (when it was anticipated that services could resume in mid-2021). The re-start includes Qantas operated services between Sydney, Melbourne and Brisbane to Tokyo, but Qantas services to Osaka will remain grounded at this stage.<sup>9</sup>

The sustainability and success of this reinstated capacity will be materially enhanced by the Proposed Conduct, for the reasons set out fully in the Application. Specifically, Qantas confirms that the Proposed Conduct would enable it to offer:

- a more certain and sustainable reinstatement of services on routes from Sydney to Tokyo;
- an accelerated reinstatement of daily services operated from Melbourne to Tokyo, with the ability to offer complimentary schedules giving consumers more choice;
- two additional weekly frequencies on the Qantas operated Brisbane-Tokyo route [REDACTED CONFIDENTIAL];
- a faster return [REDACTED CONFIDENTIAL] of Qantas services from Sydney to Osaka;
- a faster return [REDACTED CONFIDENTIAL] of Qantas services from Sydney to Sapporo;
- potentially increased frequencies and/or gauge operated by Qantas on the Tasman, if the additional codeshare services generate higher loads of passengers transiting from New Zealand onto Japan via Australia [REDACTED CONFIDENTIAL];
- the introduction of new services between Australia and Japan, being a new Cairns-Tokyo service (commencing during 2022, as described further below) [REDACTED CONFIDENTIAL].

[REDACTED CONFIDENTIAL]

### Additional Public Benefits: Potential New Cairns-Tokyo Route

As set out in the Applicants' letter to the Commission on 16 March 2021, the Proposed Conduct would support a new and significant public benefit – the introduction of Qantas operated services between Cairns and Tokyo, likely using an Airbus A330 aircraft. This new Cairns-Tokyo service would be offered as an alternative to the potential introduction of another new Australasia-Japan route already confidentially flagged in the Application, namely [REDACTED CONFIDENTIAL].

Planning of the proposed new Cairns-Tokyo service necessarily remains at a preliminary stage while the Application is before the Commission, but it is anticipated that Qantas would offer a four per week service from 2022 onwards (noting that this is an update from the letter provided to the Commission on 16 March 2021 when it was anticipated that a new service would only be three per week).

<sup>6</sup> Commission Determination in respect of the Qantas-American Airlines Restated Joint Business Agreement and associated agreements, Authorisation Number AA1000532 dated 25 March 2021, para 2.15. Available: <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/qantas-american-airlines>

<sup>7</sup> Ibid, para 4.22.

<sup>8</sup> With the exception of an increase in Trans-Tasman flying in July 2021.

<sup>9</sup> Jetstar's Gold Coast-Tokyo, Cairns-Tokyo and Cairns-Osaka services are all anticipated to resume from October 2021.

A number of key benefits would flow from the new service, as set out in the Applicants' letter. These include:

- additional choice in flying between Cairns and Japan, with the new Qantas operated service complementing Jetstar's existing presence and enabling passengers to choose between both full service and low cost service brands, products and services;
- rejuvenating tourism in far north Queensland and beyond, attracting a new cohort of premium travellers from Japan to Queensland and providing more opportunities for frequent flyer redemptions;
- improving connectivity to and from Cairns, which would boost Cairns' potential as a 'mini hub' for other Qantas and Jetstar services. For example, Qantas could offer convenient new 'triangulated' itineraries for inbound Japanese tourists, such as Tokyo-Cairns onward to Brisbane, Sydney or Melbourne while also, importantly, facilitating further connections on the Qantas and Jetstar network to other cities and regional destinations including Uluru, Darwin, Perth and Canberra;
- strengthening business cases for new international routes supporting a Cairns 'mini hub', specifically [REDACTED CONFIDENTIAL]. These new services would have the potential to grow aviation employment and economic activity in the region; and
- new freight capacity to the important export market of Japan, bringing new trading opportunities out of Cairns and northern Australia. Importantly, this includes new capability to uplift live animals including fish, lobster and crabs – which is important for the Cairns market. Furthermore, the potential growth of the Cairns 'mini hub' provides export opportunities for other parts of Australia beyond Queensland.

Critically, Qantas would not contemplate offering this new service without the support of JAL through the Proposed Conduct. Passenger demand for a new Cairns-Tokyo service is expected to be highly driven from point-of-sale Japan, with approximately 84 per cent of passenger demand for Cairns-Japan travel sourced from Japan. For a new Qantas operated service to be successful, Qantas would need to be able to access JAL's distribution, sales and marketing channels in Japan to ensure sustainable take-up and loads on the service.

The Applicants note that since publicly flagging the potential new route there has been significant support for the Proposed Conduct – for example:

*Advance Cairns executive chairman Nick Trompf said if the proposal got the green light, new flights had the potential to drive visitation on a scale never before experienced.*

*"If this can come off, it's game-changing for tourism in Cairns. To have both Qantas and Japan Airlines planes opens a whole new world of opportunity to drive visitation to Cairns," he said.*

*"Clearly since visiting Cairns last week, the Treasurer and Qantas (chief Alan Joyce) understand the importance of a snapback recovery here in Cairns. It's very clear that Japan want to reconnect strongly with Australia and given the right access when borders open, they will come back in droves."<sup>10</sup>*

Similarly, Queensland Tourism Minister Stirling Hinchliffe supported the announcement, while Cairns Airport Chief Executive Officer has said the proposed service into the Far North, in partnership with Japan Airlines and existing Jetstar flights between the city and Tokyo, was a crucial step in the region's recovery and positioning Cairns as the gateway to northern Australia.<sup>11</sup> In addition, Tourism Tropical North Queensland supported the Proposed Conduct, stating that:

*'Cairns is one of Australia's most impacted communities from the impacts of international border closures, with an estimated loss of \$2.2B in visitor spend in the twelve months since March 2020. Re-establishing a strong connection between Cairns and Japan with a national*

<sup>10</sup> 'Japan link has leaders excited,' in *Cairns Post*, 18 March 2021.

<sup>11</sup> 'Cairns Airport boss, Tourism Minister welcome 'exciting' plans to offer more direct flights from Japan-Cairns' cited in *Daily Telegraph*, 19 March 2021.

*carrier is an essential part of our regions international market recovery, supporting the reinstatement of the 11,700 [jobs] lost to date.*<sup>12</sup>

### **Competitiveness of Australasia-Japan Routes**

The Applicants also wish to provide the Commission with further detail regarding how competition manifests on Australasia-Japan routes in practice and how that competition will intensify as services resume post-Pandemic.

ANA

The Application set out the competitive nature of services between Australia and Japan, particularly given the presence of ANA which is regarded as a particularly aggressive and effective competitor and one of the leading airline groups in Asia. The Applicants expect ANA to grow its services to Australia in coming months and years. It commenced daily services between Perth and Tokyo in September 2019 and had been operating daily Sydney-Tokyo services since December 2015. ANA was about to launch a second daily Sydney-Tokyo service in March 2020, which was postponed as a result of the Pandemic.

As the Commission is aware, ANA has continued to operate to Australia through the Pandemic, with a three per week service between Sydney and Tokyo (Haneda) using a Boeing 787 aircraft between April and September 2020. This grew to a five per week service from October 2020 and has occurred despite there being ongoing Australian Government caps on inbound passenger numbers.

The Applicants note that since the Application was lodged, ANA has extended its five per weekly Sydney-Tokyo service through to the Northern Summer 2021 Scheduling Season, boosting this service to become double daily by the Northern Winter 2021 Scheduling Season, whilst ANA's daily Perth-Tokyo service resumes from the Northern Winter 2021 Scheduling Season as well.

#### *Importance of indirect operators*

In addition to ANA, it is important to highlight the important role of carriers operating indirectly on Australasia-Japan routes. Indirect carriers between Australia and Japan are a significant constraint on direct carriers, including the Applicants going forward, for four key reasons:

- indirect carriers have significant share of traffic;
- indirect carriers offer schedule diversity with particular advantages on secondary city pairs;
- Australia-Japan traffic is critical to the viability of Asian hub carrier services to Australia more generally; and
- the leisure (price sensitive) orientation of Australia-Japan traffic is a natural constraint on the pricing of direct carriers.

#### *Indirect Carriers Have Significant Share*

Australia-Japan traffic is unique amongst major traffic flows between Australia and Asia for the relatively high proportionate contribution of indirect (via third country) carriers, as shown in Confidential Figure 1 below.

**[REDACTED CONFIDENTIAL]**

Whilst Japan is a multi-gateway destination like India, Vietnam and Thailand, unlike these destinations where indirect itineraries are more prevalent, Japan has two home carriers (ANA and JAL) competing to Australia. In comparison, Air India is the only non-stop operator to India, Vietnam Airlines is the only Vietnamese carrier flying non-stop to Australia and Thai Airways is the only Thai carrier.

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<sup>12</sup> Tourism Tropical North Queensland letter to the Commission dated 19 March 2021. Available: <https://www.accc.gov.au/system/files/public-registers/documents/Submission%20by%20Tourism%20Tropical%20North%20Queensland%20-%2019.03.21%20-%20PR%20-%20AA1000540%20Qantas%20JAL.pdf>

The significant share held by indirect carriers points to the effectiveness of their competition on Australia-Japan routes.

*Indirect Carriers Offer Choice and Schedule Depth*

The hub and spoke network model allows hub carriers such as Singapore Airlines and Cathay Pacific to aggregate demand over their hubs. For significant carriers and hubs, this facilitates multiple services per day across a variety of time channels, which creates a multitude of time channel itineraries.

For example, in December 2019 (pre-Pandemic), Singapore Airlines operated five services per day from Sydney to Singapore.<sup>13</sup> These services departed at 9:05AM, 12:15PM, 4:10PM, 7:10PM (non-stop services) and 9:35PM (one stop via Canberra), which facilitated arrivals into Tokyo (Haneda/Narita) at 8:05AM, 5:25PM, 10:45PM and 11:55PM. In comparison, Qantas and JAL alone could only offer one time channel with their respective non-stop services. With the Proposed Conduct, both carriers will be able to sell each other's direct services to offer customers a broader variety of time channels, but still not to the same extent as competitors with high frequencies from Australia to their home hub.

**[REDACTED CONFIDENTIAL]**

*Indirect Carrier Advantages on Secondary City Pairs*

As shown above, the traffic aggregation of the hub and spoke network model, allows secondary city pairs to be served on a convenient one stop basis. For example, Singapore Airlines can serve Adelaide-Nagoya one-stop, whereas this origin and destination journey would require two stops on Qantas-JAL (i.e. Adelaide-Brisbane/Melbourne/Sydney-Tokyo-Nagoya).

In addition, many indirect carriers have streamlined transit processes, where baggage will be through checked to the final destination, avoiding the requirement to go through customs and immigration before re-checking baggage prior to domestic transit. The streamlined transit process also enables a quicker Minimum Connecting Time (MCT) at the connecting airport, which offers competitive and attractive flight times to these secondary cities. For example, a Singapore Airlines flight display for a Melbourne-Fukuoka itinerary on 20 January 2022 indicates a 65 minute transit in Singapore and an overall elapsed time of 14 hours and 45 minutes. Alternatively, the quickest Qantas or JAL option on the same day is an elapsed time of 15 hours and 15 minutes; however this includes a 185 minute transit between Tokyo-Narita and Tokyo-Haneda airports and requires the customer to collect all their baggage on arrival in Narita, make their way to Haneda and recheck-in.

These schedule advantages and streamlined transit arrangements are reflected in the higher relative share held by indirect carriers on routes to destinations beyond the Tokyo gateway, as shown in Confidential Table 2 below, **[REDACTED CONFIDENTIAL]**.

*Criticality of Australia-Japan Traffic to Asian Hub Carriers to Australia*

Airlines traditionally operate on thin margins, as evidenced by the industry's 5 per cent EBIT margin in 2019 prior to the Pandemic<sup>14</sup>. Consequently, with high fixed costs, small changes in passenger load and revenue can have significant impacts on the viability and profitability of services.

Australia-Japan load is very important to the viability of major Asian hub carriers' services to Australia, as well as to Japan. This is shown in Confidential Table 3 below.

<sup>13</sup> Source Diio Mi schedule analyser, retrieved 10 February 2021.

<sup>14</sup> See slide 14, 'COVID-19 Outlook for air transport and the airline industry', International Air Transport Association presentation, 24 November 2020, available: <https://www.iata.org/en/iata-repository/publications/economic-reports/airline-industry-economic-performance-november-2020---presentation/>

**[REDACTED CONFIDENTIAL]**

In order to sustain substantial networks and frequencies to Australia, Asian hub carriers must continue to attract and compete for Australia-Japan traffic. Not only is this a financial necessity (particularly in the current climate), but by attracting traffic flows such as those on Australia-Japan routes, hub carriers can sustain frequencies which allow them to offer attractive connections and fares to other destinations around the globe. For these reasons, the Applicants will clearly remain constrained by vigorous price and product competition into the future.

*Leisure Orientation of Australia-Japan Traffic is a Natural Constraint on Direct Carrier Pricing*

Leisure travellers are typically more price sensitive than business purpose travellers, as their travel is generally self-funded, unlike business purpose travel, where an employer generally funds the travel. Conversely, business purpose travellers may generally be more willing to trade off convenience for price.

With high volumes of Holiday and Visiting Friends and Relatives (VFR) travellers, Australia-Japan traffic comprises **[REDACTED CONFIDENTIAL]**.

With such high leisure volumes in traffic ex Australia (i.e. discretionary travel that can be stimulated with price), both direct and indirect carriers competed aggressively for traffic prior to the Pandemic. Examples include Cathay Pacific pricing Melbourne-Tokyo at only \$590 return<sup>15</sup> via Hong Kong and Japan Airlines pricing Melbourne-Tokyo direct at only \$635 return.<sup>16</sup>

Given the high proportion of leisure purpose travellers between Australia and Japan, price competition from indirect competitors will continue to be an effective constraint on the pricing of airlines flying direct. If consumers deem the pricing of direct carriers unreasonable, they will shift to indirect carriers, which need to attract Australia-Japan customers to underpin the viability of their hub services to Australia and Japan. Direct operators between Australia and Japan also need to attract adequate passenger volumes to offset costs of operation. Faced with this continuing threat of consumers shifting to indirect carriers, direct carriers will be forced to remain price competitive to re-attract demand and ensure the viability of their services.

Overall, Qantas and JAL expect indirect competitors will continue to be an effective constraint on the Proposed Conduct, evidenced by their substantial 25 per cent share of Australia-Japan traffic prior to the Pandemic, the breadth of itineraries and points they can cover one-stop for Australia-Japan travellers, the heavily leisure oriented nature of Australia-Japan passengers and the history of vigorous price competition on these routes.

**Third Party Submissions**

The Applicants acknowledge support for the Proposed Conduct received from interested parties during the Commission's public consultation process, noting that no third party objected to the Proposed Conduct.

The Applicants observed support from the Victorian Department of Jobs, Precincts and Regions: *'Victoria supports the proposed JBA primarily because it offers a platform for sustainable growth and reinstatement of airline capacity and commensurate tourism and trade benefits between Australian destinations and Japan as borders gradually reopen in an environment of low consumer confidence in global air travel due to the impacts of the COVID-19 global pandemic.'*<sup>17</sup> The Premier of South Australia also endorsed the Application, noting that the Proposed Conduct would help support the rebuilding of tourism, trade and education sectors.<sup>18</sup>

The Applicants also welcome the submission received from the International Air Services Commission

<sup>15</sup> See 'Tokyo Return Melb \$590, Bris \$604, Sydney \$606, Adel \$617, Perth \$662, Hob \$716 on Cathay Pacific @ IWTF', 8 November 2019 available at <https://www.ozbargain.com.au/node/494933>

<sup>16</sup> See 'Japan Airlines: Tokyo Return from Melb \$635, Sydney \$640. Osaka Return from Sydney \$646, Melb \$648 @ IWTF', 10 January 2020 available at <https://www.ozbargain.com.au/node/510824>

<sup>17</sup> See Victorian Department of Jobs, Precincts and Regions submission dated 3 February 2021. Available:

<https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/qantas-and-jal>

<sup>18</sup> See Premier of South Australia submission dated 5 February 2021. Available: <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/qantas-and-jal>

(IASC) confirming that the air services arrangements between Australia and Japan permit multiple carriers to operate, with unrestricted capacity (other than to and from Haneda). This reiterates the point made in the Application that barriers to entry on the relevant routes are low. The IASC noted the impact that the Pandemic has had on the intentions of both Qantas and Virgin Australia to utilise additional frequencies that were allocated in 2019 allowing new operations to commence to Haneda, with both carriers postponing operations that had been due to commence in March 2020. The Applicants also note that on 24 March 2021 the IASC extended the deadline for utilisation of the Haneda slots until 31 October 2021, given the ongoing impact of the Pandemic.<sup>19</sup>

In its submission dated 21 January 2021, Queensland Airports Limited (QAL) referred to the significant public benefits that have been derived from services operated by Jetstar Airways Pty Limited (Jetstar) between Japan and each of the Gold Coast and Cairns. The Applicants agree that the operation of Jetstar's Gold Coast-Tokyo, Cairns-Tokyo and Cairns-Osaka services have delivered, and as demand recovers, will continue to deliver, large numbers of inbound tourists and economic benefits to the region. Jetstar remains strongly committed to resuming operations on these city pairs from 31 October 2021. In addition, Jetstar may explore other growth opportunities as demand recovers, with potentially increased frequencies or new routes and, as noted earlier, the potential introduction of Qantas operated services between Cairns and Tokyo would complement the existing presence of Jetstar on this route.

The Proposed Conduct is a positive for Jetstar. Retaining a strong Qantas Group presence in Japan, through cooperation with JAL, is important as both the Qantas and Jetstar operations rebuild and support a return of demand. In addition, if the Proposed Conduct is approved, there will be potential over the longer term to expand codeshare opportunities between JAL and Jetstar beyond what is already in place – in particular, it may be possible for JAL to include its code on more of Jetstar's domestic and regional services beyond Gold Coast and Cairns. However, it is too soon to speculate on any specific detail in this regard as such negotiation and planning would only take place upon a grant of interim authorisation.

The fact that Jetstar's Australia-Japan services will not be adversely impacted by the Proposed Conduct is made clear in the confidential terms of the JBA. [REDACTED CONFIDENTIAL]

As noted in the Application, the immediate focus of the Proposed Conduct is on the coordination and support of Qantas and JAL's respective full-service carrier offerings between Australasia and Japan. While Jetstar would participate in joint business decision making, the primary focus of commercial coordination will be between Qantas and JAL given the compatibility between full-service carrier offerings and network connectivity.

The Applicants do not envisage any material shift in the extent to which both full service or low cost service offerings are provided between Australasia and Japan. In any event, such a shift would not be as a result of the Proposed Conduct and would instead be a function of demand dynamics. The Proposed Conduct will help to retain a full service offering by both Qantas and JAL, providing increased customer choice compared to the counterfactual.


### Confidential Response to Information and Document Request

Qantas' response to the Commission's Information Request follows in Confidential Attachment A to this letter. The material provided to the Commission in response to the Information Request is confidential and highly commercially sensitive. Qantas makes a confidentiality claim over the entirety of the response, including the information provided by electronic transfer, to the Commission.

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<sup>19</sup> IASC Determination [2021] IASC R01, 24 March 2021. Available: [https://www.iasc.gov.au/sites/default/files/documents/2021iascR01%20QF%20Haneda.Japan\\_.pdf](https://www.iasc.gov.au/sites/default/files/documents/2021iascR01%20QF%20Haneda.Japan_.pdf)



If you have any questions about the matters referred to above please contact me on 

Yours sincerely



Michele Laidlaw  
Head of Legal – Competition  
Qantas Airways Limited

CONFIDENTIAL ATTACHMENT A

Confidential Qantas Response to Information Request

**[REDACTED CONFIDENTIAL]**